CHIMCOMPLEX S.A.

STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with
Order of the Minister of Public Finance
no. 2844/2016 for the approval of Accounting Regulations in accordance with the Standards
International Financial Reporting Standards as adopted by EU.

AT AND FOR THE YEAR ENDED AT
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
Chimcomplex SA

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Chimcomplex SA ("the Company"), with registered office in Onești, 3 Industriilor St., Bacău county, Romania identified by unique tax registration code 960322, which comprise the statement of financial position at December 31, 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The financial statements as at December 31, 2022 are identified as follows:

• Net assets/ Total equity	RON 1,832,794,382
• Net profit for the financial year	RON 266,061,923

3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union, as revised.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>Key audit matter</th><th>How out audit approached the key audit matter</th></tr>
<tr><td>Income recognition

As presented in Note 5 to the consolidated financial statements, approximately 71% of the Company’s revenues come from foreign customers both from within the European Union, and from outside the European Union.

We consider that income recognition is a significant audit area, given that the Company’s management may incorrectly account for the income obtained from the sale of finished goods because of the large volume of foreign transactions and the contractual clauses regarding the time of transfer of control to the end customer.

In addition, the income is one of the most important key performance indicators of the Company.</td><td>The Company uses various software in its operations and we could not rely on the efficiency of controls as regards the cycle of income. The audit procedures we conducted were mostly tests of details and included the following:
understanding the accounting policies applied in preparing the consolidated financial statements, in terms of income recognition;
testing the design and roll-out of relevant internal controls in terms of income recognition;
testing the income from sales of finished goods, through a combination of direct confirmations and other supporting documents;
conducting analytical procedures to all income from sales of finished goods;
reviewing the disclosures made by the Company’s management in the explanatory notes to the consolidated financial statements.</td></tr>
</table>

Other information – Administrators’ Report

6. The Administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators’ report and the Remuneration Report, but does not include the financial statements and our auditor’s report thereon, nor the non-financial declaration, which is included in a separate report.

   Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the Administrators’ report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union, as revised, items 554 - 555.

   With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

   On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

   a) the information included in the Administrators’ Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these financial statements;

   b) the Administrators’ Report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union, as revised,

   c) the Remuneration Report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

   Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrators’ Report and the Remuneration Report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union, as revised, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the Company's management on 23 February 2021 to audit the financial statements of Chimcomplex SA for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2022.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the financial statements included in the annual financial report of Chimcomplex S.A. ("the Company") as presented in the digital files which contain the unique LEI code 549300FCIHJZOG56WD36 ("Digital Files")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;

- reconciling the digital files with the audited financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;

- evaluating if the financial statements contained in the consolidated annual report have been prepared in a valid XHTML format.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the financial statements for the year ended December 31, 2022 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our audit opinion relating to the financial statements of the Company for the year ended December 31, 2022 is set out in the "*Report on the audit of the financial statements*" section above

The engagement partner on the audit resulting in this independent auditor's report is Horatiu Pirvulescu.

Horatiu Pirvulescu, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 4891

On behalf of:

DELOITTE AUDIT S.R.L.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
March 27, 2023

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

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,859,918,966	1,747,771,538
Right of use asset	23.b	13,844,826	5,906,799
Investment property	17	31,452,222	14,424,776
Intangible assets	16	122,419,867	126,621,140
Investments in associates and other equity investments	18	31,288,882	3,687,612
Other long term assets		6,718,514	5,093,759
Total non-current assets		**2,065,643,277**	**1,903,505,624**
Current assets			
Inventories	19	239,200,319	157,905,520
Trade and other receivables	20	504,194,420	301,795,179
Short term loans granted		5,327,386	3,536,799
Cash and bank balances	21	45,539,597	148,351,765
Total current assets		**794,261,722**	**611,589,263**
Total assets		**2,859,904,998**	**2,515,094,887**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	22	1,190,991,169	1,190,991,169
Own shares	22	(47,794,795)	(142,454)
Share premium	22	4,669,565	4,669,565
Legal reserves		109,516,233	90,273,573
Retained earnings		(21,708,405)	(207,046,363)
Revaluation reserve		577,222,870	578,340,730
Non-controlling interest	30	395,866	-
Equity attributable to owners of the Group		**1,813,292,503**	**1,657,086,220**
LIABILITIES			
Non-current liabilities			
Subsidies	25	13,778,664	15,450,076
Lease liabilities	23.b	8,705,286	3,444,122
Deferred tax liability	14	136,141,686	146,155,550
Provisions	26	16,302,643	16,459,564
Long term loans	23.a	460,024,477	294,521,275
Other payables	24	10,259,628	598,685
Total non-current liabilities		**645,212,384**	**476,629,273**

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

	Note	December 31, 2022	December 31, 2021
Current liabilities			
Subsidies	25	27,338,122	2,541,998
Trade and other payables	24	280,416,067	289,530,505
Lease liabilities	23.b	5,949,300	3,465,451
Corporate income tax liability		21,859,005	20,101,200
Provisions	26	18,752,331	36,257,005
Short term loans	23.a	47,085,287	29,483,235
Total current liabilities		**401,400,112**	**381,379,394**
Total liabilities		**1,046,612,496**	**858,008,667**
Total equity and liabilities		**2,859,904,998**	**2,515,094,887**

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VUZA STEFAN
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Date: 2023.03.27 15:33:49 +03'00'

VUZA STEFAN,
GENERAL DIRECTOR

STANCIUGEL NICOLAE,
FINANCIAL DIRECTOR

CHIMCOMPLEX S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON, unless specified otherwise)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	5	2,263,583,705	2,235,682,220
Investment income		10,177,822	2,062,019
Other gains and losses	6	10,594,051	(30,031,493)
Cost of commodities sold		(85,184,950)	(28,142,995)
Increase in finished goods and production in progress		74,766,067	42,726,248
Raw materials and consumables	7	(737,478,771)	(767,092,901)
Employees benefits	8	(169,900,895)	(180,078,658)
Depreciation and amortization	9	(153,988,404)	(111,122,869)
Distribution costs		(41,309,258)	(38,932,655)
Water and energy expenses		(738,532,420)	(451,442,533)
Other third party services	10	(45,044,579)	(29,727,228)
Maintenance and repair expenses		(27,887,088)	(29,462,915)
Other income	11	37,638,681	5,035,569
Net revaluation loss of property, plant and equipment	15	-	(13,480,054)
Other expenses	12	(57,536,672)	(52,922,167)
Finance costs	13	(21,615,668)	(103,696,796)
Profitbefore tax		**318,281,621**	**449,372,792**
Income tax expense	14	(46,667,637)	(60,718,323)
Profitfor the year		**271,613,984**	**388,654,469**
Earnings per share			
Basic and diluted earnings per share		0.89	1.27

CHIMCOMPLEX S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON, unless specified otherwise)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year		**271,613,984**	**388,654,469**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Impact of revaluation	15	-	437,282,713
Deferred tax related to revaluation	15	-	(69,965,234)
Impact of disposal of non-current assets	15	(1,117,860)	
Other comprehensive income, net of tax		**(1,117,860)**	**367,317,480**
Total comprehensive income		**270,496,124**	**755,971,949**
Total comprehensive income attributable to:			
Owners		270,402,897	755,971,949
Non-controlling interest		93,227	-

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VUZA STEFAN,
GENERAL DIRECTOR

STANCIUGEL NICOLAE,
FINANCIAL DIRECTOR

CHIMCOMPLEX S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON, unless specified otherwise)

	Share capital	Own shares	Share premium	Legal reserve	Retained earnings	Revaluation reserve	Non-Controlling interest	Total
Balance at January 1, 2021	**1,182,587,379**	**-**	**844,028**	**63,104,317**	**(567,358,173)**	**211,023,250**	**-**	**890,200,801**
Profit for the year	-	-	-	-	388,654,469	-	-	388,654,469
Other comprehensive income – revaluation gain	-	-	-	-	-	367,317,480	-	367,317,480
Dividends distribution	-	-	-	-	(1,200,000)	-	-	(1,200,000)
Increase in share capital	8,403,790	-	-	-	-	-	-	8,403,790
Increase in share premium	-	-	3,825,537	-	-	-	-	3,825,537
Legal reserves	-	-	-	27,169,256	(27,169,256)	-	-	-
Redemption of own shares (note 22)		(142,454)	-	-	26,598	-	-	(115,856)
Balance at December 31, 2021	**1,190,991,169**	**(142,454)**	**4,669,565**	**90,273,573**	**(207,046,363)**	**578,340,730**	**-**	**1,657,086,220**
Profit for the year	-		-	-	271,613,984	-	-	271,613,984
Dividends distribution	-		-	-	(60,000,000)	-	-	(60,000,000)
Other comprehensive income – revaluation for disposed assets	-		-	-	1,117,860	(1,117,860)	-	-
Legal reserves	-		-	19,242,660	(19,242,660)	-	-	-
Redemption of own shares (note 22)	-	(47,652,341)	-	-	-	-	-	(47,652,341)
Surplus resulting from acquisition of Sistemplast S.A (note 29)	-		-	-	(9,593,394)	-	-	(9,593,394)
Acquisition of Sistemplast (note 29)	-		-	-	-	-	302,639	302,639
Adjustment arising from change in noncontrolling interest (note 30)	-		-	-	-	-	93,227	93,227
Other movement	-		-	-	1,442,169	-	-	1,442,169
Balance at December 31, 2022	**1,190,991,169**	**(47,794,795)**	**4,669,565**	**109,516,233**	**(21,708,405)**	**577,222,870**	**395,866**	**1,813,292,503**

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VUZA STEFAN,
GENERAL DIRECTOR

STANCIUGEL NICOLAE,
FINANCIAL DIRECTOR

Notes attached form an integral part of these consolidated financial statements.

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

	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities:		
Profit before tax	**318,281,621**	**449,372,792**
Adjustments for non-cash items:		
Interest expense	20,123,112	66,952,514
Impairment loss on investments	(8,655,349)	875,592
Impairment loss/(gain) on property, plant and equipment	-	(35,143,061)
Interest revenue	(3,302,825)	(645,208)
Loss/(gain) on disposal of non-current assets	171,926	(445,200)
Net loss/(gain) from provisions	(17,318,335)	30,577,532
Loss from revaluation of property, plant and equipment	-	48,623,115
Foreign exchange loss, net	1,130,178	6,374,515
Impairment loss on inventories, net	5,608,961	1,783,851
Depreciation and amortization	153,988,405	111,122,869
Subsidies income	(1,939,752)	(2,156,263)
Non-controlling interest	93,227	-
	468,181,169	**677,293,048**
Movements in working capital:		
Decrease/(increase) in inventory	(108,102,431)	(80,844,491)
Decrease/(increase) in trade and other receivables	(61,184,516)	(161,330,818)
Increase/ (decrease) in trade and other liabilities	(170,284,276)	70,103,937
Increase/ (decrease) in subsidies	25,067,462	-
Subsidy received for costs of electric energy	32,404,226	41,297,958
Cash generated from operating activities	**186,081,633**	**546,519,634**
Interest paid	(19,124,019)	(36,565,193)
Income tax paid	(729,791)	(22,343,050)
Net cash generated by/(used) in operating activities	**166,227,823**	**487,611,391**
Cash flows from investing activities:		
Interest received	3,302,825	645,208
Proceeds from sale of non-current assets	1,666,252	3,133,290
Payment to acquire financial assets	(18,945,921)	-
Acquisition of non-current assets	(164,752,434)	(58,827,681)
Payments for participation in Sistemplast, net of purchased cash	(758,415)	-
Net cash used in investing activities	**(179,487,693)**	**(55,049,183)**

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

	Year ended December 31, 2022	Year ended December 31, 2021
Cash flow from financing activities:		
Proceeds from borrowings*	218,306,795	351,609,499
Lease liabilities repayments*	(8,081,443)	(5,055,761)
Dividends paid	(214,280,638)	(1,065,739)
Repayment of borrowings*	(38,438,416)	(684,034,787)
Share capital increase	-	12,086,873
Purchase of own shares	(47,652,341)	-
Net cash (used in)/generated by financing activities	**(90,146,043)**	(326,459,915)
Net (decrease) / increase in cash and cash equivalents	**(103,405,913)**	**106,102,294**
Cash and cash equivalents at beginning of the year	**148,351,765**	**41,112,208**
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	593,745	1,137,265
Cash and cash equivalents at end of the year	**45,539,597**	**148,351,765**

*The Group present in the statement of cash flow changes in finance liabilities (proceeds from borrowings, lease liabilities repayments, and repayment of borrowings). For the year ended December 31, 2022, and December 31, 2021 respectively, the changes in finance lease comprise in principal cash changes, the effect of non-cash changes is not material therefore the Group believes that the presentation truly reveals the cash changes in finance liabilities.

These consolidated financial statements were authorized to be issued by the management as at March 27, 2023 and signed on its behalf by:

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Date: 2023.03.27 15:35:29 +03'00'

VUZA STEFAN,
GENERAL DIRECTOR

STANCIUGEL NICOLAE,
FINANCIAL DIRECTOR

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

1. GENERAL INFORMATION

These financial statements are the consolidated financial statements of CHIMCOMPLEX S.A. BORZESTI ("the Company") and its subsidiaries (together "the Group") as at and for the year ended 31 December 2021.

The Company is a private limited company incorporated in accordance with the Romanian legislation and recorded in 1991 to Trade Registry.

The Company's headquarter is in 3 Industriilor Street, Onesti, Romania.

The Group operates in the chemical industry and it's main groups of products are:

- Chloralkali,
- Organic Solvents,
- Inorganic Chlorides,
- Alkylamines, Polyols
- Oxo-Alcholos.

As at December 31, 2022 and December 31, 2021 respectively, the Company's subsidiaries and associates are the following:

					% shareholding	
Name	**Activity**	**Type**	**Tax code**	**Head Office**	**December 31, 2022**	**December 31, 2021**
Greenhouse Onesti SRL	Manufacture of other base inorganic chemicals	Subsidiary	16030164	Onesti	99.9998%	99.9998%
A5 Invest	Intermediation in the sale of machinery, industrial equipment, ships and airplanes	Subsidiary	17701390	Onesti	100%	100%
A6 Impex SA	Electricity production	Associate	21381692	Dej	49.4497%	33.6453%
Sistemplast SA	General mechanical operations	Subsidiary	11438007	RamnicuValcea	94,4000%	-

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU").

New standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new standard and amendments to existing standards were in issue, but not yet effective:

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued on 25 June 2020 and amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9" issued on 9 December 2021 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Group has elected not to adopt the new standard and amendments to existing standards in advance of their effective dates. [If the Company / Group elected to adopt some of the standards and interpretations in advance, the information under IAS 8.28 should be disclosed.] The Group anticipates that the adoption of the standard and amendments to existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

- **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Group's consolidated financial statements were drawn up in accordance with the provisions of Order no. 2844/2016 for approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications ("OMFP 28422/2016"). These provisions are in accordance with the provisions of the adopted International Financial Reporting Standards by the European Union ("IFRS EU").

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

The statutory consolidated financial statements have been prepared on a going concern basis and under the historical cost basis except for certain classes of financial instruments and Property Plant and Equipment that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for assets.

The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention adjusted for the effects of hyperinflation until December 31, 2003 for share capital and reserves, respectively property, plant and equipment.

Going concern

Management have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This reasonable expectation is based on the following:

- The Group recorded net profit in the amount of RON 271,613,984 for 2022 (2021: RON 388,654,469);
- As disclosed in Note 23A. the Group is compliant with the financial covenants as stated in the borrowing agreements and expects to be compliant with them in 2023, as well.

Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(a) Property, plant and Equipment and intangible assets

PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are stated initially at cost, which includes purchase price and other costs directly attributable to acquisition and bringing the asset to the location and condition necessary for their intended use.

The tangible assets are measured at revalued amounts less any accumulated depreciation and any accumulated impairment losses since the most recent valuation. The assets in progress and advance payments for non-current assets are measured at cost less any accumulated impairment losses.

Revaluations of property, plant and equipment are made with sufficient regularity to ensure that the carrying amount does not differ materially from the one that would be determined using the fair value at the end of the reporting period. The last revaluation was made as of December 31, 2021 by an independent certified appraiser - Darian DRS S.A

When an item of tangible assets is revalued, the accumulated depreciation is eliminated against the gross carrying amount of that item, and the net amount is restated to the revalued amount of the asset.

The cost of assets internally constructed by the Group includes the following:

i. material costs and direct labour costs;
ii. any amounts that can be directly attributable to bringing the asset into working condition;
iii. costs of dismantle, removal and restoration of the area in which they were placed, when the Group is required to move the assets and restore land;
iv. borrowing costs (capitalized).

When parts of an item of property, plant and equipment have different useful lives, they are considered as separate parts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and Equipment and intangible assets (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

A provision for unused tangible assets is recorded in the financial statements to the extent that these items are identified.

The borrowing costs directly attributable to the acquisition and installation major construction are capitalized in the cost of tangible assets in progress in accordance with IAS 23 „Borrowing costs".

Gains or losses from the disposal of an assets (determined by comparing the proceeds from disposal with the carrying value of tangible assets) are recognized in profit or loss account.

(ii) Subsequent expenditure on maintenance

Subsequent costs on major maintenance and replacements are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Cost of other maintenance, repair and minor improvements are shown on expenses when they are carried out.

Impairment tests are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

(iii) Depreciation

Tangible assets are depreciated using the straight-line method over their useful lives. The estimated useful lives used for tangible assets are as follows:

Category	Useful live *(years)*
Buildings / special installations	30-50
Plant and machinery	2-30
Fixtures and fittings	2-15

Fixed assets in progress are not depreciated. The depreciation of the fixed assets in progress commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed periodically to be ensured their consistency with the estimated period of economic benefits that will result from the use of assets.

(iv) Revaluation reserve

The difference between the revalued amount and the net carrying amount of property, plant and equipment is recognised as revaluation reserve included in equity.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit and loss to the extent that it reverses a revaluation decrease of the same amount of the asset previously recognised in profit and loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognized in equity in revaluation reserves if there is any credit balance existing in the revaluation reserve in respect of that asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and Equipment and intangible assets (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

The effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognised and disclosed in accordance with IAS 12 Income Taxes.

(v) Impairment of non-financial assets

The carrying amounts of the Group 's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is evidence of the existence of any impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less costs to sell. In determining value in use, the expected future cash flows are discounted to determine the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets that cannot be tested individually are grouped in the smallest group of assets that generate cash inflows from continuing use and that are largely independent of the cash inflows from other assets or group of assets ("cash-generating unit").

An impairment loss should be recognised in profit or loss immediately unless it relates to an asset carried at a revalued amount. If an asset has been revalued (e.g. an item of property, plant and equipment), the impairment loss is dealt with as a revaluation decrease in accordance with the relevant Standard, (in this case, IAS 16).

For all assets, impairment losses recognized in prior periods are assessed at each reporting date to determine whether there is evidence that the loss has decreased or no longer exists.

An impairment loss is reversed if there have been changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized.

(vi) Reclassification to and from investment property

The Group reclassifies elements of plant, property and equipment as investment property or elements of investment property to plant, property and equipment when:

- when there is a change in use, a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use;
- end of owner-occupation, for a transfer from owner-occupied property to investment property

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Property, plant and Equipment and intangible assets (continued)

INTANGIBLE ASSETS (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives used for intangible assets are as follows:

Category	Useful live
Licenses	2 years
Patents	2-12 years
Concessions	2 years
Trademarks and customers lists	Indefinite useful life

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the depreciation and amortization expense.

Intangible assets with indefinite useful life are tested for impairment annually, irrespective of whether there is any indication of impairment, as well as whenever there is any indication that they may be impaired.

(b) Investment property

An investment property is held to obtain revenues from rentals or to increase the capital or both. Therefore, an investment property generates cash flows that are to a great extent independent from other assets held by an Group.

The Group's accounting policy regarding subsequent valuation of investment property is based on the cost model, and subsequently depreciated on its useful life, using the straight line method.

(c) Foreign currencies

The Group's operations are in Romania and the functional currency is RON.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group 's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currencies (continued)

The official conversion rates used to convert foreign currency denominated balance sheet items at the end of the reporting periods were as follows:

CCY	December 31, 2022	December 31, 2021	December 31, 2020
EUR	4.9474	4.9481	4.8694
USD	4.6346	4.3707	3.9660

(d) Trade receivables and other receivables

Trade Receivables and other receivables include invoices issued at nominal value and revenues for goods delivered until the end of the year but invoiced in the first days after the end of the year. Trade receivables and similar accounts are initially recognized at transaction price and subsequently presented at amortized cost less impairment losses. Trade and other receivables do not contain any significant financing component, the amortized costs amounts approximates the fair value. . Ultimate losses may vary from current estimates.

The nominal value of receivables to be collected in instalments due over one year is discounted considering the best estimate of an interest rate, to take into account the time value of money and risk profile of the counterparty.

Please refer to note 3 (g) for how the Group recognizes lifetime expected credit losses on trade receivables. The Group uses the simplified method of expected credit losses.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value.

Inventories like raw materials, consumables, materials in the form of inventory items, goods and packages are valued at acquisition cost or the price in foreign currency at the exchange rate on the date of acquisition, plus custom duties, custom fees and travel expenses such as insurance.

Costs of inventories is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

If the Group considers it necessary, value adjustments are made for obsolete inventory or scrap.

(f) Bank deposits, cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity up to 3 months which are subject to an insignificant risk in fair value change. Cash in foreign currencies are revalued at the exchange rate at the end of the period. Bank overdrafts are treated as current liabilities.

Bank deposits refer to those who have an initial maturity of more than 3 months.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group always recognizes lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

i. Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

ii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

iii. Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets (continued)

iv. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss and reversal of impairment loss in profit or loss for all financial assets in the scope of expected credit loss (ECL) model with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income (FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(h) Share capital

Ordinary shares are classified as part of equity. The Group recognizes changes in the share capital as provided by law and only after their approval by the Shareholders and registration at Trade Register. Additional costs directly attributable to issue of shares are recognized as a deduction from equity, net of the effects of taxation.

(i) Trade and other payables

Trade payables and other liabilities are initially recorded at fair value and subsequently measured using the effective interest method and include the invoices issued by suppliers of goods and services rendered.

(j) Interest bearing loans

Interest bearing borrowings are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are presented at amortized cost, any difference between cost and redemption value being recognized in the income statement over the period of a loan based on the effective interest rate.

Transaction costs and commitment fees on loans are amortized over the repayment period of the loan in accordance with effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease component, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (with a lease term of 12 months or less) and leases of low value assets (of less than USD 5,000). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Please refer to note 3 (a) (v) for the accounting policy for impairment testing.

(l) Employee benefits

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment cover. The cost of these payments is charged to profit or loss account in the same period as the related salary cost.

The Group pays employees retirement benefits, benefits which are defined in the Collective Labor Agreement of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified.

(m) Governmental Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount is recognized as financial expense. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures that are foreseen to be required to settle the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Decommissioning provisions

Liabilities for decommissioning costs are recognized when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. According with the Integrated Environmental Authorisation no. 1/10.01.2013 from the Agency of Environmental Protection Bacau, the Group should dismantle the equipment when the activity will be ceased, and restore the land to its initial condition. As at December 31, 2022, the Group have no plans to cease totally or partially the Group's activity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions (continued)

However, a decommissioning provision was recorded in relation to warehouses with dangerous and non-hazard substances for which the decommissioning part should be performed in order to comply with the environmental requirements.

(o) Income tax

Income tax expenses comprise current tax and deferred tax.

Current tax is the tax expected to be paid or received for taxable income or loss realized in the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the payment obligations of corporation tax for the previous years. Current tax payable also includes any tax arising from declaring dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used to calculate the tax. Deferred tax is not recognized for the following temporary differences:

- the initial recognition of assets or liabilities originating in a transaction that is not a business combination and that is not affecting the accounting or taxable profit or loss;
- differences on investments in subsidiaries or jointly controlled entities, to the extent that it is probable that they will not be reversed in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables, and relate to taxes levied by the same taxation authority to the same Group or different taxable Group, and the Group intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable the realization of taxable profits which will be available in the future and will be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that a tax benefit will be realized. Effect of tax rate change on deferred tax is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity.

Statutory income tax rate for the year ended December 31, 2022 was 16% (December 31, 2021: 16%).

(p) Related parties

Companies are considered related if one party, through ownership, contractual rights, family relationship or other kind, has the opportunity to directly or indirectly control or significantly influence the other party.

(q) Revenues

Revenues are measured in accordance with IFRS 15 – Revenues from Contracts with Customers.

IFRS 15 establishes a 5-step model to record the revenues resulted from contracts with customers:

- Step 1: Identification of a contract with a customer
- Step 2: Identification of performance obligations established in the contract.
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price for the performance obligations included in the contract
- Step 5: Recognition of revenues as the company fulfils each performance obligation

In accordance with IFRS 15, revenues are recognized in the amount which reflects the consideration at which an entity expects to be entitled in exchange of the transfer of goods or services to a customer

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenues (continued)

Revenues from sales of goods

Revenue from sales of goods is recognized at a point in time when it transfers control of a product to the buyer.

The consideration promised in sales contracts doesn't include a variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses or other similar items.

The Group invoices the customer for the agreed-upon price with a typical 30-day payment terms, some group of clients might have a maximum length of 90-day payment terms. Advance payments are requested by the Group to the external clients and once the advance is received the goods are delivered in less than 30 days.

The Group does not applies long term frame contracts with minimal purchase commitment as all purchases are ad-hoc orders.

In accordance with IFRS 15, the revenues will be recognized when a customer gets control of the goods. The Group delivers goods under contractual conditions based on delivery terms.

For the contracts with customers, the sale of goods (mainly polyols, chloralkali and oxo alcohols products) is generally estimated to be one single performance obligation. The Group charges extra for shipping if the customer requires delivery services and the delivery fees are included in the price of products sold. Thereby delivery necessarily occurs before control of the goods transfers to the customer and the Group policy is to consider that the delivery fees are not a separate service provided to the customer and are included in the transaction price. The Group does not provide transportation services as a standalone service and these are done in connection with the sale of goods to certain customers.

The Group expects that the revenue recognition will take place at a certain moment in time, when the control of the asset is transferred to the customer, namely upon delivery of the goods in accordance with the Incoterms established. The main incoterm used by the Group is Free Carrier "FCA" is on over 70% of the Group's sales followed by Delivered at Place "DAP", Delivered Duty Paid "DDP" and Carriage and Insurance Paid to "CIP".

As at December 31, 2022 and 2021 the Group didn't have any bill-and-hold arrangement concluded.

Revenues from service

Revenue from sales of services is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a service to a customer. The services provided by the Group are recognized monthly once the service is performed. The Group applies a typical 30-day payment terms

(r) Financial income and expenses

Financial income includes interest income, dividend income, changes in fair value of financial assets through profit or loss. Interest income is recognized as it accumulates in profit or loss using the effective interest method. Dividend income is recognized in profit or loss at the date when is determined the Group's right to receive dividends.

Financial expenses comprise interest expenses of loans, unwinding of the discount of provisions, changes in the fair value of financial assets recognized at fair value through profit or loss.

All borrowing costs that are not directly attributable to an acquisition, construction or production of assets on long-term, are recognized in profit or loss, using the effective interest method.

Gains and losses on exchange differences are carried on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are presented if there is the possibility of an outflow of resources representing possible economic benefits, but not probable, and / or the amount can be estimated reliably. A contingent asset is not recognized in the accompanying consolidated financial statements, but disclosed when an inflow of economic benefits is probable but not remote and the amount cannot be reliably estimate

(t) Fair value

Certain accounting policies of the Group and presentation of information requirements need the determination of fair value for financial assets and liabilities such as for non-financial. The fair values were determined in order to evaluate and present the information in the consolidated financial statements using the methods described below. When applicable, further information about the assumptions used in determining fair values are disclosed specific to the asset or liability.

(u) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(v) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(w) Consolidation of entities under common control

Acquisitions of entities under common control is a transaction where the acquired entities are ultimately controlled by the same party or parties both before and after the consolidation, and that control is not transitory. Under the predecessor value method, the consolidation is performed as follow:

- the acquired assets and liabilities are recorded at their existing carrying values;
- no goodwill is recorded, the surplus from the acquisition is recorded in the Group retained earnings;
- the carrying amounts of assets, liabilities, income and expenses of entities under common control have been aggregated and all balances and transactions between the entities have been eliminated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revaluation of tangible assets

The Group records its tangible assets based on the revaluation method. The last revaluation of property plant and equipment has been performed as at December 31, 2021, using the depreciated cost method and adjusted, as necessary, based on an impairment test exercise.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of the intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). As at December 31, 2022 and December 31, 2021 respectively, the management assessed if there is any impairment indicators for tangible and intangible assets. There was no impairment indicator identified.

In assessing the recoverable amount of tangible and intangible assets, management estimates future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the tangible and intangible assets for which the estimates of future cash flows have not been adjusted. The Company considers that the disposal costs are not negligible and the fair value less costs of disposal of the revalued asset is necessarily less than its fair value.

The Group considers that the disposal costs of the tangible assets are not negligible and the fair value less costs of disposal of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its fair values less cost to sell is less than its revalued amount. In this case, after the revaluation requirements have been applied, the Group applies this to determine whether the asset may be impaired.

Recoverable amount for intangible assets with indefinite useful life (trademarks and customer lists) is determined annually as the fair value less costs to sell of the specific intangible asset. The Group determine the fair value for impairment analysis specifically for each item of intangible assets with indefinite useful life.

When measuring the fair value of tangible and intangible assets, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The budgets used includes forecast for revenue, raw materials, utilities, staff costs and other operating expenses and income based on current and anticipated market conditions and are approved by the board. However, the budgets used are subject to uncertainties mainly determined by the market volatility and assumptions used by management, the headroom is significant.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year, are discussed below.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful life's of property, plant and equipment items

The management reviews for adequacy the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions (e.g., decommissioning provision, retirement provision, CO_2 emissions provision, commercial litigation, etc.) and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. REVENUES

The following is an analysis of the Group's revenue for the year from continuing operations.

	Year ended December 31, 2022	Year ended December 31, 2021
Sales of finished goods	2,134,650,231	2,170,556,518
Services rendered	7,940,980	3,072,833
Sale of goods purchased for resale	89,027,959	34,069,277
Sales of residual products	630,655	51,638
Revenues from transportation services	31,333,880	27,931,954
Total	**2,263,583,705**	**2,235,682,220**

Presentation of revenue on business lines:

	Year ended December 31, 2022	Year ended December 31, 2021
Polyols	1,095,896,741	1,483,901,682
Chloralkali	995,302,506	442,133,305
Oxo-alcohols	66,746,104	261,699,919
Goods for resale	89,027,959	34,069,277
Other	16,610,395	13,878,037
Total	**2,263,583,705**	**2,235,682,220**

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

5. REVENUES (continued)

Presentation of revenues on geographical segments:

	Year ended December 31, 2022	Year ended December 31, 2021
Europe	2,092,939,716	1,901,966,292
Middle East	153,819,813	250,270,969
America	5,317,899	17,060,435
Asia-Pacific	10,105,615	57,213,981
Africa	1,400,662	9,170,543
Total	**2,263,583,705**	**2,235,682,220**

Presentation of revenue on countries:

	Year ended December 31, 2022	Year ended December 31, 2021
Total sales	**2,263,583,705**	**2,235,682,220**
Domestic sales	666,031,508	485,451,509
Export sales	1,597,552,197	1,750,230,711
Out of which:		
Poland	375,375,331	516,194,880
Turkey	153,045,518	238,202,336
Bulgary	147,469,036	70,798,524
Italy	134,002,652	109,317,532
Hungary	125,482,910	140,419,596
Bosnia and Herzegovina	73,364,518	19,229,550
Germany	68,423,055	105,836,253
Ukraine	68,118,694	59,918,888
Czech Republic	61,860,992	44,009,939
Belgium	57,963,726	56,193,754
Other	332,445,765	390,109,459

As at December 31, 2022, the Group has sales commitments in the amount of RON 262,995,623 (December 31, 2021: RON 1,985,196,366), the entity expects to recognise as revenue in 2023 the amount disclosed.

6. OTHER GAINS AND LOSSES

	Year ended December 31, 2022	Year ended December 31, 2021
Net loss/(gain) from bad debts written off	6,067	18,602
Net loss/(gain) from provisions	7,529,741	30,577,917
Net loss/(gain) from foreign exchange	85,500	(2,760,282)
Net loss/(gain) from impairments of current assets	(5,521,300)	1,765,249
Net loss/(gain) on disposed fixed assets	(171,926)	(445,200)
Net loss/(gain) from impairments of financial assets	8,655,349	875,592
Other gains and losses	10,620	(385)
Total	**(10,594,051)**	**30,031,493**

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

7. RAW MATERIALS AND CONSUMABLES

	Year ended December 31, 2022	Year ended December 31, 2021
Raw materials	698,663,708	736,709,982
Other consumables and inventories	38,815,063	30,382,919
Total	**737,478,771**	**767,092,901**

8. EMPLOYEE BENEFITS EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	145,444,674	159,833,797
out of which:		
- amount paid to management	22,339,330	22,646,872
- amount paid to board of directors	11,282,590	14,163,983
Meal tickets expenses	10,013,355	10,636,407
Gift tickets expenses	-	-
Holiday tickets expenses	4,606,850	18,550
Social security expenses	9,836,016	9,589,904
Total	**169,900,895**	**180,078,658**

9. DEPRECIATION AND AMORTISATION

	Year ended December 31, 2022	Year ended December 31, 2021
Depreciation of right of use asset	8,820,555	4,995,437
Depreciation of investment property	1,893,860	648,137
Depreciation of property plant and equipment	138,823,571	98,817,556
Amortization of intangible assets	4,450,419	6,661,739
Total	**153,988,404**	**111,122,869**

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

10. OTHER THIRD PARTY SERVICES

	Year ended December 31, 2022	Year ended December 31, 2021
Consulting expenses	832,371	1,379,554
Other third party out of which:	44,212,208	28,347,674
Logistic services	*10,809,980*	*10,195,438*
Security services	*4,266,098*	*3,333,780*
Consulting services	*1,057,861*	*2,069,861*
Monitoring of waste water	*946,904*	*1,057,341*
Other services	*27,131,365*	*11,691,254*
Total	**45,044,579**	**29,727,228**

11. OTHER INCOME

	Year ended December 31, 2022	Year ended December 31, 2021
Compensations, fines and penalties	50,567	146,321
Amortization of investment subsidies	2,178,343	2,315,162
State-aid for indirect greenhouse emission costs for 2021*	32,404,226	-
Other income	3,005,545	2,574,086
Total	**37,638,681**	**5,035,569**

* The Group benefited from a state aid scheme provided by the Romanian Government to support companies in the sectors and subsectors exposed to a significant risk of relocation due to the transfer of the cost of greenhouse gas emissions to the price of electricity. The measure covers indirect emission costs incurred in years 2021 and 2022.

The Group recorded as Other income the amount of RON 32,404,226 representing the subsidy for 2021 indirect emission cost. The subsidy related to 2022 indirect emission costs in the amount of RON 64,173,308 has been recorded under Water and energy expenses in the Consolidated Statement of Profit or loss and other comprehensive income. The aid scheme was approved by the Government in October 2022 therefore, the entries were performed by the Group in 2022 when was certain that the aid is granted by the Government.

12. OTHER EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Penalty expenses*	19,758,878	21,636,468
Sponsorship granted	14,248,728	14,065,513
Other taxes, duties and similar expenses	5,753,272	5,353,835
Insurance premiums	2,579,799	4,763,729
Royalties and rental expenses	4,152,564	1,750,655
Other operating expenses	5,820,081	1,709,884
Entertaining, promotion and advertising	1,641,212	1,584,379
Travel and accommodation expenses	1,373,721	618,551
Compensations, fines and penalties	1,397,092	610,306
Transportation expenses	440,178	480,954
Post and telecommunication expenses	275,645	269,930
Materials not stored	95,502	77,963
Total	**57,536,672**	**52,922,167**

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

12. OTHER EXPENSES (continued)

*The penalty expenses for the year 2022 in amount of RON 19,758,878 (December 31, 2021: RON 21,636,468) represent penalties for exceeding the maximum admissible concentration of chemical indicators in wastewater, paid to Romanian Waters and varies depending on propylene production level.

13. FINANCE COSTS

	Year ended December 31, 2022	Year ended December 31, 2021
Commissions and fees paid	277,898	13,399,271
Warrant expenses	-	14,210,214
Interest expense	20,123,112	66,952,514
Effects of foreign exchange rate changes on the balance of loans held in foreign currencies	1,215,678	9,134,797
Total	**21,615,668**	**103,696,796**

14. INCOME TAX EXPENSE

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax expense	56,681,502	70,655,027
Deferred tax (gain) / expense	(10,013,865)	(9,936,704)
Income tax expense/(revenue)	**46,667,637**	**60,718,323**
Accounting profit before tax	**318,281,621**	**449,372,792**
Income tax expense/(gain) calculated at 16%	59,925,059	71,899,647
Sponsorship	(377,880)	(410,512)
Effect of non-taxable income	-	-
Effect of reinvested profit*	(463,253)	(752,542)
Effect of non-deductible expenses	5,008,456	3,694,909
Effect of bonification	-	-
Effect of other permanent differences	(4,480,135)	178,503
Effect of other fiscal facilities	(9,868,076)	(9,547,194)
Legal reserve	(3,076,534)	(4,344,488)
Income tax expense/(gain) for the year	**46,667,637**	**60,718,323**

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

14. INCOME TAX EXPENSE (continued)

Components of deferred tax liability:

	Cumulative temporary differences 2022	Deferred tax (asset) / liability 2022	Cumulative temporary differences 2021	Deferred tax (asset) / liability 2021
Provisions and retirement benefit obligation	34,683,970	5,549,435	52,503,344	8,400,535
Property, plant and equipment	(807,962,043)	(129,273,927)	(894,496,814)	(143,119,490)
Other intangible assets	(121,473,111)	(19,435,698)	(125,641,276)	(20,102,604)
Right of use and lease liability	762,731	122,037	813,017	130,083
Impairment allowances for financial investments	27,991,559	4,478,649	36,646,908	5,863,505
Impairment allowances for inventories	5,597,608	895,617	1,940,689	310,510
Impairment allowances for trade and other receivables	2,991,558	478,649	8,142,409	1,302,785
Loans	-	-	-	-
Loans interest deductible in the next years	-	-	-	-
Trade and other payables	6,552,185	1,043,550	6,619,528	1,059,126
TOTAL	**(850,855,542)**	**(136,141,686)**	**(913,472,195)**	**(146,155,550)**
Impact in the income statement		(10,013,865)		(9,936,704)
Impact in other comprehensive income		-		69,965,234
Variation in deferred tax liability		**(10,013,865)**		60,028,530

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and other constructions	Plant, machinery and equipment	Furniture and fittings	Assets in progress	Decommissioning provision	Advance payments non-current assets	Total
COST								
At January 1, 2021	**103,628,985**	**419,129,181**	**1,079,805,013**	**5,195,100**	**79,445,886**	**6,634,752**	**2,724,604**	**1,696,563,519**
Increase, out of which:	20,516,255	275,238,397	314,150,214	595,534	50,323,608	-	24,992,841	685,816,849
Increase from revaluation	19,500,287	273,457,209	299,580,362	439,402	-	-	-	592,977,261
Transfers	-	1,781,189	7,109,332	156,132	5,806,081	-	-	14,852,733
Decrease, out of which:	9,992,004	7,250,937	104,251,077	315,684	9,450,203	-	5,806,081	137,065,986
Decrease from revaluation	9,992,004	7,187,457	101,046,854	301,604	-	-	-	118,527,919
Transfers	-	-	-	-	9,046,653	-	5,806,081	14,852,734
Cancelation of accumulated amortization	-	79,358,094	224,198,979	902,760	-	-	-	304,459,834
At December 31, 2021	**114,153,236**	**607,758,547**	**1,065,505,171**	**4,572,190**	**120,319,290**	**6,634,752**	**21,911,365**	**1,940,854,548**
Increase, out of which:	5,528,249	20,122,563	53,274,640	1,156,562	207,709,525	-	27,915,580	315,707,119
Additions	5,528,249	-	13,351,898	-	192,301,663	-	27,915,580	239,097,393
Transfers	-	15,485,363	29,621,855	1,143,685	15,373,250	-	-	61,624,153
Acquisition of subsidiary	-	-	10,300,887	12,875	34,611	-	-	10,348,373
Transfers from investment property	-	4,637,200	-	-	-	-	-	4,637,200
Decrease, out of which:	-	588,062	6,368,292	56,711	47,148,433	-	15,373,250	69,534,748
Transfers	-	-	-	-	46,250,904	-	15,373,250	61,624,154
At December 31, 2022	**119,681,485**	**627,293,048**	**1,112,411,518**	**5,672,039**	**280,880,381**	**6,634,752**	**34,453,694**	**2,187,026,919**

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings and other constructions	Plant, machinery and equipment	Furniture and fittings	Assets in progress	Decommissioning provision	Advance payments non-current assets	Total
ACCUMULATED DEPRECIATION								
At January 1, 2021	-	54,887,360	152,125,668	605,311	-	5,309,933	-	212,928,272
Additions	-	24,534,214	73,365,979	312,558	-	949,344	-	99,162,095
Disposals out of which	-	79,421,574	225,491,647	917,869	-	-	-	305,831,090
Cancelation of accumulated depreciation	-	79,358,094	224,198,979	902,760	-	-	-	304,459,834
At December 31, 2021	-	-	-	-	-	6,259,277	-	6,259,277
Additions	-	31,072,360	107,141,581	496,989	-	112,641	-	138,823,571
Acquisition of subsidiary	-	-	1,260,915	12,875	-	-	-	1,273,790
Disposals out of which	-	7,186	2,650,954	-	-	-	-	2,658,140
Cancelation of accumulated depreciation	-	-	-	-	-	-	-	-
At December 31, 2022	-	31,065,174	105,751,541	509,864	-	6,371,918	-	143,698,497

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings and other constructions	Plant, machinery and equipment	Furniture and fittings	Assets in progress	Decommissioning provision	Advance payments non-current assets	Total
IMPAIRMENT ALLOWANCE								
At January 1, 2021	-	65,013,055	67,578,624	253,910	3,235,865	-	-	136,081,454
Increase	-	138,254,841	45,058,291	140,531	-	-	-	183,453,663
Out of which, recognized in other comprehensive income	-	134,609,097	36,873,208	32,669	-	-	-	171,514,974
Decrease		64,872,653	67,548,605	290,125	-	-	-	132,711,383
Out of which, recognized in other comprehensive income	-	57,510,008	28,119,738	-	-	-	-	85,629,746
At December 31, 2021	-	138,395,243	45,088,310	104,316	3,235,865	-	-	186,823,734
Increase	-	-	-	-	-	-	-	-
Decrease	-	56,335	3,357,826	117	-	-	-	3,414,278
At December 31, 2022	-	138,338,908	41,730,484	104,199	3,235,865	-	-	183,409,456
NET BOOK VALUE								
At December 31, 2021	114,153,236	469,363,304	1,020,416,860	4,467,874	117,083,425	375,471	21,911,230	1,747,771,404
At December 31, 2022	119,681,485	457,888,966	964,929,493	5,057,977	277,644,516	262,834	34,453,694	1,859,918,966

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

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Measurement of fair value

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

The fair value measurements of the Group's tangible assets as at 31 December 2021 were performed by Darian DRS S.A. an independent valuer. Darian DRS S.A. is member of the National Association of Authorised Romanian Valuers, and has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties, whenever possible and discounted cash-flows method.

The Group considers that there is no material change in the fair value of the property, plant and equipment as of 31 December 2022 compared with the last revaluation.

Property, plant and equipment located on Onesti industrial platform has been mortgaged for bank loans (please see note 23.a). The term loans from CEC Bank and Alpha Bank are jointly secured with mortgage on property, plant and equipment located on the industrial platform from Onesti and assignment of the insurance policy.

The Group has developed internally fixed assets in amount of RON 23,221,751 for 2022 and RON 16,188,982 for 2021. These are included under cost of buildings and other constructions.

Had the Group's freehold land, buildings and equipment been measured on a historical cost basis, their carrying amount would have been as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Freehold land	88,274,785	38,723,277	37,676,622
Buildings	269,622,589	171,943,567	167,724,112
Equipment and others	776,096,676	526,689,544	507,378,062
Total	**1,133,994,050**	**737,356,388**	**712,778,796**

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

16. INTANGIBLE ASSETS

	Concessions, patents, licenses, trademarks and similar rights and assets	Other intangible assets	Total
COST			
At January 1, 2021	**149,825,054**	**1,365,815**	**151,190,868**
Additions	247,855	10,049	257,904
Disposals	247,663	574,928	822,591
At December 31, 2021	**149,825,246**	**800,936**	**150,626,181**
Additions	203,061	24,198	227,259
Acquisition of subsidiary	-	19,597	19,597
Disposals	247,855	-	247,855
At December 31, 2022	**149,780,452**	**844,731**	**150,625,183**
ACCUMULATED AMORTIZATION			
At January 1, 2021	**17,789,872**	**376,020**	**18,165,893**
Amortization expense	6,455,408	206,331	6,661,739
Eliminated on disposals of assets	247,663	574,928	822,591
At December 31, 2021	**23,997,617**	**7,422**	**24,005,039**
Amortization expense	4,433,275	17,144	4,450,419
Acquisition of subsidiary	-	7,333	7,333
Eliminated on disposals of assets	247,855	9,619	257,474
At December 31, 2022	**28,183,037**	**22,279**	**28,205,316**
NET BOOK VALUE			
At December 31, 2021	**125,827,629**	**793,511**	**126,621,140**
At December 31, 2022	**121,597,415**	**822,452**	**122,419,867**

The Group has trademarks in amount of RON 94,985,000 (December 31, 2021: RON 94,985,000) and customer lists in amount of RON 4,296,492 (December 31, 2021, RON 4,296,492) with indefinite useful life in amount. The Group performs annually an impairment test for these intangible assets using discounted cash-flow models. As of December 31, 2022, and December 31, 2021, respectively no impairment was identified. The Group consider that the methods used in impairment analysis are appropriate considering the business context.

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

17. INVESTMENT PROPERTY

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	**14,424,776**	**15,072,913**
Additions	23,558,506	-
Disposals	4,637,200	-
Depreciation	1,893,860	648,137
Balance at end of year	**31,452,222**	**14,424,776**

The investments property comprises land, buildings and the related furniture and equipment which are located in Onesti, Bacau county and Râmnicu Valcea, and rented to third parties and related parties.

The value of revenues from rent for 2022 was RON 6,874,997 and for 2021 was RON 1,416,811. The Group did not performed significant repairs for the investment property assets.

The fair value of investment property does not differ substantially from the cost presented in above note and statement of financial position.

18. INVESTMENTS

The Group's investments as at December 31, 2022 and December 31, 2021 respectively have been the following:

December 31, 2022

	Investment Value	Number of Shares Acquired	Nominal value per Share	% of detention
AISA Invest SRL Cluj Napoca	19,900	8,000	2.5	20%
Uzuc SA Ploiesti	1,680,000	26,880	2.5	0.57%
A6 Impex SA DEJ	57,213,521	5,621,352	10	49.45%
Uzuc SA Ploiesti – through A5 Invest	6,000,000	96,000	2.5	2%
Somes SA - through A4 Impex	4,493,989	1,227,422	2.1	10%
Contactoare – through A4 Impex	32,330	12,200	2.5	0.4%
Asociatia Valcea Dual Learning - through Ramnicu Valcea Branch	24,000	-	-	-
TOTAL COST	**69,463,740**			

December 31, 2021

	Investment Value	Number of Shares Acquired	Nominal value per Share	% of detention
AISA Invest SRL Cluj Napoca	19,900	8,000	2.5	20%
Uzuc SA Ploiesti	1,680,000	26,880	2.5	0.57%
A6 Impex SA DEJ	38,270,100	3,309,234	10	33,65%
Uzuc SA Ploiesti – through A5 Invest	6,000,000	96,000	2.5	2%
Somes SA - through A4 Impex	4,493,989	1,227,422	2.1	10%
Contactoare – through A4 Impex	32,330	12,200	2.5	0.4%
Asociatia Valcea Dual Learning - through Ramnicu Valcea Branch	24,000	-	-	-

TOTAL COST	50,520,319

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

18. INVESTMENTS (continued)

The following allowances are recorded in relation to financial assets:

Company name	December 31, 2022	December 31, 2021
SC Uzuc SA Ploiesti	1,303,840	1,303,840
Uzuc SA Ploiesti – through A5 Invest	5,692,800	5,692,800
A6 Impex SA Dej	26,684,229	35,342,078
Somes SA – through A4 Impex	4,493,989	4,493,989
Impairment allowance	**38,174,858**	**46,832,707**
Total	**31,288,882**	**3,687,612**

19. INVENTORIES

	December 31, 2022	December 31, 2021
Raw material	39,233,309	43,042,805
Consumables	17,748,708	13,443,454
Semi-finished goods	15,813,801	8,339,459
Finished goods	154,903,384	86,947,870
Other inventories	11,501,117	6,131,932
TOTAL	**239,200,319**	**157,905,520**

Movement of inventories write-down	December 31, 2022	December 31, 2021
Balance at the beginning of the year	**7,887,376**	**6,101,046**
Write-down expense	12,101,580	3,500,150
Reversal of write-down	(6,492,619)	(1,713,820)
Balance at end of year	**13,496,337**	**7,887,376**

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

20. TRADE AND OTHER RECEIVABLES

a) Trade and other receivables

	December 31, 2022	December 31, 2021
Advance payments to suppliers	68,351,469	67,109,086
Other receivables	1,604,925	7,705,042
Receivables representing interim dividends distributed until year end	167,000,000	60,000,000
Trade receivables	81,082,677	85,193,826
VAT Receivable	37,383,202	22,704,265
VAT not due	33,758,757	13,410,474
Subsidies* (please see note 11 – state aid for indirect emission costs)	90,159,070	1,586,268
Related parties receivables (please see note 28 – receivables and advances to suppliers)	25,876,139	30,380,212
Sundry debtors	-	25,066
Prepayments	597,157	15,363,301
Other taxes	100,792	-
Less: allowance for doubtful debts	(1,318,857)	(1,321,810)
Less: allowance for sundry debtors	(58,289)	(17,929)
Less: allowance for group receivables	(342,622)	(342,622)
TOTAL	**504,194,420**	**301,795,179**

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

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

Based on the Decisions of the Ordinary General Meeting of the Company's Shareholders of September 16, 2022 and November 28, 2022, it was approved the distribution of the amount of RON 40,000,000 and RON 127,000,000 respectively as interim dividends (gross amount) which will be regularized after the approval of the Company's annual financial statements for the year 2022.

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

* The subsidies receivable in the amount of RON 90,159,070 include subsidies for indirect emission costs related to 2022 (RON 64,173,308) and subsidies that will be granted for investment projects from European funds (RON 25,981,262).

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

20. TRADE AND OTHER RECEIVABLES (continued)

b) Allowances for trade receivables

	December 31, 2022	December 31, 2021
	Lifetime ECLs	*Lifetime ECLs*
Balance at the beginning of the year	**1,682,361**	**1,703,443**
Increase	69,047	-
Decrease	36,641	21,082
Balance at end of year	**1,714,768**	**1,682,361**

The average credit period on sales of goods is 40 days as in 2021. No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques during the current reporting period.

c) Allowances for trade receivables

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

	Trade receivables – days past due					
December 31, 2022	**Not past due**	**Past due 1-30 days**	**Past due 31-60 days**	**Past due 61-90 days**	**Past due 91 - 120**	**Past due more than 120 days**
Expected credit loss rate	0.01%	0.01%	0.06%	0.37%	5.67%	85%
Gross Value	73,537,853	3,448,882	364,630	798,623	185,710	1,462,361
Lifetime Expected credit loss	**7,354**	**345**	**219**	**2,955**	**10,530**	**1,243,007**

	Trade receivables – days past due					
December 31, 2021	**Not past due**	**Past due 1-30 days**	**Past due 31-60 days**	**Past due 61-90 days**	**Past due 91 - 120**	**Past due more than 120 days**
Expected credit loss rate	0.07%	0.11%	1.2%	1.67%	6.05%	87.66%
Gross Value	81,858,662	5,581,663	87,176	58,339	52,381	1,426,508
Lifetime Expected credit loss	**60,125**	**5,989**	**1,049**	**972**	**3,170**	**1,250,505**

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

21. CASH AND BANK BALANCES

	December 31, 2022	December 31, 2021
Cash at bank	43,554,111	147,528,266
Cheques	1,953,464	804,149
Cash advances	3,494	4,427
Petty cash	28,162	14,208
Cash equivalents	366	715
TOTAL	**45,539,597**	**148,351,765**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above. Expected credit loss on bank deposits is not material for 2022 and 2021.

22. CAPITAL AND RESERVES

Ordinary Shares

	December 31, 2022	December 31, 2021
Ordinary shares in issue	304,907,851	304,907,851
Nominal value per share – RON	1.00	1.00
Statutory share capital – RON	**304,907,851**	**304,907,851**
Share Premium RON	4,669,565	4,669,565
Hyperinflation adjustment	886,083,318	886,083,318
IFRS share capital – RON	**1,195,660,734**	**1,195,660,734**

The hyperinflation adjustment was recorded against Retained Earnings, in accordance with the provisions of IAS 29, Financial Reporting in Hyperinflationary Economies.

The ultimate parent of the group is Serviciile Comerciale Romane, who belongs to the individual shareholder Mr. Vuza Stefan.

Through shareholders decision from June 30, 2021, was approved the repurchase of 7,059,620 own shares. During the 2022, the company repurchased 2,087,562 shares at RON 47,652,341. The own shares are presented as a separate line in the statement of change in equity.

Own shares

	December 31, 2022	December 31, 2021
Own shares	47,794,795	142,454

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

22. CAPITAL AND RESERVES(continued)

Shareholding's structure at December 31, 2022 and December 31, 2021 was as follows:

December 31, 2022	Ordinary shares	Shareholding	Share capital nominal value
Shareholders			
CRC Alchemy Holding B.V.	259,151,301	84.99%	259,151,301
AAAS	27,305,181	8.96%	27,305,181
Legal entities	14,363,583	4.71%	14,363,583
Individuals	4,087,786	1.34%	4,087,786
Total	**304,907,851**	**100%**	**304,907,851**

December 31, 2021	Ordinary shares	Shareholding	Share capital nominal value
Shareholders			
CRC Alchemy Holding B.V.	260,251,528	85.35%	260,251,528
AAAS	27,305,182	8.96%	27,305,182
Legal entities	13,841,140	4.54%	13,841,140
Individuals	3,510,001	1.15%	3,510,001
Total	**304,907,851**	**100%**	**304,907,851**

23. BORROWINGS AND LEASING

23.A BORROWINGS

	December 31, 2022	December 31, 2021
LONG TERM LOANS		
CEC Bank	262,930,536	177,870,706
Alpha Bank	97,028,326	116,650,569
UBS Swizerland	58,417,535	
Garanti Bank	39,083,342	
OTP Bank	2,564,738	-
TOTAL LONG TERM PORTION	460,024,477	294,521,275
SHORT TERM LOANS		
CEC Bank	9,670,846	10,109,106
Alpha Bank	19,604,993	19,343,329
UBS Swizerland	10,496,053	-
Garanti Bank	6,349,164	
OTP Bank	932,631	-
Other	31,600	30,800
TOTAL SHORT TERM LOANS PORTION	47,085,287	29,483,235
TOTAL	507,109,764	324,004,510

23. BORROWINGS AND LEASING (continued)

23.A BORROWINGS (continued)

The loans from CEC Bank and Alpha Bank were used to refinance the loans from VTB and Credit Suisse in total amount of EUR 56,7 million and were both disbursed on October 6, 2021.

The term loan from Alpha Bank – credit facility of EUR 30 million is to be repaid in 28 equal quarterly instalments which started on December 31, 2021, with the final maturity on September 29, 2028. The closing balance as at 31 December 2022 is EUR 24,642,857 out of which short term EUR 4,285,714 and long term EUR 20,357,143.

The interest is EURIBOR 3M +1.95% and the loan is secured with mortgage on property, plant and equipment located on the industrial platform from Onesti and with assignment of the insurance policy.

The investment loan from CEC Bank - credit facility of EUR 20 million is to be repaid in 28 quarterly instalments which started on January 31, 2022, with the final maturity on September 29, 2028.

The closing balance as at 31 December 2022 is EUR 17,142,857 out of which short term EUR 2,857,143 and long term EUR 14,285,714. The interest is EURIBOR 3M +2.15% and the loan is secured with mortgage on property, plant and equipment located on the industrial platform from Onesti and with assignment of the insurance policy.

The revolving credit facility from CEC Bank of EUR 40 million, fully disbursed as at 31 December 2022. The revolving facility has the maturity on September 29, 2024.

The interest is EURIBOR 3M +2.15% and the loan is secured with pledge on inventories (raw materials and finished goods) located in Rm.Valcea and Onesti, with mortgage on trade receivables and with assignment of the insurance policy.

The credit facility from Garanti Bank in total amount of EUR 6,000,000 was contracted on April 20, 2022. This credit consists of two facilities, as follows:

- investment facility in maximum amount of EUR 4,500,000 for financing 100% of the Company's contribution to the project with non-reimbursable funds regarding the construction of a high-efficiency trigeneration plant of maximum 8MWe on the chemical site from Rm.Valcea; the facility is to be repaid in monthly instalments in maximum 60 months from the date of each utilization and with the final maturity on December 31, 2028. The interest is EURIBOR 3M +2.5%.

-revolving facility in maximum amount of EUR 1,600,000 for financing 100% of the non-eligible VAT related to the invoices issued under the financed project; the facility is to be repaid in maximum 26 months from the date of each utilization and with the final maturity on December 28, 2026. The interest is EURIBOR 3M +2.5%.

No utilizations were made until December 31, 2022 under these facilities.

The investment credit from Garanti Bank in total amount of EUR EUR 18,600,000 - consists of two facilities:

- Facility 1 in amount of EUR 11,600,000 for financing 75% of the Project: Connection of the Cogeneration Plant erected by Chimcomplex SA Borzesti, Sucursala Ramnicu Valcea to the National Power Grid (SEN) and to the National Natural Gas Transmission System (SNTGN), is to be repaid in monthly instalments in maximum 60 months from the date of each utilization and with the final maturity on December 31, 2028. The closing balance as at 31 December 2022 is EUR 2,649,774 out of which short term EUR 1,283,333 and long term EUR 1,366,441. The interest is EURIBOR 3M +2.5%.

- Facility 2 in amount of EUR 7,000,000 for refinancing CAPEX expenditures done by the company, fully disbursed on 31 August 2022; the facility is to be repaid in 60 monthly instalments which started in September 2022, with the final maturity on August 31, 2027. The closing balance as at 31 December 2022 is EUR 6,533,333 representing long term loan. The interest is EURIBOR 3M +2.5%.

All credit facilities granted by Garanti Bank are secured with mortgage on property, plant and equipment located on the industrial platform from Rm.Valcea and with assignment of the insurance policies.

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

23. BORROWINGS AND LEASING (continued)

23.A BORROWINGS (continued)

The export finance facility from UBS Switzerland AG of EUR 23,079,562 was contracted for financing 85% of the value of the commercial contract concluded with Solar Turbines Switzerland SAGL for the delivery of equipment for the Cogeneration Plant in Rm Valcea. The facility is covered by a buyer's credit insurance issued by the Swiss Export Risk Insurance (SERV). The facility is to be repaid in 14 semi-annual instalments starting from May 30, 2023, with the final maturity on November 30, 2029. The closing balance as at 31 December 2022 is EUR 15,654,562 out of which short term EUR 2,236,366 and long term EUR 13,418,196. The interest is EURIBOR 6M +1.7%.

All loans agreements concluded are subject to covenant clauses, whereby the Group is required to meet certain financial indicators. The Group has complied as at December 31, 2022 with all the indicators required in the contracts.

Table of movements net debts

	2022	2021	2020
Balance Loans at January 1	**324,004,510**	**639,262,125**	**661,139,001**
Withdrawals	218,454,094	351,609,499	21,253,194
Repayments	(38,438,416)	(684,034,787)	(92,194,005)
Foreign exchange difference	1,121,284	9,056,669	12,127,323
Other financial expenses	1,968,290	8,111,004	36,936,612
Balance Loans at December 31	**507,109,764**	**324,004,510**	**639,262,125**

23.B RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has taken into consideration the following aspects for the contracts that fall under IFRS 16 incidence:

i) did not recognize any right-of-use assets or lease liabilities for contracts which expire within 12 months since implementation date; and

ii) did not recognize any right-of-use assets or lease liabilities for lower value contracts (of less than USD 5,000).

The weighted average lessee's incremental borrowing rate used by the Group as at Dec 31, 2021 is 2.66%. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group has lease contracts mainly for rental of buildings and vehicles, such as wagons. The Group's lease arrangements do not include variable payments. The average lease term is 4 years.

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

23. BORROWINGS AND LEASING (continued)

Right-of-use assets

Cost	Buildings	Vehicles	Total
At 1 January 2021	**8,752,073**	**3,894,729**	**12,646,802**
Additions	-	3,604,824	3,604,824
Disposals	1,828,774	-	1,828,774
At 31 December 2021	**6,923,299**	**7,499,553**	**14,422,852**
Additions	-	16,758,582	16,758,582
Disposals	1,129,331	-	1,129,331
At 31 December 2022	**5,793,968**	**24,258,135**	**30,052,103**
Accumulated depreciation			
At 1 January 2021	**3,363,154**	**2,041,639**	**5,404,793**
Additions	1,837,154	3,102,880	4,940,034
Disposals	1,828,774	-	1,828,774
At 31 December 2021	**3,371,534**	**5,144,519**	**8,516,053**
Additions	1,176,304	7,644,251	8,820,555
Disposals	1,129,331	-	1,129,331
At 31 December 2022	**3,418,507**	**12,788,770**	**16,207,277**
Carrying amount			
At 31 December 2021	**3,551,765**	**2,355,034**	**5,906,799**
At 31 December 2022	**2,375,461**	**11,469,365**	**13,844,826**

The maturity analysis of lease liabilities is presented in note 27 d).

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

24. TRADE AND OTHER SHORT- AND LONG-TERM PAYABLES

	December 31, 2022	December 31, 2021
Trade payables	214,202,656	150,056,433
Related parties payables (please see note 28)	879,501	6,407,775
Advances from clients	14,611,732	10,270,382
Salaries and other related payables	9,550,450	24,503,494
Tax on salaries	8,631,376	15,196,171
Other taxes	770,282	1,078,420
Other payables	6,207,941	3,305,931
Payments to be made regarding the shares held at Sistemplast	10,966,000	-
Deferred income*	11,976,361	19,286,926
Amounts due to shareholders representing interim dividends distributed until year end (please see note 20)	12,879,396	60,023,658
TOTAL	**290,675,695**	**290,129,190**

* Deferred income represent the cash received from Oltchim S.A. (see note 21) as part of the prior year business acquisition in respect of the decommissioning obligations for two warehouses acquired from Oltchim S.A. RON 8,712,260 is presented under non-current other payables in statement of financial position, the remaining being presented as trade and other payables (current liabilities).

Advances from clients

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	**10,270,382**	**25,433,313**
Settlement of advances	470,645,193	311,643,105
Advances recorded	474,986,543	296,480,174
Balance at end of year	**14,611,733**	**10,270,382**

25. SUBSIDIES

Subsidies Long Term

Project	December 31, 2022	December 31, 2021
Cogeneration installation II	11,056,156	12,048,215
Other subsidies	577,973	602,343
Improving efficiency of energy	293,916	572,841
POPAM subsidy	1,850,619	2,226,677
TOTAL	**13,778,664**	**15,450,076**

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

25. SUBSIDIES (continued)

Subsidies Short Term

Project	December 31, 2022	December 31, 2021
Cogeneration installation II	732,842	473,624
Improving efficiency of energy	130,112	1,108,826
POPAM subsidy	129,688	
Energy consumption monitoring systems	951,540	951,540
Innovation Norway - Polyols station	6,005,745	-
Cogeneration station 8 Mwe	19,061,717	-
Other subsidies	326,478	8,008
TOTAL	**27,338,122**	**2,541,998**

26. PROVISIONS

Provisions Long Term

Description	December 31, 2022	December 31, 2021
Retirement provision	2,591,719	2,816,938
Decommissioning provision[2]	13,710,924	13,642,626
TOTAL	**16,302,643**	**16,459,564**

Provisions Short Term

Description	December 31, 2022	December 31, 2021
Retirement provision[4]	531,859	675,300
Commercial litigations[3]	16,258,522	13,798,538
Decommissioning provision[2]	1,566,285	1,566,285
Co2 emissions provision	-	9,425,788
Other claims	395,665	1,053,626
Provision for SCR guarantee commission[1]	-	9,737,468
TOTAL	**18,752,331**	**36,257,005**

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

26. PROVISIONS (continued)

Description	Decommissioning	Co2 emissions	Retirement provision	Other claims	Provision for SCR guarantee	Commercial litigations	Total
Balance at January 1, 2021	**13,605,987**	**-**	**3,280,235**	**2,925,217**	**8,463,114**	**-**	**28,274,553**
Increase	1,602,924	9,425,788	478,213	2,743,054	7,373,366	13,798,538	35,421,883
Decrease	-	-	266,210	4,614,645	6,099,012	-	10,979,867
Balance at December 31, 2021	**15,208,911**	**9,425,788**	**3,492,238**	**1,053,626**	**9,737,468**	**13,798,538**	**52,716,569**
Increase	68,298	367,775	634,218	235,130	-	2,923,831	4,229,252
Decrease	-	9,793,563	1,002,878	893,091	9,737,468	463,847	21,890,847
Balance at December 31, 2022	**15,277,209**	**-**	**3,123,578**	**395,665**	**-**	**16,258,522**	**35,054,974**

1) The provision recorded in relation to SCR payment was recorded in relation to the commitment taken by SCR to guarantee for Chimcomplex SA obligations in respect of the borrowings received from VTB Bank and Credit Suisse. The Group considered to record a provision in relation to the payment through the whole period of the contracted loan, based on the loans maturities, as the loans were prepaid during the year the remaining value was recorded during the year and part of the amount was invoiced and paid.

2) The decommissioning provision was recorded in relation to 2 warehouses of non hazardous substances used by both Onesti and Ramnicu Valcea branches.

3) The group is in the process of litigation with Amerocap, for the value of success fee (in total amount of USD 3,039,150) related to the advisory services provided by Amerocap in connection with the prior year business acquisition from Oltchim S.A. Based on the fact that on the first decision of the court the group losed, management assessed that this litigation will have an adverse effect on the financial performance and the financial position of the Group, and, as a result, a provision has been registered in this respect. The litigation is in progress. The economic benefits outflow will occur when the court issues the final decision.

4) According with the Group collective labor agreement, each employee is entitled to receive a compensation in the moment of retirement equal with one average salary. The retirement provisions represent the best estimate made by the management for the employees.

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

27. FINANCIAL INSTRUMENTS

a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings presented at note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt (i) is presented in financial statements as total liabilities while equity (ii) represents equity attributable to owners of the group.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet).

The gearing ratios as at December 31, 2022 and December 31, 2021:

Gearing Ratio	**December 31, 2022**	**December 31, 2021**
Debt (i)	1,046,612,496	858,008,666
Equity (ii)	1,813,292,503	1,657,086,220
Debt to equity ratio	**0.57**	**0.52**

b) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at a fixed interest rates and variable rates, the floating interest rates that are referred here are EURIBOR and ROBOR.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Financial assets at fixed rate		
Short term loans granted	5,327,386	3,536,799
Cash and bank balances	45,539,597	148,351,765
Financial liabilities at fixed rate		
Leases	(14,654,586)	(6,909,573)
Financial liabilities at variable rate		
Borrowings	(507,109,764)	(324,004,510)
Total	**(470,897,367)**	**(179,025,519)**

27. FINANCIAL INSTRUMENTS (continued)

Interest rate sensitivity

The sensitivity analysis presented below has been determined for existing interest bearing loans outstanding at the reporting date, and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

If interest rates for financial liabilities at variable rate would be higher / lower by 1% (100 basis points) and all other variables are held constant, the Group's net loss for 2022 would increase / decrease by RON 5,071,098 (2021: RON 3,240,045). This is mainly attributable to the Group's exposure to interest rates on its variable interest rate EUR denominated borrowings.

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

27. FINANCIAL INSTRUMENTS (continued)

c) Foreign currency risk management

The Group is mainly exposed to the EURO and USD. The Group is exposed to foreign exchange rate fluctuations in trade and finance. Currency risk arising from recognized assets and payables including loand denominated in foreign currency. The Group does not to use derivative financial instruments to mitigate this risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

2022	RON	EUR - RON equivalent of EUR balance	Other currencies -RON equivalent of other currencies	Total
Monetary assets				
Other long term assets	5,645,951	1,072,564	-	6,718,514
Cash and bank balances	37,442,104	7,110,955	986,538	45,539,597
Trade and other receivables	440,981,816	63,212,604	-	504,194,420
Short term loans granted	5,327,386	-	-	5,327,386
	489,397,257	**71,396,123**	**986,538**	**561,779,917**
Monetary liabilities				
Finance lease liabilities	(14,654,586)	-	-	(14,654,586)
Trade and other payables	(202,462,210)	(73,608,094)	(4,345,763)	(280,416,067)
Other long term payables	(10,259,628)	-	-	(10,259,628)
Borrowings	(3,528,968)	(503,580,795)	-	(507,109,764)
	(230,905,392)	**(577,188,889)**	**(4,345,763)**	**(812,440,045)**
Net balance sheet exposure	**258,491,865**	**(505,792,766)**	**(3,359,225)**	**(250,660,128)**

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

27. FINANCIAL INSTRUMENTS (continued)

2021	RON	EUR - RON equivalent of EUR balance	Other currencies -RON equivalent of other currencies	Total
Monetary assets				
Other long term assets	1,618,916	-	3,474,843	5,093,759
Cash and bank balances	84,252,579	61,085,976	3,013,209	148,351,765
Trade and other receivables	254,966,132	46,340,256	488,791	301,795,179
Short term loans granted	3,536,799	-	-	3,536,799
	344,374,426	**107,426,232**	**6,976,843**	**458,777,502**
Monetary liabilities				
Finance lease liabilities	(6,909,573)	-	-	(6,909,573)
Trade and other payables	(268,248,813)	(18,313,224)	(2,968,468)	(289,530,505)
Other long term payables	(598,685)	-	-	(598,685)
Borrowings	(30,800)	(323,973,710)	-	(324,004,510)
	(275,787,871)	**(342,286,934)**	**(2,968,468)**	**(621,043,273)**
Net balance sheet exposure	**68,586,555**	**(234,860,702)**	**4,008,375**	**(162,265,771)**

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

27. FINANCIAL INSTRUMENTS (continued)

c) Foreign currency risk management (continued)

2020	RON	EUR - RON equivalent of EUR balance	Other currencies -RON equivalent of other currencies	Total
Monetary assets				
Other long term assets	1,799,126	1,000,143	3,012,176	5,811,445
Cash and bank balances	31,493,692	8,648,965	969,551	41,112,208
Trade and other receivables	143,109,878	38,294,693	474,678	181,879,249
Short term loans granted	1,259,291	-	-	1,259,291
	177,661,987	**47,943,801**	**4,456,405**	**230,062,193**
Monetary liabilities				
Trade and other payables	(127,633,612)	(14,741,019)	(6,182,728)	(148,557,359)
Finance lease liabilities	(8,198,498)	-	-	(8,198,498)
Other long term payables	(120,193)	-	-	(120,193)
Borrowings	(7,064,355)	(617,484,433)	(14,713,337)	(639,262,125)
	(143,016,658)	**(632,225,452)**	**(20,896,065)**	**(796,138,175**
Net balance sheet exposure	**34,645,329**	**(584,281,651)**	**(16,439,660)**	**(566,075,982)**

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

27. FINANCIAL INSTRUMENTS (continued)

c) Foreign currency risk management (continued)

Sensitivity analysis to exchange rate variations

The Group is exposed to the exchange rate EUR/RON mainly. The following table details the Group sensitivity to a 10% increase and decrease in the RON against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates for all currencies. A negative number indicates a decrease in profit where the RON weakness 10% against the relevant foreign currency.

For a 10% strengthening of the RON against the relevant currencies, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive. Changes will be attributable to exposure on the borrowings and trade payables, mostly, at the end of the reporting period.

	+10%	-10%
Year ended December 31, 2022		
Liabilities	58,153,464	(58,153,464)
Assets	(7,238,266)	7,238,266
Net profit or loss	**50,915,198**	**(50,915,198)**

	+10%	-10%
Year ended December 31, 2021		
Liabilities	34,526,589	(34,526,589)
Assets	11,533,214	(11,533,214)
Net profit or loss	**22,993,375**	**(22,993,375)**

	+10%	-10%
Year started January 1, 2021		
Liabilities	65,312,152	(65,312,152)
Assets	5,240,021	(5,240,021)
Net profit or loss	**60,072,131**	**(60,072,131)**

d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities

Please refer also to Note 3 and Note 23.a.

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

27. FINANCIAL INSTRUMENTS (continued)

d) Liquidity risk management (continued)

	Less than 1 year	Between 1 and 2 years	Over 2 years	TOTAL
At December 31, 2022				
Financial assets				
Other long term assets	-	6,718,514	-	6,718,514
Trade and other receivables	504,194,420	-	-	504,194,420
Short term loans granted	5,327,386	-	-	5,327,386
Cash and bank balances	45,539,597	-	-	45,539,597
	555,061,403	**6,718,514**	**-**	**561,779,917**
Financial liabilities				
Trade and other payables	(280,416,067)			(280,416,067)
Finance lease liabilities	(5,949,300)	(8,705,286)	-	(14,654,586)
Other long term payables		(10,259,628)	-	(10,259,628)
Loans	(47,085,287)	(249,201,210)	(210,823,267)	(507,109,764)
	(333,450,653)	**(268,166,124)**	**(210,823,267)**	**(812,440,045)**
Future estimated interest	(10,320,185)	(14,447,252)	(8,878,298)	(33,645,735)
Net	**211,290,565**	**(275,894,862)**	**(219,701,565)**	**(284,305,863)**

The Group has a negative net amount, this is principally given by the long-term loans. These loans were obtained for investments purposes therefore, the Group expects that these investments will lead to an increase in the future economic benefits in the time horizon of 1-5 years to compensate the actual negative net position.

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

27. FINANCIAL INSTRUMENTS (continued)

	Less than 1 year	Between 1 and 2 years	Over 2 years	TOTAL
At December 31, 2021				
Financial assets				
Other long term assets	-	5,093,759	-	5,093,759
Trade and other receivables	301,795,179	-	-	301,795,179
Short term loans granted	3,536,799	-	-	3,536,799
Cash and bank balances	148,351,765	-	-	148,351,765
	453,683,743	**5,093,759**	**-**	**458,777,502**
Financial liabilities				
Trade and other payables	(289,530,505)	-	-	(289,530,505)
Finance lease liabilities	(3,465,451)	(1,528,463)	(1,915,659)	(6,909,573)
Other long term payables	(598,685)	-	-	(598,685)
Loans	(29,483,235)	(44,859,944)	(249,661,331)	(324,004,510)
	(323,077,876)	**(46,388,407)**	**(251,576,990)**	**(621,043,273)**
Future estimated interest	(8,301,767)	(8,092,890)	(12,036,624)	(28,431,281)
Net	**122,304,100**	**(49,387,538)**	**(263,613,614)**	**(190,697,052)**

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

27. FINANCIAL INSTRUMENTS (continued)

d) Liquidity risk management (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	TOTAL
At January 1, 2021				
Financial assets				
Other long term assets	-	5,811,445	-	5,811,445
Trade and other receivables	181,879,249	-	-	181,879,249
Short term loans granted	1,259,291	-	-	1,259,291
Cash and bank balances	41,112,208	-	-	41,112,208
	224,250,748	**5,811,445**	**-**	**230,062,193**
Financial liabilities				
Trade and other payables	(148,557,359)	-	-	(148,557,359)
Finance lease liabilities	(3,987,243)	(1,211,833)	(2,999,422)	(8,198,498)
Other long term payables	(120,193)	-	-	(120,193)
Loans	(90,781,010)	(39,780,517)	(508,700,598)	(639,262,125)
	(243,445,805)	**(40,992,350)**	**(511,700,020)**	**(796,138,175)**
Future estimated interest	(85,783,433)	(85,478,187)	(41,787,583)	(213,049,203)
Net	**(104,978,490)**	**(120,659,092)**	**(553,487,603)**	**(779,125,185)**

27. FINANCIAL INSTRUMENTS (continued)

e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and bank deposits. Cash and bank deposits are placed in financial institutions which are considered to have low risk of default. The carrying amount of financial assets represents the maximum credit exposure.

For Trade receivables the Group has no significant concentrations of credit risk. The Group is in process of setting up a policy regarding insurance of the trade receivables. Also more than 70% of clients are external for which the Group request advance payments. Due dates depend are usually up to 30 days, a 90 days period is granted only for group of companies.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Please refer to Note 20.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Short-term loans granted are subject to general model for allowance assessment however, the Group believes that there is no material impact if the expected credit loss model would be applied.

f) Price risk

The price is established based on agreement between the parties. The management is estimating the selling price starting from the actual costs incurred. The Group does not use hedging instruments in order to mitigate the price risk.

g) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In accordance with IFRS 13, the individual levels are defined as follows:

Level 1: Using quoted prices in active markets for the same assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet end date.

Level 2: Using information about the asset or liability, other than quoted prices, identifiable either directly (as prices) or indirectly (derived from prices). To determine the fair value of financial instruments, the Group uses the transactions prices available on market where it available.

Level 3: Using information about the asset or liability that does not come from identifiable market data, such as prices, but come from internal models or other valuation methods.

27. FINANCIAL INSTRUMENTS (continued)

Financial assets measured at amortized cost include all assets with contractual terms that give rise to cash flows on specific dates. The Group includes in this measurement category the trade receivables, other long-term assets, short term loans granted, and cash and cash equivalents. Initial measurement of these assets is generally at fair value, which usually corresponds to the transaction price at the time of acquisition or, in the case of trade receivable, to the transaction price pursuant to IFRS 15. Due to the short terms of the cash and cash equivalents short term loans granted, and trade receivables, the fair values largely correspond to the carrying amounts since it reflects the transaction price.

Financial liabilities measured at amortized cost generally include all financial liabilities, provided these do not represent derivatives. They are generally measured at fair value at the time of initial recognition, which usually corresponds to the value of the consideration received. Subsequent measurement is recognized in profit or loss at amortized cost using the effective interest method. For trade liabilities and other liabilities usually mature in the short term, the amounts on the balance sheet represent approximations of their fair value since the carrying amount is similar to the transaction price.

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

28. RELATED PARTY TRANSACTIONS

Receivables	Information about Transactions	Nature of the relationship	December 31, 2022	December 31, 2021
VITORIA SERV SRL	revenues from services rendered	related party, entity under common control	41,400	41,400
SOMES SA DEJ	revenues from services rendered	related party, entity under common control	117,185	351,022
SINTEROM SA CLUJ	revenues from services rendered	related party, entity under common control	1,984	1,984
A6 IMPEX SRL DEJ	revenues from services rendered, borrowing and interest	Associate	4,090,067	2,266,330
CRC IMPEX CHEMICALS SRL	revenues from sales of finished products and commodities	related party, entity under common control	18,923,402	20,551,175
NOVATEXTILE BUMBAC SRL	revenues from services rendered	related party, entity under common control	1,000	116,140
SISTEMPLAST SA	revenues from third party services	related party, entity under common control	-	2,987,048
CAROMET CARANSEBES	revenues from third party services, borrowing and interest	related party, entity under common control	1,115,676	1,123,094
CRC EXPLORATION&BUSINESS	advances for consumables and interest	related party, entity under common control	11,861	135,102
IASITEX	revenues from services rendered	related party, entity under common control	1,423	1,423
UZUC SA	advances for investment	related party, entity under common control	-	1,459,526
CRC ZEUS	borrowing and interest	related party, entity under common control	192,547	-
Total			**24,496,545**	**29,034,244**

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

28. RELATED PARTY TRANSACTIONS (continued)

Payables	Information about transactions	Nature of the Relationship	December 31, 2022	December 31, 2021
CRC EXPLORATION&BUSINESS	acquisition of fixed assets, consumables and packaging materials	related party, entity under common control	49,177	-
AISA INVEST SA	acquisition of other expenses	related party, entity under common control	6,664	6,664
CAROMET CARANSEBES	acquisition of fixed assets and third party services	related party, entity under common control	340,666	9,875
INAV BUCURESTI	acquisition of rental services	related party, entity under common control	4,528	3,911
CRC IMPEX CHEMICALS SRL	acquisition of third party services	related party, entity under common control	833	833
SC IASITEX SA IASI	acquisition of third party services	related party, entity under common control	75,842	75,842
SOMES SA DEJ	acquisition of rental services	related party, entity under common control	3,131	3,131
SC SISTEMPLAST SA	acquisition of other services	related party, entity under common control	-	6,307,519
UZUC SA	acquisition of fixed assets and third party services	related party, entity under common control	398,660	-
Total			**879,501**	**6,407,775**

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

28. RELATED PARTY TRANSACTIONS (continued)

Sales during the period	Information about transactions	Nature of the Relationship	Year ended December 31, 2022	Year ended December 31, 2021
A6 IMPEX SA DEJ	revenues from third party services	related party	23,712	23,317
UZUC SA	revenues from third party services	related party	4,770	1,000
SISTEMPLAST SA	revenues from third party services	related party	-	13,035
SOMES LOGISTIC SRL	revenues from rental services	related party	55,624	58,552
SERVICIILE COMERCIALE ROMANE SA	revenues from other services	related party	-	5,119,286
C.R.C. IMPEX CHEMICALS SRL	revenues from sales of finished products	related party	-	1,627,765
CAROMET SA	revenues from third party services	related party	5,116	-
Total			**89,222**	**6,842,954**

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

28. RELATED PARTY TRANSACTIONS (continued)

Purchases during the period	Information about Transactions	Nature of the Relationship	Year ended December 31, 2022	Year ended December 31, 2021
CAROMET SA	acquisition of fixed assets and third party services	related party	2,549,819	3,253,431
NOVATEXTILE BUMBAC SRL	acquisition of third party services	related party	34,986	34,986
AISA INVEST SA	acquisition of third party services and consumables	related party	-	4,165
SC IASITEX SA IASI	acquisition of consumables and small object	related party	-	826,630
FUNDATIA FEDERATIA ROMANA DE TURISM SPORTIV	Sponsorship granted	related party	-	12,000,000
INAV SA BUCURESTI	acquisition of rental services, fixed assets	related party	389,030	414,259
SISTEMPLAST SA (until the date of transaction)	acquisition of other expenses	related party	18,694,802	43,556,406
CRC IMPEX CHEMICALS SRL	acquisition of packaging materials	related party	123,589	179,446
UZUC SA	acquisition of fixed assets, third party services	related party	704,540	297,425
SERVICIILE COMERCIALE ROMANE	acquisition of other expenses	related party	19,495,480	-
A6 IMPEX SA DEJ	revenues from third party services	associate	7,029,137	-
Total			**42,260,564**	**60,566,748**

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

28. RELATED PARTY TRANSACTIONS (continued)

Advances	December 31, 2022	December 31, 2021
Somes Dej	233,837	-
Caromet	6,395	6,389
Uzuc	910,396	-
Nova Textile	80,154	-
Sistemplast SA	-	1,339,579
CRC Exploration&Business	148,812	-
TOTAL	**1,379,594**	**1,345,968**

Guarantees	December 31, 2022	December 31, 2021
Sistemplast SA	-	1,289,384
TOTAL	**-**	**1,289,384**

The transactions in net value made with Mr. Vuza Stefan, as an individual shareholder of the Romanian Commercial Services are:

	Year ended December 31, 2022	Year ended December 31, 2021
Transactions	12,186,047	8,552,191

The key management remuneration is presented in note 29 and note 8.

29. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT

The remuneration of executives and directors

During the period ended December 31, 2022 and December 31, 2021 respectively, no loans and advances were granted to executives and directors of the Group, except for work related travel advances, and they do not owe any amounts to the Group from such advances.

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and bonuses paid to management personnel and board of directors	33,621,920	36,810,866

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

30. ACQUISITION OF SUBSIDIARY

On 18 April 2022 CHIMCOMPLEX BORZESTI S.A acquired 94.4% of the shares and voting interest in SISTEMPLAST S.A, dealing in general mechanics operations. The transfer or shares has been made operated in the Trade Register on 27 April 2022.

Sistemplast S.A. is located in Ramnicu Valcea , Uzinei street, No. 1, Valcea county and is incorporated under Romanian law. SISTEMPLAST S.A is a multidisciplinary technological company offering integrated solutions for the activities of manufacturing products in the fields of: mechanical, electrical, automation, and testing.

The primary reason of the acquisition of SISTEMPLAST S.A by CHIMCOMPLEX BORZESTI S.A was the improving of overall operations profitability as the Company carried out annually important investments in property plant and equipment and due to SISTEMPLAST S.A location near to the Company and specialization in such works, the management believes that this will improve the operational efficiency.

The shares were acquired from UZUC S.A, the ultimate parent of UZUC S.A and CHIMCOMPLEX BORZESTI S.A is the same therefore this acquisition was considered under common control.

Revenue obtained by SISTEMPLAST S.A since the Group obtained the control is RON 35 million, while the net profit was RON 3.2 million, most of this revenue was obtained in relation with CHIMCOMPLEX BORZESTI S.A.

(a) Consideration transferred

The consideration transferred consists of cash of RON 14,966,000.

(b) Net assets at the date of acquisition

The following table summarises the recognised amounts of net assets (as they were recognized in the standalone financial statements of SISTEMPLAST S.A) at the date of acquisition.

	RON
Property, plant and equipment	9,140,356
Intangible assets	19,597
Inventories	1,915,518
Trade receivables	10,584,761
Other receivables	263
Cash and cash equivalents	3,212,590
Trade payables	(13,947,760)
Other payables	(1,130,956)
Loans	(4,119,123)
Total identifiable net assets acquired	5,675,245

(c) Change in the Group retained earnings due to acquisition of entity under common control

Change in retained earnings arising from the acquisition has been recognised as follows:

	Note	RON
Consideration transferred	(a)	14,966,000
Non-controlling interest at the date of acquisition		302,639
Net assets acquired	(b)	(5,675,245)
Reduction of group retained earnings from acquisition of entity under common control		9,593,394

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

31. NON-CONTROLLING INTEREST

As presented in the note 29, on 18 April 2022, CHIMCOMPLEX BORZESTI S.A acquired 94.4% of the shares of SISTEMPLAST. For the year ended at December 31, 2022, the consolidated financial statements includes this new subsidiary, balances as of December 31, 2022 and transactions for 8 months of 2022.

The proportion of ownership interest held by non-controlling interest is situated at 5.6%, which is equal with the proportion of voting interests.

The financial information of SISTEMPLAST S.A included in the consolidated financial statements before any consolidated adjustments are presented in the below table:

Statement of financial position	
Assets	
Non-current assets	
Property, plant and equipment	10,061,156
Other intangible assets	12,089
Investments	2,500
Total non-current assets	**10,074,745**
Current assets	
Inventories	1,199,526
Trade and other receivables	9,326,427
Cash and bank balances	4,125,043
Total current assets	**14,650,996**
Total assets	**24,725,741**
Equity and liabilities	
Capital and reserves	
Issued capital	2,347,805
Legal Reserves	7,963
Retained earnings	6,909,344
Total equity	**8,965,113**
Liabilities	
Non-current liabilities	
Long term loans	2,564,738
Total non-current liabilities	2,564,738
Current liabilities	
Subsidies	107,431
Trade and other payables	11,927,993
Current corporate income tax liabilities	34,156
Provisions	193,680
Short term loans	932,631
Total current liabilities	**13,195,890**
Total liabilities	**15,760,628**
Total equity and liabilities	**24,725,741**

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

31. NON-CONTROLLING INTEREST (continued)

Statement of profit and loss and other comprehensive income	
Revenue	35,611,286
Other gains and (losses)	(3,114)
Cost of commodities sold	(168,736)
Raw materials and consumables used	(12,236,539)
Employees benefits expenses	(7,486,234)
Depreciation and amortisation expenses	(1,031,959)
Distribution costs	(126,366)
Water and energy expenses	(62,202)
Other third party services	(9,175,426)
Maintenance and repair expenses	(171,730)
Other expenses	(945,942)
Finance costs	(287,894)
Profit before tax	**3,915,144**
Income tax expense	(625,276)
Profit for the year	**3,289,868**

(a) At the moment of acquisition, the Group recognized a non-controlling interest of RON 302,639, as presented in note 29.

(b) From the profit reported by SISTEMPLAST S.A, during the period included in consolidated financial statements it was allocated an amount of RON 184,223 to non-controlling interest.

(c) The unrealized profit was in amount of RON (1,625,093), the part distributed to non-controlling interest is RON (91,005). The reconciliation is performed in the below table.

	Note	RON
Non-controlling interest at the date of acquisition	(a)	302,639
Non-controlling interest from the profit of the year	(b)	184,223
Non-controlling interest related to unrealized profit	(c)	(91,005)
Non-controlling interest at the end of the year		395,866

32. COMMITMENTS AND CONTINGENCIES

Litigations

The Group is subject to several legal actions arisen in the normal course of business. Management considers that all the litigations that will have a material adverse effect on the financial performance and the financial position of the Group were recorded, please see Note 26. Additionally, the Group is involved in a litigation with its former management, the claims are estimated at RON 43,322,000. The Group considers this a contingent liability.

Environment

The regulations regarding the environment are in a development phase in Romania and the Group did not record any liabilities as at December 31, 2022 and December 31, 2021 for any anticipated costs, including legal and consulting fees, design and implementation of remedial plans regarding the environment.

On January 10, 2013, the Regional Agency of Environment of Bacau County issued an environmental authorization valid until January 10, 2023 for Onesti Branch. As per this authorization, the Group has the obligation to dismantle the equipment when the Group's activity will cease totally or partially, and to restore the land to its initial condition. As of December 31, 2022 there are no plans to cease totally or partially the Group's activity.

32. COMMITMENTS AND CONTINGENCIES (continued)

Climate changes

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

The Group aims to improve communication with the parties 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 sense, 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 interested parties to highlight the interest and effort of our organization for the compliance and application of the legal provisions and for continuous improvement of environmental performance.

The year 2022 brought a considerable decrease in greenhouse gas emissions (on both platforms) due to both the decrease in the amount of natural gas consumed and, against the background of the economic crisis triggered by the war in Ukraine, the aggressive increase in the price of natural gas and restricting the sales market for the Group products.
Under these conditions, it was necessary to take measures for the judicious use of own cogeneration installations to produce electricity and thermal energy needed in the activity, in parallel with the purchase of electricity from the market. At the same time, a part of natural gas was replaced with hydrogen produced in electrolysis and used as fuel to produce thermal energy without emissions of greenhouse gases (CO_2).

The regulations regarding the environment are in a development phase in Romania and the Group did not.
recorded liabilities as December 31, 2022, for any anticipated costs, including legal and consultancy fees, design and installation in implementing environmental remedial plans. The Group believe that for this moment there is no material impact arising from climate changes aspect that could affect the financial statements.

Taxation

Taxation system in Romania is still developing trying to consolidate and harmonize with the European legislation. In this respect, there still are various interpretations of the tax laws. In certain cases, tax authorities may treat differently certain aspects and calculate supplementary taxes and levies and related interests and penalties.

According to the legislation in force, in 2022, interest and delay penalties were levied for tax payers' failure to pay their tax obligations on time.

As of January 1, 2022 the interest value is 0.02% and the delay penalty is of 0.02% for each day of delay.

In Romania, the statute of limitation for tax audits is of 5 years. Management considers that the tax_obligations included in these financial statements are adequate.

Acquisitions

As at December 31, 2022 the Group has purchasing commitments related to utilities and raw materials of RON 377,361,916 (December 31, 2021: RON 1,198,078,992).

33. SUBSEQUENT EVENTS

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus.

However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

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

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

These consolidated financial statements were authorized to be issued by the management as at March 27, 2023 and signed on its behalf by:

VUZA STEFAN

Digitally signed by VUZA STEFAN
Date: 2023.03.27 15:27:54 +03'00'

VUZA STEFAN,
GENERAL DIRECTOR

STANCIUGEL NICOLAE,
FINANCIAL DIRECTOR