



ANNUAL
REPORT
2023

CONTENTS

ANNUAL REPORT REGARDING THE SEPARATE FINANCIAL STATEMENTS

Management's comments	5-6
1. Analysis of the company activity	7-19
1.1.1. General assessment of the company	7-8
1.1.2. Technical assessment of the company	8
1.1.3. The assessment of the procurement activity (domestic and import)	9
1.1.4. The assessment of sales activity	10-15
1.1.5. The assessment of the aspects related to the personnel of the company	16
1.1.6. The assessment of the impact of the company's activity on environment	17-18
1.1.7. The assessment of the research and development activity	17
1.1.8. The assessment of the company's activity related to risk management	17-18
1.1.9. Perspective elements regarding the company's activity	19
2. The tangible assets of the company	19-20
3. Securities market issued by the company	21
4. The management of the company	21-22
5. Financial statements of the company	22-36
5.1 Statement of the financial position	23-29
5.2 Statement of the comprehensive income	30-33
5.3 Net sales evolutions	34
5.4 Financial ratios	35
5.5 Statement of cash-flow 2021-2023	35-36
5.6 Structure of Shareholders	37
6. Corporate governance	38-53
Declaration of compliance with BSE Corporate Governance Code.	54-59

SEPARATE FINANCIAL STATEMENTS

Auditor report	60-64
Declaration of the management	65
Statement of the comprehensive incomes	68
Statement of the financial position	69-70
Statement of changes in shareholders' equity	71-73
Statement of Cash-Flows	74-75
Notes	76-119
Board of directors' report	120-145

CONSOLIDATED FINANCIAL STATEMENTS

Auditor report	146-150
Declaration of the management	151
Statement of the comprehensive incomes	154-155
Statement of the financial position	156-157
Statement of changes in shareholders' equity	158-159
Statement of Cash-Flows	160-161
Notes	162-207
Board of directors' report	208-225

Annual report according to FSA Regulation no.5/2018

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Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , 132, Transilvaniei street

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

Subscribed and paid up share capital: RON 52,824,419.20

Regulated market where the issued securities are traded: Bucharest Stock Exchange, Standard category, **Symbol ROCE**

The main characteristics of the securities issued by the company: **528,244,192** registered shares, dematerialized, with a nominal value of RON 0.1.

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MANAGEMENT'S COMMENTS

Dear shareholders,

For Romcarbon standalone 2023 recorded a net profit of 3,313,809 lei, decreased by - 48.157.881 lei as compared to 2022. Out of this difference, 45,784,358 lei was the profit from selling of the financial investment in Green Group. From the core business point of view, the profit from operational activities decreased by - 4,488,031 lei as compared to 2022.

Overall, the market situation started to recover in Q3, the Plastic Processing sector (polypropylene, polystyrene, polyethylene) registering better results in Q3 as compared to the previous periods of 2023. Polypropylene Processing and Polystyrene Processing sectors achieved better results than in the previous year, + 487,718 lei |+16% respectively 447,006 lei |+7%, while the Polyethylene Processing sector even though recorded less profit compared to 2022, - 236,175 lei | -14%, but increased significantly compared to H1 2023.

In the Recycled Polymers and Compounds sector we had several disruptions due to machine breakdowns. This was the main problem for Q2 with an impact on H2 results too.

Other remark

In July 2023, Romcarbon participated in the IPO of Hidroelectrica (H2O), buying a number of 28,086 shares, the total acquisition cost being 2,841,816 lei. At 31.12.2023 the company still held a number of 25,000 shares. The company keeps financial investments at acquisition cost. If this financial investment had been recorded at market value, the company would have had a profit on 31.12.2023 of 670,434 lei according to the number of shares held at the end of the year.

The prospect for 2024

In December 2023, we launched the sales of XPS laminated floor underlayment, this new product will increase the turnover and the profit of the company.

For the Polymers and Recycled Compounds sector, we have installed a new production line in Q4, which will increase production capacity. The new production line will also give us the ability to do maintenance work on the old production lines in advance, reducing the possibility of unexpected production interruptions.

Budget for 2024

For the year 2024, we estimated an increase in sales by 65,473,226 lei |+31% compared to 2023, a profit from operational activities increasing by 7,073,233 lei |+332% and a gross profit increasing by 1,925,061 lei |+55%

The investment plan for the year 2024

Major investments are directed towards production:

Approximately 10 million euros is the project for which we would like to access EU funding (PNRR).

The investment includes a plastic recycling facility and targets downstream activities that can use the obtained regranulated as a raw material for plastic packaging. This investment will increase the capacity of the plastic recycling sector by around 25-30%. At the same time, the introduction of regranulated in the plastic packaging produced by us, will be the answer to the requirements regarding sustainability. The EU funding, if approved, will cover 60% of the investment. Considering the duration of the process of obtaining financing from EU funds, the implementation of the investment will most likely start at the end of 2024 and finish in the second half of 2025 at the earliest.

For the polystyrene extrusion (XPS) activity, we are planning an investment of 1.1 million euros. The existing installation is more than 20 years old and worn out, which caused several interruptions in 2023 and reduced capacity. With this old production line, we cannot cover all orders received from customers. Being the most profitable line of business, it is important for us to invest in a high performing production line to cover the demands of the customers. The capacity we lost in 2023 was about 20% during peak season.



Investments in Romcarbon platform infrastructure

These investments mainly target the production of green energy.

Infrastructure investments also include the replacement of the platform's water network, which is outdated, some water pipes having problems with flow and pressure losses, the company having the obligation to ensure a certain water pressure in the hydrant network according to ISU regulations.

However, in 2023, we have reduced our water consumption by about 88,000 m³ (-30%) by monitoring consumption and repairing the water network, and there is still room for improvement.

Financial investments

We are in the process of developing a collaboration for carbon fiber recycling activity. This investment will expand our position in the field of recycling.

At the same time, until the start of the investment, part of the available funds will be directed to short-term financial investments, if this opportunity arises. The management team will manage this type of investment with caution and under the supervision of the board of directors.

The year 2023 was a very difficult year for the company's activity. And we will remain cautious for 2024 as the economic environment is still full of challenges. Despite all these challenges, the management team has taken measures to solve the main problem we faced in 2023, namely the decrease in production capacity, measures that will continue in 2024 and which, we expect, will lead to a gradual improvement in the company's results, especially in the second half of 2024.

Huang Liang Neng

Chairman of the Board and General Manager
on behalf of the Management team



1. ANALYSIS OF THE COMPANY ACTIVITY

1.1.a) S.C. Romcarbon S.A. has the following main activities:

2221 Manufacture of plates, sheets, tubes and plastic profiles

2222 Manufacture of plastic packaging

2223 Manufacture of plastics for construction

2229 Manufacture of other plastic products

2932 Manufacture of other parts and accessories for motor vehicles and their engines

3832 Recovery of sorted materials

3299 Other manufacturing

4677 Wholesale of waste

1.1.b) S.C. Romcarbon S.A. was founded in 1952 under the name "Fabrica Chimica nr.12".

SC Romcarbon S.A. was established under Law No. 15 and 31/1990, HG 1213/1990 as a result of reorganization of „Intreprinderii de Mase Plastice Buzau”.

1.1.c) There were no merges or reorganization of the Company during the year ended.

1.1.d) The inputs of "Property, plant and equipment" during 2022 are presented in the table below :

Category	Value
Plants	1,898,259
Equipment and Machineries	6,653,535
Controlling device	6,037
Vehicles	66,814
Furniture	43,426
TOTAL	8,668,071

The main "Property, plant and equipment" entries during the reporting period were:

Item	Entry value	Sections
THERMOFORMING LINE OF XPS PANELS PRODUCTION HALL CP5	3,668,447	CP5- PS Processing
AUTOMATIC AND CONTINUOUS MELTING FILTER	1,088,161	CP5- PS Processing
CONCRETE PLATFORM FOR STORAGE WITH RAINWATER DRAINAGE SYSTEM	947,620	CP7-Recycled polymers & Compunds
XPS PANEL PACKAGING MACHINE	385,740	Administrative and Other
SHREDDER KS-D66100	341,328	CP5- PS Processing
	319,021	CP7-Recycled polymers & Compunds

1.1.1 General assessment items

Indicator	2022	2023	2023 vs. 2022	
Sales of finished goods	183,306,275	153,331,408	(29,974,867)	-16,35%
Total sales (Turnover)	265,048,639	216,420,862	(48,627,777)	-18,35%
Exports	53,659,166	34,506,100	(19,153,066)	-35,69%
Total Revenues	328,255,881	233,580,503	(94,675,378)	-28,84%
Total Expenses	(275,872,119)	(230,084,171)	45,787,948	-16,60%
Gross profit/loss, total, out of which:	52,383,761	3,496,332	(48,887,429)	n/a
Exploitation result	6,285,832	1,848,012	(4,437,820)	-70,60%
Financial result	46,097,930	1,648,320	(44,449,610)	n/a
Profit tax	(912,071)	(182,523)	729,548	-79,99%
Net profit	51,471,690	3,313,809	(48,157,881)	n/a
EBIT	53,670,160	5,303,794	(48,366,366)	-90,12%
EBITDA	61,072,654	12,582,621	(48,490,033)	-79,40%
EBITDA Operational	15,025,300	4,873,276	(10,152,024)	-67,57%
Cash and bank balances	2,772,710	29,382,496	26,609,786	959,70%



Market share (%) in Romania:

Group of products		% of domestic market (estimation)
Automotive and industrial filters	~CP1	2%
Active carbon	~CP2	3%
Individual protective equipment	~CP2	18%
Polyethylene products	~CP3	5%
PVC products	~CP4	1%
Polystyrene products	~CP5	8%
Polypropylene products (pp bags)	~CP6	16%
Regenerated plastics & Compounds	~CP7	3%

1.1.2 Technical assessment of the company

SC Romcarbon S.A. Buzau activity profile is to process polymers and convert them into plastic packaging, to manufacture filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

In 2023, production activity was carried out in 7 profit centers as follows:

➤ Profit Center No. 1 – Filters.

Filters workshop: In this centre are manufactured air, oil, fuel and cabin filters for cars, trucks and tractors, railway equipment and industrial installations.

➤ Profit Center No. 2 – Protective equipment and Active Carbon

- Protective equipment workshop: production of personal protective respiratory equipment – gas masks and filter cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment.
- Active Carbon Workshop that manufactures active carbon, powder or grains, impregnated- semi-finished product necessary for protective equipment, as well as active carbon used in oil industry, food, chemical and pharmaceutical industries.

➤ Profit Center No. 3 with Polyethylene workshop - here are manufactured varied sizes of polyethylene packaging (small bags, garbage bags, pouches, cover bags by extrusion, printing, welding), general purpose film, foil for greenhouse, shrinkable film and photopolymer clichés.

➤ Profit Center No. 4 with two workshops:

- Support for traffic signs workshop based on recycled PVC, extruded and pressed.
- PVC pipes workshop is engaged in the production of PVC pipes as semi-finished products for internal use.

➤ Profit Center No. 5 with extruded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where are manufactured packaging trays for food industry and products for constructions as XPS plates and rolls, ribbed and perforated.

➤ Profit Center No. 6 with 2 workshops of Polypropylene-where are manufactured polypropylene products: laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food, chemical and construction industry.

➤ Profit Center No. 7 – Compounds- with two activities:

- Treating of plastic scraps coming from WEEE recycling and automotive industry by separating the recyclable polymeric fractions, grinding, extruding and filtering the separated fractions. The finished products are plastics regranulated products, compounds and composites plastic products.
- Treating the postproduction and post consumption polypropylene woven as well as polyethylene foil scraps by densimetric sorting, extruding and filtering. The finished products are PE and PP regranulated products and compounds.

The company has a working points in Iasi where the main activity is renting the assets for production purpose.

The main groups of products and their share in the total turnover

	2021	2022	2023
- Sales of finished products, total, out of which:	64.02%	69.75%	71.57%
CP1~ Automotive and industrial filters,	1.02%	1.29%	1.70%
CP2~ Respiratory protective equipment and Active Carbon	0.85%	2.05%	1.06%
CP3~ Polyethylene processing products	13.60%	13.75%	14.13%
CP4~ PVC processing products	0.33%	0.27%	0.20%
CP5~ Polystyrene processing products	17.94%	19.44%	21.85%
CP6~ Polypropylene processing products	15.82%	15.26%	14.94%
CP7~ Recycled plastics & Compounds	14.46%	17.69%	17.69%

The difference up to 100% represents the sales of merchandises, services, rents and other sales



New products developed in 2023

The technical and investment activity was directed at new products and technologies in parallel with the growth of the offered product portfolio.

In 2023, we expanded the range of filters with 24 new benchmarks, 16 automotive and 8 industrial.

In the Polyethylene Processed sector, the production and assimilation of products with recyclable content continued, including bags intended for the separate collection of waste in a manual system or with the help of automatic collection devices, bags that can be recycled, thus ensuring a circular process.

In the polypropylene packaging sector (bags), products have been developed with a specific sliding coefficient that prevents sliding during stacking. As a result, the type-dimensional range of polypropylene woven packaging was expanded with 320 new products.

36 new compounds were developed from recyclable plastic fractions, which included optimization in order to reduce the cost and make the use of raw materials more efficient, totaling ~1,000 tons. The products were sent to the beneficiaries for testing, validation and use.

The assimilation project of folded and laminated XPS boards with aluminized boPET film intended for floor insulation, both thermally and acoustically and from the point of view of humidity, continued.

With the commissioning of the new line, boards were obtained that were tested in an external laboratory from the point of view of the characteristics stipulated in the EN 16354 standard, the products being of high quality, falling into higher classes according to the mentioned standard.

1.1.3 The assessment of the procurement activity (domestic and import)

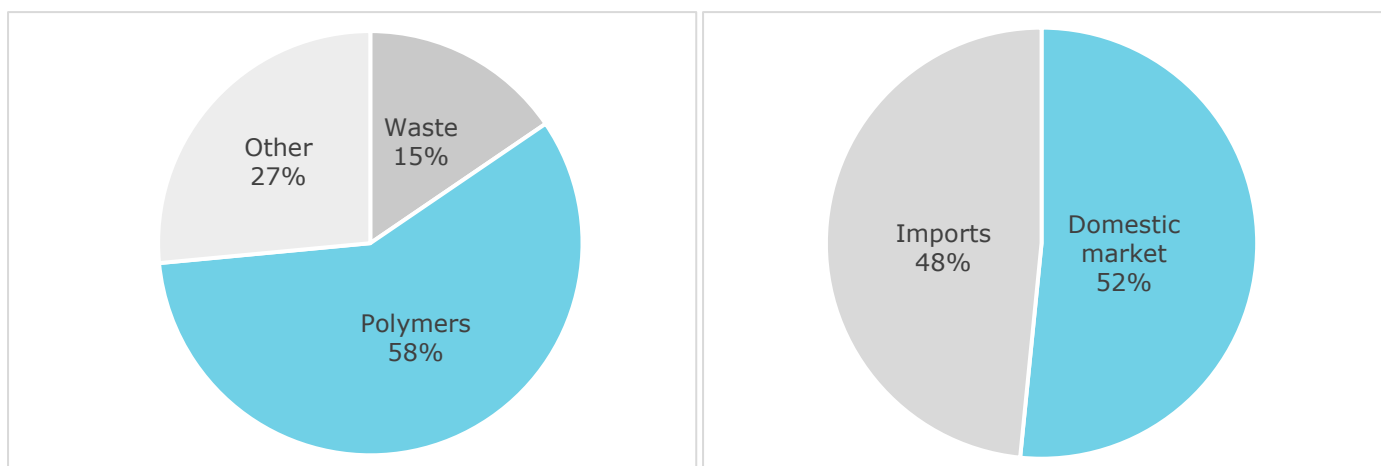
The supplying chain of raw materials, materials and services is done according to the specific internal procedures. Following the analysis of a minimum 3 commercial offers, the best alternative is selected, which then becomes the acquisition. Collaborations with agreed suppliers are conducted on the basis of commercial contracts or confirmed spot orders. The portfolio of raw materials suppliers for most production sectors includes companies with the headquarters in Romania in a percentage of 48% (2022 : 43%), and companies acting on the foreign markets in a percentage of 52% (2022 : 57%).

For the Compound sector, the raw material supplied comes in a percentage of 95% from romanian market, while the difference is ensured by the foreign markets.

The most important percentage (58%) in the value of the raw materials and materials acquisitions are the polymers (polypropylene, polyethylene, polystyrene) and regranulated which are the basic raw materials. These are supplied by various companies with which SC Romcarbon SA has developed long term partnerships.

In order to provide the customers with the best products, Romcarbon is continually involved in developing new projects and is open to new collaborations.

Related to the supplier's domicile in 2023 the acquisitions of raw materials and materials had the following structure:



1.1.4 The assessment of sales activity

Evolution of turnover resulting from the sales of finished products is presented in the following table:

Group	2021	2022	2023	2023 vs. 2022	
CP1~ Auto and industrial filters,	2,703,153	3,395,181	3,652,168	▲	256,986 8%
CP2~ Respiratory protective equipment and Active Carbon	2,247,391	5,396,649	2,278,627	▼	(3,118,023) -58%
CP3~ Polyethylene products	36,010,670	36,123,918	30,273,457	▼	(5,850,462) -16%
CP4~ PVC products	881,364	697,669	420,422	▼	(277,247) -40%
CP5~ Polystyrene products	47,497,169	51,082,952	46,799,707	▼	(4,283,245) -8%
CP6~ Polypropylene products	41,879,984	40,107,774	32,001,778	▼	(8,105,996) -20%
CP7~ Regenerated plastics & Compounds	38,271,305	46,502,132	37,905,250	▼	(8,596,881) -18%
Total	169,491,035	183,306,275	153,331,408	▼	(29,974,867) -16%

Evolution of turnover resulting from the sales of finished products according to its distribution on the domestic/foreign market is presented below:

Sales of finished products	2021		2022		2023	
	Value	%	Value	%	Value	%
Domestic market	122,114,658	72%	135,276,630	74%	120,583,759	79%
Exports	47,376,377	28%	48,029,646	26%	32,779,887	21%
Total	169,491,035	100%	183,306,276	100%	153,363,647	100%



1) AUTOMOTIVE AND INDUSTRIAL FILTERS

a) Market

The filters are mainly sold on the domestic market, but some of the car filters are exported by distributors. From the total sales of this profit center, 23% represent the sales of car filters, 36% railway and naval filters, 15% industrial filters and 26% agricultural filters and others. The process of selling filters is carried out both directly by Romcarbon and through distributors. The main objectives pursued in the marketing and sales process are:

- maintaining and diversifying the sales of filters for the railway and naval fields.
- the development of filters for households and commercial applications: vacuum cleaners, exhaust hoods, etc
- developing the sale of industrial filters, offering customized elements for replacing imported filters with equivalent ones
- maintaining the sale of car filters with an increase in the share of passenger compartment filters that will represent continuity in terms of reducing the share of polluting engines.

b) Competition

From the point of view of the brand, we maintain the Romcarbon brand, recognized by customers who are aware of its European-level quality. In addition, we produce under different brands of car component distributors, which hold significant shares in the after-market products, thus managing to be present on this market as well.

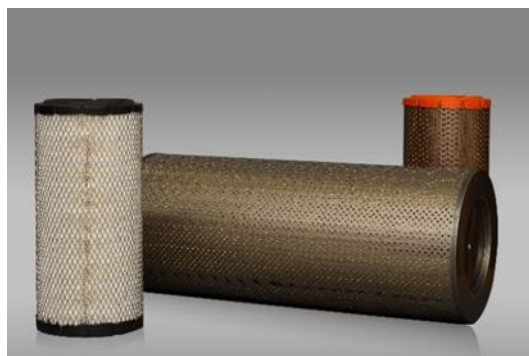
Romcarbon filters are recognized as having the appropriate quality, are risk-free, and have fair prices.

The competition is represented by established companies, both for industrial filters such as Pall, Donaldson, but also for automotive and agricultural filters, Mann, Mahle, Knecht, our advantage being the price adapted to local purchasing power. A significant competition also comes from importers or regional distributors selling products from China and other low-cost sources. Our main advantage is the quality-price ratio, and an additional advantage is the relatively short delivery time, based on our policy of having sufficient stocks of the main raw materials and on the versatility of our technological lines.

2) ACTIVE CARBON AND INDIVIDUAL RESPIRATORY PROTECTIVE EQUIPMENTS

a) Market:

ROMCARBON is a long-standing manufacturer of activated carbon and individual and collective respiratory protection equipment, producing full masks, half-masks, filters against industrial toxics existing in the working atmosphere, chemical filters for shelter and for the mobile means of MAPN, but also coal granulated active and powder for air purification by reducing volatile compounds, of drinking water in municipal treatment stations, of industrial waters, for decolorization in food and pharmaceutical industries, for biogas purification, for removing dioxins and furans from gases in waste treatment. Although Romania is among the last countries in the EU in terms of spending on the purchase of respiratory protection equipment, ROMCARBON kept its old customers in 2023 and made sustained efforts to attract new customers. And in 2023, the sales market was the domestic market. Of the total value of sales, 95% represent sales to Romanian companies that design and execute filter ventilation installations, companies whose field of activity is metal coatings, companies from the pharmaceutical industry and the food industry, biogas production and purification stations/farms, companies manufacturers of components for telecom



infrastructure and the automotive industry and the remaining 5% to companies in the chemical industry. The sector's products were sold both directly to the end user (80% of the number of customers) and to companies distributing protective equipment (20%).

b) Competition:

In 2023, the sales team of the division focused on promoting the products and attracting new customers, sales to them representing 55% of the total sales of individual protective equipment, this, despite the fact that a range of high-performance products belonging to recognized manufacturers are available on the market worldwide (DRAEGER SAFETY Germany, SPERIAN Italy, HONEYWELL USA, MSA AUER Germany).

3) POLYETHYLENE PRODUCTS

a) Market:

Romcarbon is the first Romanian producer of coextruded film in 3 layers of large sizes, between 2 - 12 m wide. The range of products includes basic foil, general-purpose polyethylene foil, construction foil, foil for solariums, printed heat-shrinkable foil and covers, transparent foil for plant germination, household bags and for other purposes, bags.

In 2019, the company started the production of biodegradable and biocompostable packaging.

Polyethylene products were sold in 2023 on the domestic market in a proportion of 98% and 2% on the foreign market.

b) Competition:

S.C. ROMCARBON S.A. kept up, in general, with competition that, in this field was only the internal, adapting to customer requirements and applying competitive price, reasonably payment terms and fast delivery conditions .

It could be observed a move of market demand to general use foil and garbage bags manufactured from recycled polymers.

4) PVC PRODUCTS

In 2023, sales of PVC supports recycled material for road signs have a share of 60% on foreign markets and 40% on the domestic market



5) POLYSTYRENE PRODUCTS

a) Market

- **Extruded polystyrene trays** (69% of total sales of the sector)

In this sector are produced trays for the food industry (standard trays and absorbent trays).

National Institute of Statistics' data could not provide the market situation for the specific products but only all packaging material made of polystyrene at large. According to Romcarbon's own market analysis Romanian market is dominated mainly by local producers (Romcarbon is one of the two biggest local suppliers) and there are some insignificant weight from the import.

In 2023, the distribution of sales of trays was 62% on domestic market and 38% to export, mainly to Balkans countries.

- **Extruded polystyrene underlayment for floor insulation** (31% of total sales of the sector)

For extruded polystyrene underlayment, Romcarbon is in a dominant position as a local producer. The import is approximately 31% of the market share.

The main market for this type of product is the domestic one. The sale of this range of products is carried out both through national distributors and directly to final consumers.

In 2023, the distribution of extruded polystyrene board sales was 62% on the domestic market and 38% on export, the largest foreign market being Bulgaria.

In Dec. 2023, the first sales of laminated extruded polystyrene underlayment were made, a premium product with a higher profit margin than classic boards, used for the thermal insulation of homes.

b) Competition:

The main competitors for polystyrene packaging are: British Foam Group and Euroconf Impex SRL Belcesti - local producers, and other European manufacturers such as Linpac, Siraggema, Coopbox.

For XPS underlayment, the main competitors are manufacturers from Poland (DECORA, VTM) and Germany (SELITAC).

6) PROLYPROPYLENE PRODUCTS

a) Market:

The main market is represented by the market of plastic packaging.

In recent years, we have registered an increased demand in certain segments, such as the food sector or that of animal feed production. This, together with the much higher volume of sales to DIY stores, managed to largely compensate for the low demand from the industrial sector in recent years.

The type of sale we practice is consultative. We always try to meet the requirements of our customers and offer them the right packaging solutions for their products.

The sales structure in 2023 was 75% on the domestic market and 25% on the foreign market.



a.1) Domestic market

SC ROMCARBON S.A. is the leader on the market of small polypropylene bags in Romania, having the largest production capacity.

The sales activity is carried out both through distributors and directly to companies active in the milling and baking industry, in the chemical industry, in the sugar industry, in the salt processing industry, in the production of animal feed or in the sector DIY. Since the domestic market is a market that takes into account not only the prices offered, but also the quality of the products and services, we try to give all the support to our customers and meet their requirements by offering suitable packaging solutions for their products.

SC ROMCARBON SA owns, according to data provided by INS, approximately 16% of the local market.

a.2) Foreign market

Customers on the foreign market are mainly large traders and packaging distributors from European countries such as Poland, Greece, Holland, Spain, France, Serbia, Hungary, Latvia, Croatia, etc. We have no data to help us determine the share on the foreign market. What we can say, however, is that we have to deal with very competitive prices charged by importers from the Asian market. Our customers mainly appreciate the flexibility, the period and also the lower delivery costs that we can offer given the advantage that we have the production capacity in Europe.

b) Competition:

On the domestic market of polypropylene packaging, are 2 other large producers, Romtextil SA and Luna Plast SRL, and several importers of small polypropylene bags from the Asian market. On the external market, the competition is determined, apart from the entry of large quantities of packaging from Asia, by producers from the immediate vicinity, such as those from Bulgaria.

Major dependents. There are no significant customers who, in terms of turnover with them, to represent a risk factor for our company.

7) RECYCLED POLYMERS AND COMPOUNDS

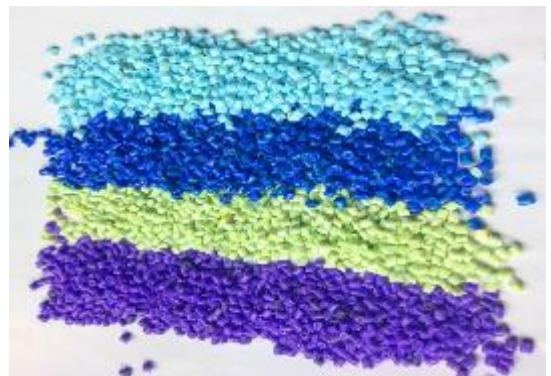
a) Market

As a result of the long experience in the field of plastics processing, is the Plastics Compounds Division of ROMCARBON, which represents the latest investment, starting in August 2012.

By adding and mixing different types of additives and fillers in polymers, improved mechanical properties are obtained, resistance to UV radiation, flame resistance, shock resistance, etc.

The center is equipped with state-of-the-art modern technology purchased from various suppliers, world leaders in the field of extrusion equipment and laboratory equipment. The current production capacity of the compounds factory is approximately 15,000 tons/year. The production capacity increased in 2020 with the start of the activity of the new polymer fraction sorting line.

Recycled polymers represent an alternative to reduce costs with virgin raw materials. Depending on the purity of the material, Romcarbon, through the installed technology, has the possibility to provide its customers with regranulates with exclusive content of recycled polymers, combinations in various proportions of virgin polymers with recycled polymers, as well as to provide optimized products from the combination of recycled polymers with various reinforced materials (calcium carbonate, talc, glass fiber, etc).



The potential of this market segment is determined by the presence of Renault in Romania and, implicitly, of its subcontractors that supply various plastic injection parts; it is shown a growing trend for recycled plastic (especially polypropylene) to certain parts of the vehicles.

Since 2021, a new product made out of recycled was added to the range of products dedicated exclusively to the automotive industry, and at the same time the customer portfolio grew with two new companies supplying injected parts to Renault.

In parallel with the research and development of products for the automotive industry, we have made new products for the home furniture and interior design market, forming a partnership with one of the largest international retailers.

In present, similar products in this subcategory are:

- Polypropylene regranulated in various colors.
- Polypropylene recycled compounds for various industries;
- Polystyrene regranulated in various colors;
- ABS (Acrylonitrile Butadiene Styrene) regranulated;
- High and low density Polyethylene regranulated
- Low density linear polyethylene regranulated;
- Polycarbonate regranulated.

In 2023 sales were distributed as follows : 85% on the domestic market and 15% on foreign markets.

The foreign market is represented by clients from Italy, Croatia, Greece, Germany, Spain, Poland, Hungary, Bulgaria, Netherlands, s.o.

The demand for recycled polymers is estimated to increase with the new EC regulations for increasing the quantities of recycled plastic in the EU by 10,000,000 tons, the target being 2025.

As technological evolution defines the future, the company invests in research for the development of recyclable plastics and recycled raw materials with advanced features, designed to meet the increasingly demanding standards of partner industries.

In addition, ROMCARBON is exploring partnerships and collaborations with environmental organizations and industry associations to help develop sustainable solutions and promote the responsible use of plastics throughout the industry.

These additional efforts reflect ROMCARBON's continued commitment to being a key player in the plastic compounds industry, bringing innovation and sustainability to every aspect of its business.

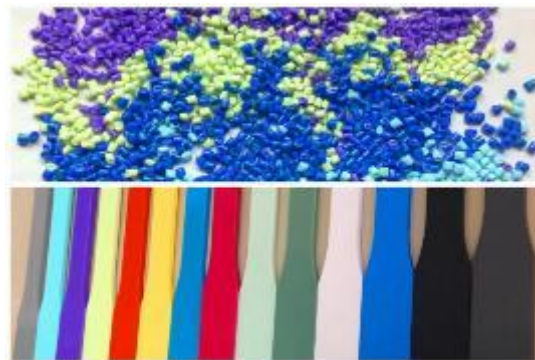
b) Competition:

The competition of virgin compounds is represented by large companies from the petrochemical industry.

➤ Internal market – recycled polymers

The main internal competitors are: Remat Holding, Motion&Technik srl, ItalPlast, Prointermed srl, Iza srl ,Taurus srl, Basel srl, Ecofriend Recycling srl ,Romtextil, Compact Eco srl, Onur Plast, Recycling Mondo Plast, Ecosistem Recycling, Expert Recycling, Plastic Recycling Export, Total Recover, Express Recycling, Eco Mitadia.

The most important external competitors are: Ecoinvest (Bulgaria), PMB (Bulgaria), Sky Plastic (Austria), Atus Recycling (Poland), Rego Plast (Hungary), Pokas Recycling (Greece) , Megaport (Bulgaria), Galoo Plastics (Belgium), Synova (France), Borealis (Germany), Versalis (Italy), LyondellBasell Industries (Netherlands).



Since 2021, the Plastic Compounds Division was certified by EuCertPlast. The certification is based on the European standard EN 15343: 2007 and offers the company's suppliers and customers the assurance that pre- and post-consumer processed plastics are treated according to best practices and with respect for the environment.

Obtaining
EuCertPlast  EuCertPlast

certification enables the company to meet the requirements of the REACH Directive and contributes to the application of best practices on the traceability of recycled plastics (throughout the recycling process and the supply chain) and on the quality of the recycled content in the final product.

ROMCARBON also has **RecyClass certification**. The purpose of this certification is to recognize plastic recycling processes for pre-consumer and post-consumer waste operating at a site in accordance with the requirements set out in the recycling process conformity assessment scheme. Certification against this audit scheme enables recyclers to demonstrate their contribution to the management of plastic waste and transparently communicate its origin. The audit scheme requirements are aligned with those of EN 15343:2007 and ISO 22095:2020



1.1.5 The assessment of the aspects related to the personnel of the company

The number of employees at 31.12.2023 was 780, grouped according to the level of education as follows:

Total personnel, out of which:	780	%
• higher education*	97	12%
• post-secondary school	12	2%
• technical school for foreman	9	1%
• secondary education	290	37%
• vocational school	215	28%
• 9 – 11 classes/apprentice school	80	10%
• occupational qualification	2	0%
• school	75	10%

*Out of the total personnel with higher education, 67 persons are employed on positions which require higher education.

The relationships between managers and employees are relations of subordination according to the Company's organizational chart, job descriptions and individual labor contract.

Each employee is directly subordinated to their superior. Superiors are responsible for the legality and validity of the instructions they issue, and the consequences of these instructions.

There were no conflicts in the relations between managers and employees. Employees are not organized in a trade union.

1.1.6 The assessment of the impact of the company's activity on environment

SC ROMCARBON S.A. holds the environmental authorization revised on 13.03.2024, valid with an annual visa, on the new CAEN codes in accordance with the new Classification of activities in the national economy, revised edition, CAEN REV 2, according to INS Order 337/2007, published in the Official Gazette of Romania , Part I, no. 293 / 03.05.2007.

SC ROMCARBON S.A. respects the legislation by protecting the environment, not being involved in litigation regarding the violation of the legislation in the field. Compliance with legal, regulatory and other requirements to which the organization subscribes is periodically evaluated.

SC ROMCARBON S.A. has implemented and certified an integrated management system for quality - environment - health and safety at work according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2023 standards, - certified by SRAC.

The activity of assessment/reassessment of the environment aspects is based on the internal procedure - PS-03-Environment aspects. This procedure founds the process through which the company evaluates the environment aspects of its activities and its products, - aspects that the company can control, and also the impact of its products on the environment after the products had finished their life cycle.

For evaluating the environment aspects are taking in consideration the air emissions, water leaks, soil impregnances, raw materials and natural resources usage, energy consumption, energy emissions (heat, rays, vibrations (noise), light), wastage generation, space usage.

A special attention is given to the products' life cycles stages which can be controlled or influenced by the company. The list of the significant environment aspects is updated yearly or whenever appear changes in the company, in regulations in force or other requires to whom the company choose to comply with.

Based on the significant environment aspects, the top management together with the Environment responsible and MCM Office (Quality and Environment Management) setup the strategic objectives (Level 1) and operational objectives(Level 2) founded in the Annual management program.

The objectives are setup in accordance with Policy for Quality, Environment, Health and Safety, with the engagements in preventing the pollution, with obligations for compliance and improving.

The changes and developing new activities or products could invalidate the aspects previously identified or may demands additions in the list of the significant environment aspects, in which cases is made a reassessment of the environment aspects.

The changes and developing new activities or products could invalidate the aspects previously identified or may demands additions in the list of the significant environment aspects, in which cases is made a reassessment of the environment aspects.

Exemples of such changes:

- Change of the applicability area of Integrated Management System;
- Development of new products or services;
- Changes of the production processes, changes of tehnology, or insertion of new processes;
- Significant increase or decrease of the production capacity;



- Extension or relocation of an activity;
- Changes in compliance obligations with environment issues;
- Emergency situations

At the beginning of 2024 were evaluated the environment aspects and the list of significant environmental aspects was drawn up in normal, abnormal conditions and emergency situations.

Annually, the company details the aspects and themes of sustainability in its sustainability report. For the year 2023, the sustainability report of the Romcarbon Group will be published by 30.06.2024 and can be accessed [HERE](#).

1.1.7 The assessment of the research and development activity

The technical-investment activity was carried out by the Department of Technical and Investment in collaboration with internal departments involved and with agreed service providers, included:

- certification and recertification of products regulated in accordance with national and European legislation. In 2023, the following certifications were extended:
 - within the Filters and Individual Protection Equipment Workshop: air filter, oil; locomotive filters; automotive (8 certifications); gas mask (1 certification) and filter cartridges (9 certifications).
 - within the Protective Materials Workshop: filter cartridges for protective equipment
 - in the PS sector: the development of the necessary documentation for the new technical approval for laminated extruded polystyrene sheets in the form of boards for parquet installation
 - in the recycling sector: extension of the EuCertPlast certification, the purpose of which is to recognize the company as a recycler that complies with the standards imposed in the field.
- obtaining the annual Health Certificate for extruded polystyrene packaging required for export to non-EU countries;
- acquisition of new technological equipment in order to increase productivity and product quality (plastic recycling line for LDPE and PP waste, line for obtaining laminated XPS boards together with a board packaging machine, bag conversion line);
- updating the technical, technological and control documentation for products from the polystyrene sector, protective equipment.

The cost of research and development activity in 2023 was 724,153 lei, while for 2024 it was budgeted a cost of 868,109 lei.

1.1.8 The assessment of the company's activity related to risk management

SC ROMCARBON SA has implemented risk management in accordance with the requirements of the SR EN ISO 31010-Risk management standard, including evaluation techniques through which risks were identified and analyzed at the level of all functional sectors within the organization. The risk registers for each functional sector, the risk register at the organization level and the risk management action plan were developed.

In order to align with sustainability requirements, the Risk Register was completed with risks related to corruption / bribery / ethics as well as risks related to technological security.

The work procedure was revised to include the new aspects but also to create the means of work regarding the prioritization of the interested parties and the way of analyzing their requirements. The analysis is documented in "Determining the requirements of interested parties" which is updated annually.



Market risk

In 2023, it was registered a decrease in total turnover with -18% reaching RON 216,420,862 (2022 : RON 265,048,638). Regarding the sales of finished products, it was registered a decrease of -16% (2022: RON 183,306,275).

The main market for Romcarbon S.A. products is the local market, the turnover related to the main activity (Revenues from the sale of finished products) obtained in Romania had a share of 77% in 2023 (71% in 2022).

The clients' portfolio for the main activity (sales of finished products) is diversified, there is no clear dependence on certain clients. However, for the activity of sales of goods SC Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2023 had a turnover representing 8% and 14% of total turnover. The sales to Livingjumbo Industry SA in 2023 included also sales of finished products, rents and income from other activities, which accounted for 6% of turnover.

For 2023, the main problem we faced was the significant reduction in demand on the markets we operate, as a result of the change in consumer behavior and the economic crisis at national and European level.

Currency risk

Currency exposure of Romcarbon SA is generated mainly by the loans denominated in euro for financing the production and the investments activities. As at 31.12.2023 the balance of these loans was EUR 8,772,256 (2021 : EUR 9,858,202).

In 2023 the loss generated by the fluctuation of foreign currencies rate was - RON 455,106 (2022: RON 229,121).

Liquidity risk

Current liquidity of Romcarbon SA (calculated as a ratio between current assets and current debts) recorded an increase in 2023, i.e. 1.77 as compared with 1.47 in 2022.

Cash-flow risk

Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during the year 2024.



1.1.9 Perspective elements regarding the company's activity

a) Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year.

For 2024, the company budgeted the following financial indicators:

- A total turnover of RON 281,916,040 (up with 30% as compared with 2023) out of which the turnover related to the sales of finished products is budgeted at the level of RON 199,010,432 (29% higher as compared with 2023);
- a gross profit of RON 5,421,393, increased with 55% compared to 2023.

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

The main inputs of capital assets are set out in paragraph 1.1.d.

c) Presentation and analysis of events, transactions economic changes that significantly affect revenues from the base activity.

As of the date of this report, no risks have been identified that would significantly affect the income from the basic activity, however, the global geopolitical tensions arising from the military interventions in Ukraine by the Russian Federation have generated and are generating economic uncertainties on the energy and capital markets, the global prices of energy prices have increased and are expected to be very volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management considers that it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate.

2. TANGIBLE ASSETS OF THE COMPANY

2.1. S.C. Romcarbon S.A. Buzau has the following tangible assets:

- land and industrial and civil construction located in the municipality of Buzau, Transilvania Street no. 132, with a total area of 150.598 square meters of which built area of 62,199.52 square meters;
- land and industrial and civil construction located in Transilvania Street no. 132 - the sport facility - a total area of 22.830 square meters of which 1.053 square meters built area.
- land and commercial space located in Buzau city, Unirii Street, total area of 287 square meters of which 287 square meters built area;
- land and industrial buildings located in town of Buzau, Zone B, capture water - total area of 111,340 square meters, of which built area of 265 square meters;
- land and industrial buildings located in Iasi, str. Calea Chisinau, no. 29 total area of 9,207.50 square meters, built area of 1,766 square meters;

Main production facilities :

I.) BUZAU

I.1.) The main building used for production activity, services and warehousing:

- Band filters hall - 1,830 square meters building area of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof;
- Protective materials hall - area 1,458 square meters prefabricated foundation pillars of glass type, prefabricated reinforced concrete beams, brick masonry and glass reinforced concrete roof;
- Active charcoal Hall 1 - area of 639 square meters built in reinforced concrete foundation, brick walls, concrete roof;
- Active charcoal Hall 2 - area of 1,803 square meters, built of prefabricated foundation pillars of glass type prefabricated reinforced concrete beams, brick masonry on concrete foundation;
- Polyethylene- Polypropylene Hall - an area of 11,666 square meters, built of prefabricated foundation pillars glass type with precast concrete beams, brick masonry and reinforced concrete foundation, reinforced concrete slab;
- Production hall + expansion and modernization of EU funds (Compounds Hall) - total area of 4,106 square meters of prefabricated foundation pillars of glass type with precast concrete beams, brick masonry and glass, the foundation of reinforced concrete roof in which the extent of 1,806 square meters - hall with glass type foundation, metal poles and steel structure; Tristram wall panels 6 cm, aluminum joinery and double glazing and roof panels Tristram 8 cm floor made of concrete and reinforcing mesh with a mesh of 100 * 100 * 8 mm quartz elicoperizat and treatment resistance to wear and dust ; access to the plant is made by six industrial doors with electric drives; electrical facilities have been fully restored;
- Production hall – total area 873 square meters built on the foundation of reinforced concrete, structure of concrete pillars, aluminum frames, Thermopane windows;



- Polystyrene hall and Warehouse - an area of 4,761.5 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick walls, glass panels and three-layer, reinforced concrete floor and roof panels Tristram;
- PSE mill hall and warehouse area of 577 square meters built on reinforced concrete foundation, brick walls, concrete roof;
- Wiring Hall 1 -Surface 415 square meters built on reinforced concrete foundation, brick walls, concrete floor;
- Laboratory - area 642 square meters, built on concrete foundation, brick masonry, roof;
- Compressor hall with an area of 396 square meters, built on the foundation of reinforced concrete, brick walls, concrete slab, of which 276.5 square meters rent;
- Deposit filters - area of 1,144 square meters, built on the foundation of reinforced concrete, reinforced concrete walls, prefabricated roof;
- Administrative building - area 375 square meters, built on the foundation of reinforced concrete, brick masonry, reinforced concrete roof slab;
- Hall with an area of 1,653 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation of reinforced concrete roof;



I.2.) Rented buildings :

- Hall area of 717 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor;
- Hall - an area of 3,153 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof;
- Hall - an area of 2,718 square meters, prefabricated foundation pillars of glass type precast concrete beams, brick masonry and glass, the concrete foundation concrete roof; .
- Wiring Hall 2 - area of 468 square meters built on reinforced concrete foundation, brick walls, floor of corrugated sheets;
- Hall with an area of 692 square meters, brick walls, concrete roof;
- Hall with an area of 1,034 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Hall with an area of 1,795 square meters, built of prefabricated foundation pillars of glass type precast concrete beams, brick masonry, roof prefabricated concrete.
- Warehouse with an area of 436 square meters, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels;
- Warehouse with an area of 743 square meters, built on the foundation of reinforced concrete, metal pillars, walls and roof from prefabricated panels.

II.) IASI WORKING POINT

ASSET 18.

- Fiber house 1 body A - area of 675 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;

ASSET 19

- Fiber house 1 body B - area of 1,076 square meters built on reinforced concrete foundation, structure of concrete pillars, brick masonry, concrete floor ;

At the work point in Iasi, SC Romcarbon SA does not conduct production activity, but some of these buildings and constructions have been rearranged for renting.

2.2 Some of the company's buildings have a significant age and a wear rate of 15% up to 50%.

These buildings are in the Active Carbon section, and few of them in Filters section, Materials for protection section, PE and PP sections.



2.3 S.C. Romcarbon S.A. Buzau holds property documents over all the tangible assets.

3. SECURITY MARKET

3.1 The Company' shares are traded on the Bucharest Stock Exchange SA, Section Equities, **Standard category**, under the symbol **ROCE**.

To ensure transparency in the capital market and a permanent information both for shareholders and potential investors in the Extraordinary General Meeting of Shareholders dated 20.11.2007, the shareholders decided admission to trading of the company on BSE, Equities Section, Category II. At the hearing dated **11.03.2008**, National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market administered by SC Bucharest Stock Exchange S. A. of the shares issued by SC ROMCARBON S.A. The main characteristics of the securities issued by the company: 528,244,192 shares, dematerialized, with a nominal value of 0.1 lei.

On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.

3.2 The total amount of dividends due in the last 3 financial years:

2021 – 26,412,219.60 lei
2022 – 13,206,104.80 lei
2023 - conform AGOA din 29/30.04.2024

In 2022, the ROCE share had the highest yield among the issuers included in the BET-XT index.
In the event "Performers of the year 2022" organized by the Bucharest Stock Exchange, Romcarbon was awarded.

3.3 The Company has not undertaken activities to acquire its own shares.

3.4 If the company has branches, specifying the number and nominal value of shares issued by the parent company owned subsidiaries.

Not applicable .

3.5 S.C. Romcarbon SA did not issue bonds or other debt securities in 2023.

4. THE MANAGEMENT OF THE COMPANY

4.1. DIRECTORS

a) The Board of Directors in 2023:

Huang Liang Neng – Chairman of the Board, appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 53 years old;

Wey Jiann-Shyang - Deputy chairman of the Board , appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated **29.11.2021** for a mandate which will expire on 04.02.2024, 60 years old;

Toderita Stefan Alexandru – Member of the Board , appointed on Ordinary General Meeting of Shareholders decision of SC ROMCARBON SA dated 23.01.2020 for a mandate of 4 years, expiring on 04.02.2024, 29 years old;

Subsequent events : According to the OGSM decision dated 25.01.2024, the mandates of the 3 administrators were extended for a period of 4 years, until 04.02.2028.

b) Not applicable.

c) Participation of administrators to share capital of SC Romcarbon SA, at the reference date 31.12.2023:

Huang Liang Neng - 0 shares

Wey Jiann-Shyang - 0 shares

Toderita Stefan Alexandru – 71,000,000 shares (13.44%)

d) Company' s affiliates as per 31.12.2023:

d.1. Legal entities in which SC Romcarbon S.A. owned, on 31.12.2023, directly, at least 25% holdings:

Company	Total number of shares	Nominal Value (lei)	Social capital (lei)	No. of shares held	Investment value	Interest quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	26,000	113,154	100.0000%
RC ENERGO INSTALL SRL	200	10	2,000	200	15,112	100.0000%
INFO TECH SOLUTIONS SRL	200	10	2,000	199	1,990	99.5000%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA					2,687,755	62.6200%
YENKI SRL	32,800	10	328,000	10,934	100,000	33.3354%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	36,670	586,625	25.3596%



d.2. Legal entities who have in SC ROMCARBON S.A. a direct holdings of at least 25% - SC LIVING PLASTIC INDUSTRY S.R.L.- 32.8540%.

4.2. Executive members

In 2022, the management of the company was exercised by the following persons:

a.1) Limited period (mandate):

Huang Liang Neng- Chief Executive Officer (17.02.2020- 17.02.2024)

Subsequent events In its meeting of 09.02.2024, Romcarbon's Board of Directors approved the extension for 4 years of the mandate contract concluded by the Company with Mr. Huang Liang Neng, for the exercise of the position of General Director, he will continue to exercise the mandate of Director Generally during the period 17.02.2024 – 17.02.2028.

a.2) Unlimited period:

Manaila Carmen – Deputy General Manager for Administrative operations starting with 17.02.2020;

Dobrota Cristinel – Deputy General Manager for Development starting with 17.02.2020;

Cretu Victor- Manager of the Profit Centers no.6 – Polypropylene products starting with 17.02.2020;

Pindaru Marina Alina - Manager of the Profit Centers no.3 – Polyethylene products starting with 17.02.2020;

Ungureanu Ion - Manager of the Profit Centers no. 5- Polystyrene products starting with 17.02.2020;

Constantinescu Gabriel - Manager of the Profit Centers no.1 si 2 – Auto and Industrial filters and Individual protective equipments starting with 17.02.2020;

Titi Mihai - Technical Manager since 21.01.2019;

Zainescu Viorica Ioana - CFO starting on 15.01.2010

For more details regarding the directors and managers please access the following link:

<https://www.romcarbon.com/about-romcarbon/#Corporate-governance>

b) Not applicable.

c) Not applicable.

4.3. There were not any litigations or administrative proceedings to be involved the management members (administrators) or senior executives or persons listed in pct.4.1 and 4.2.

5. FINANCIAL STATEMENTS

Attachments:

-Separate financial statements for the year ended on 31.12.2023 prepared in accordance with Accounting Act no. 82/1991, republished, Order no. 2844/2016 as subsequently amended, O.M.F.P. no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided for in art. 6 para. (2) of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The company will issue for the year 2023 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") (Including: Independent-auditor Report of Deloitte Audit SRL -, Income and expenses statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Cash flow statement, Notes to financial statements, the Administrators Financial Report attached to the financial situations;

- The decision of the Ordinary General Meeting of Shareholders dated 29/30.04.2024, which approved the 2023 financial statements;

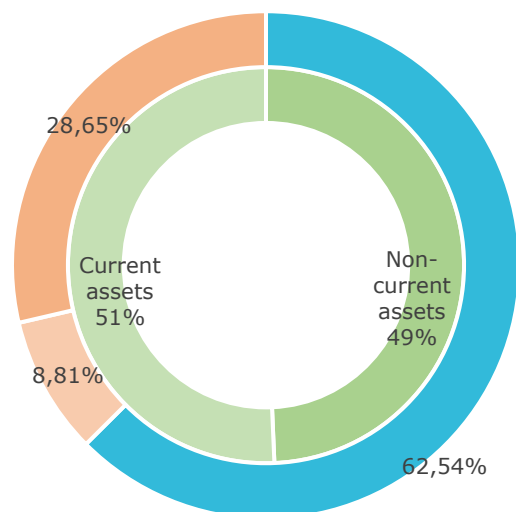
- Declaration of the management company of the conformity of the accounting statements.



5.1 STATEMENT OF THE FINANCIAL POSITION

Indicator	31.12.2021	31.12.2022	31.12.2023	31.12.2023 vs. 31.12.2022		
Property, plant and equipment	106,567,874	102,490,667	106,808,714	4,318,047	▲	4.21%
Investment property	10,894,586	9,883,738	10,857,912	974,174	▲	9.86%
Intangible assets other than goodwill	294,483	330,920	809,485	478,565	▲	144.62%
Investments in subsidiaries, joint ventures and associates	20,607,559	20,608,560	460,594	-20,147,966	▼	-97.77%
Total non-current assets	138,364,501	133,313,884	118,936,705	-14,377,179	▼	-10.78%
Current inventories	27,647,514	29,963,707	30,951,095	987,388	▲	3.30%
Trade and other current receivables	57,999,727	63,653,763	55,388,563	-8,265,200	▼	-12.98%
Other current financial assets	1,265,317	42,738,851	5,929,217	-36,809,634	▼	-86.13%
Other current non-financial assets	2,187,278	3,864,347	546,177	-3,318,170	▼	-85.87%
Cash and cash equivalents	12,798,377	2,772,710	29,382,496	26,609,786	▲	959.70%
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	3,760,155	3,760,155	-	-3,760,155	▼	-100.00%
Total current assets	105,658,369	146,753,533	122,197,548	-24,555,985	▼	-16.73%
Total assets	244,022,870	280,067,417	241,134,253	-38,933,164	▼	-13.90%
Issued capital	26,412,210	26,412,210	52,824,419	26,412,209	▲	100.00%
Share premium	2,182,283	2,182,283	2,182,283	0	—	0.00%
Other reserves	58,542,209	60,895,475	63,215,703	2,320,228	▲	3.81%
Retained earnings	47,008,179	70,732,989	32,593,737	-38,139,252	▼	-53.92%
Total Equity	134,144,882	160,222,957	150,816,142	-9,406,815	▼	-5.87%
Other non – current provisions	400,000	1,000,000	1,117,000	117,000	▲	11.70%
Deferred tax liabilities	8,012,574	7,780,659	7,477,700	-302,959	▼	-3.89%
Other non-current financial liabilities	4,017,590	4,044,764	7,283,273	3,238,509	▲	80.07%
Other non-current non-financial liabilities	8,619,928	7,475,188	5,361,210	-2,113,978	▼	-28.28%
Total non-current liabilities	21,050,091	20,300,610	21,239,183	938,573	▲	4.62%
Trade and other payables	37,161,910	48,060,900	24,772,724	-23,288,176	▼	-48.46%
Other current financial liabilities	46,860,194	45,859,692	38,178,595	-7,681,097	▼	-16.75%
Other current non-financial liabilities	4,805,793	5,623,258	6,127,609	504,351	▲	8.97%
Total current liabilities	88,827,897	99,543,850	69,078,928	-30,464,922	▼	-30.60%
Total liabilities	109,877,988	119,844,460	90,318,111	-29,526,349	▼	-24.64%
Total equity and liabilities	244,022,870	280,067,417	241,134,253	-38,933,164	▼	-13.90%

STRUCTURE OF THE FINANCIAL POSITION AS OF 31.12.2023



Current liabilities: 69,078,928 lei | 29%

Non-current liabilities: 21,239,183 lei | 9%

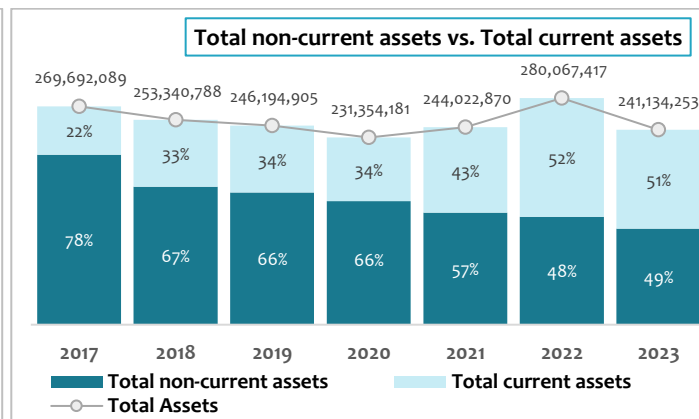
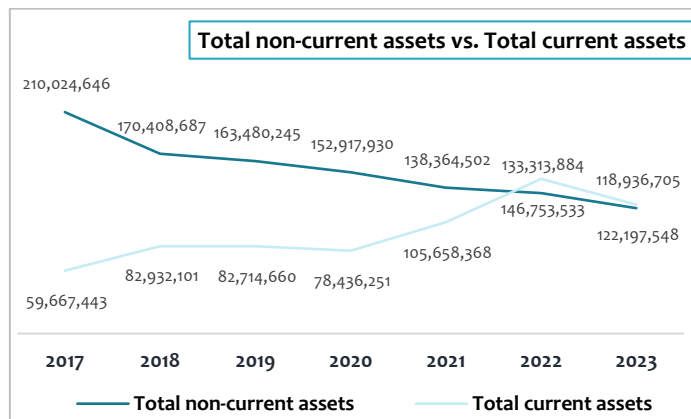
Equity: 150,816,142 lei | 63%

Non-current assets: 118,936,705 lei | 49%

Current assets: 122,197,548 lei | 51%



ASSETS

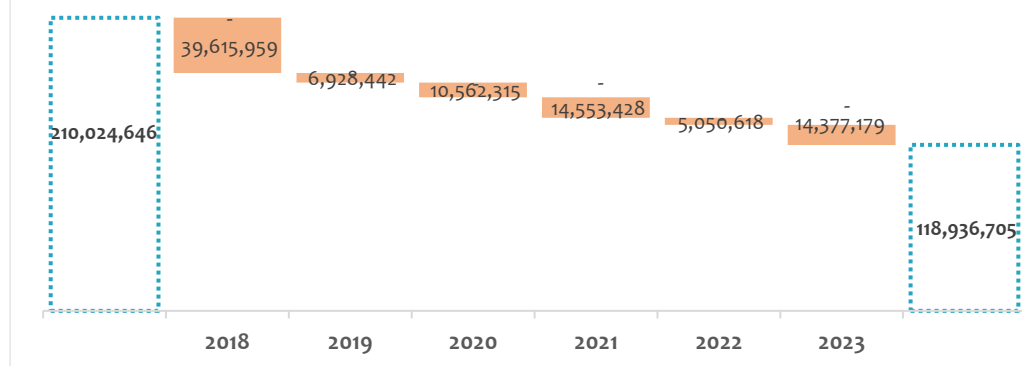


NON-CURRENT ASSETS

Non-currents assets

hold 49.32% of the company's assets, recording a decrease of – Lei 14,377,179, i.e. – 10,78%, as compared with the beginning of the year.

Evolution of non-current assets in the period 2017 - 2023



Non-current assets (NCA)	31.12.2023	% in total NCA	% in total Assets	31.12.23 vs. 31.12.22
Property, plant and equipment	106,808,714	89.80%	44.29%	4.21%
Investment property	10,857,912	9.13%	4.50%	9.86%
Intangible assets other than goodwill	809,485	0.68%	0.34%	144.62%
Investments in subsidiaries, joint ventures and associates	460,594	0.39%	0.19%	-97.77%
Total non-current assets	118,936,705	100.00%	49.32%	-10.78%

In the reporting period the entries of Non-current assets (except the investments in progress) are presented in the following table:

· Buildings (including re-arrangements and improvement)	:	1,898,259 lei
· Equipment and installations	:	6,769,812 lei

The inflows of the Non-current assets in 2023 had the following destinations: Plastics processing sector: Lei 5,694,647, Recycled polymers & Compounds : LEI 1,947,399 and Administrative and other sectors: 1,026,026 lei.

The outputs of Non-current assets in 2023 totalized LEI 468,040, entire amount representing cassations/dismantle.

On December 31, 2023, the Company revaluated the investment property held at the end of the financial year, resulting in an increase in the net value of LEI 974,174 lei, the amount was recorded as a result of the year

The Investment property (land & plants) have the following geographical distribution:

Investment properties: 10,857,912 lei

Buzau: 52%

Iasi: 48%

Financial investments hold 0.19% of Total Assets, and 0.39% of Non-current assets.

As at 31.12.2023, S.C. ROMCARBON S.A. held shares in other companies totalizing Lei 10,192,233, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU*	26,000	4.3521	113,154	113,154	26,000	113,154	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	199	1,990	99.50%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
VIITORUL INCEPE AZI (ONG)	7,000					1,000	14.29%
TOTAL						10,192,233	

*On 07.06.2023, the amount of EUR 4,648,100 was collected from Recyplat LTD, resulting from the operation of reducing the share capital with a number of 10,000 ordinary shares with a value of EUR 1.00 per share, issued with a premium of issue, thus the issue premium account of Recyplat Limited, being reduced from EUR 4,648,100 to EUR 0.00.

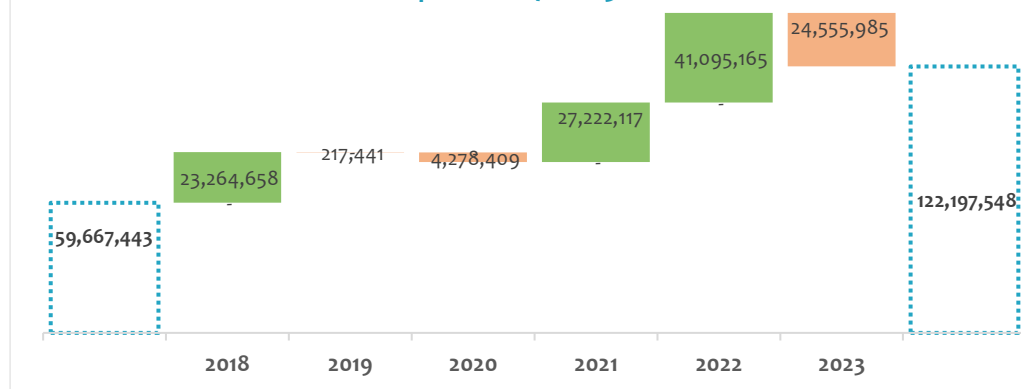
The impairment of financial investments are presented in the following table:

Company	Holdings (%)	Adjustments
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
LIVINGJUMBO INDUSTRY SA	99.86%	6,477,632
Total		9,731,638

CURRENT ASSETS

As at 31.12.2023, **Current assets** hold 50.68% of total assets recording a decrease of - Lei 24,555,985, i.e. -16.73% as compared with the beginning of the year.

Evolution of current assets in the period 2017 - 2023



Current assets (CA)	31.12.2023	% in total CA	% in Total Assets	31.12.23 vs. 31.12.22
Current inventories	30,951,095	25.33%	12.84%	3.30%
Trade and other current receivables ¹	55,388,563	45.33%	22.97%	-12.98%
Other current financial assets ²	5,929,217	4.85%	2.46%	-86.13%
Other current non-financial assets	546,177	0.45%	0.23%	-85.87%
Cash and cash equivalents	29,382,496	24.05%	12.19%	959.70%
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners ³	0	0.00%	0.00%	-100.00%
Total current assets	122,197,548	100.00%	50.68%	-16.73%

¹ In January 2023, the amount of LEI 39,579,200 (equivalent to EUR 8,000,000) was collected from Recyplat LTD, representing dividends receivable registered in December 2022.

² In June 2022, the loan granted in 2019 to RC Energo Install SRL having a maximum ceiling of LEI 1,231,700 was extended by 12 months.

In July 2022, an additional act was signed by which the ceiling limit was increased to LEI 3,000,000.

In June 2023, an additional act was signed by which the loan was extended by 12 months.

Affiliate	Value of the contract	Balance as at 31.12.2023	Interest	Total	Tenor
RC Energo Install SRL	3,000,000 lei	3,000,000 lei	399,651 lei	3,399,651 lei	03/06/2024
Total	3,000,000 lei	3,000,000 lei	399,651 lei	3,399,651 lei	

Shares held for short term

In the item „Other current financial assets” are also recorded the value of a number of 25,000 Hidroelectrica (H2O) shares at a purchase price of 101.18 lei/share, shares remained at 31.12.2023 from the total number of 28,086 shares acquired during the Hidroelectrica IPO from June-July 2023.

Subsequent events

In January 2024, a number of 20,000 Hidroelectrica (H2O) shares were sold at an average price of 119.31 lei/share. In January 2024, a number of 2,062,500 Aquila Part Prod Com S.A. ("AQUILA") shares were purchased at a unit price of 0.96 lei/share. In the same month, a number of 1,062,500 shares were sold at an average price of 1.0188 lei/share.

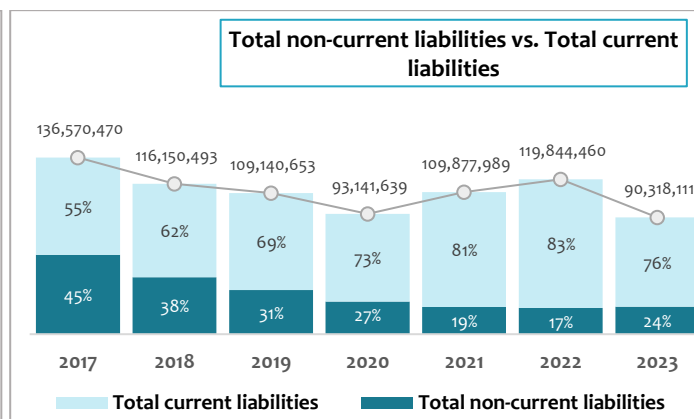
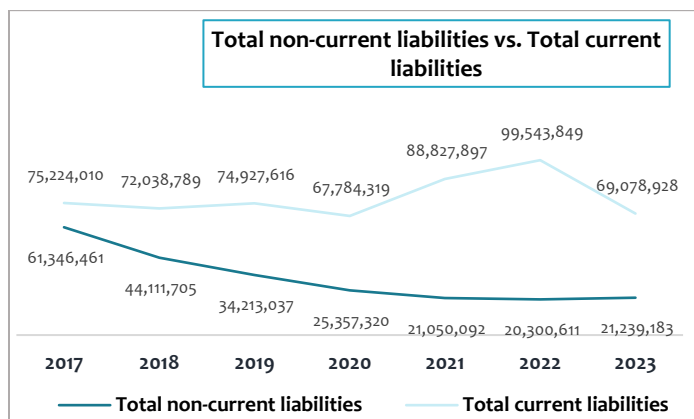
³ Non-current assets or disposal groups classified as held for sale or as held for distribution to owners

On 16.02.2023, it was signed the sale and purchase contract with LIDL ROMANIA S.C.S. the object of which is the sale of the land area of 7,407 sqm, the total price being Lei 7,659,971. The registration cost of this land is Lei 3,689,310. Initially, in December 2019, a sales-purchase anteacontract was signed with LIDL ROMANIA S.C.S. on the basis of which an advance of Lei 2,419,280 (Eur 488,862) was collected in December 2021, the transaction being completed in February 2023 when the difference of Lei 5,240,691 was collected.

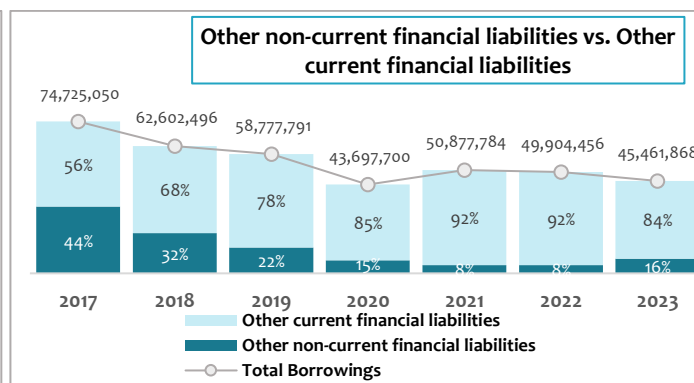
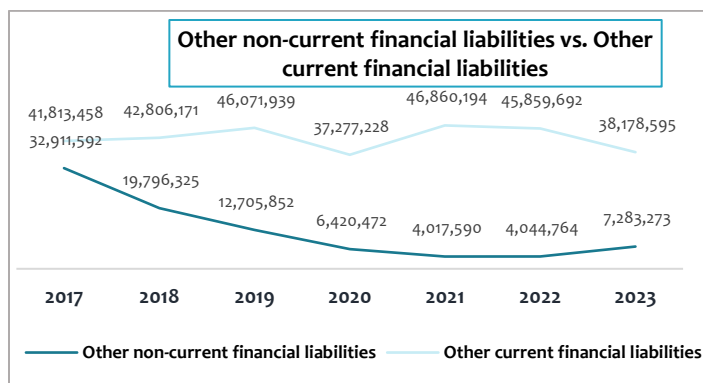


LIABILITIES

Total Liabilities hold 37.46% of the company's Equity&Liabilities recording a decrease of - Lei 29,526,349, i.e. -24.64% as compared with the beginning of the year.



BORROWINGS



As at 31.12.2023 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Type	Balance as at 31.12.2023		< 1 year	>1 year
	in euro	in lei		
Credit lines in euro ⁴	€ 7,027,537	34,959,186 lei	34,959,186 lei	- lei
Investment loans in euro	€ 1,744,718	8,679,277 lei	2,606,030 lei	6,073,247 lei
Total credits in euro	€ 8,772,256	43,638,463 lei	37,565,216 lei	6,073,247 lei
Investment loans in lei		1,823,405 lei	613,379 lei	1,210,026 lei
Total credits in lei		1,823,405 lei	613,379 lei	1,210,026 lei
Total bank exposure		45,461,868 lei	38,178,595 lei	7,283,273 lei

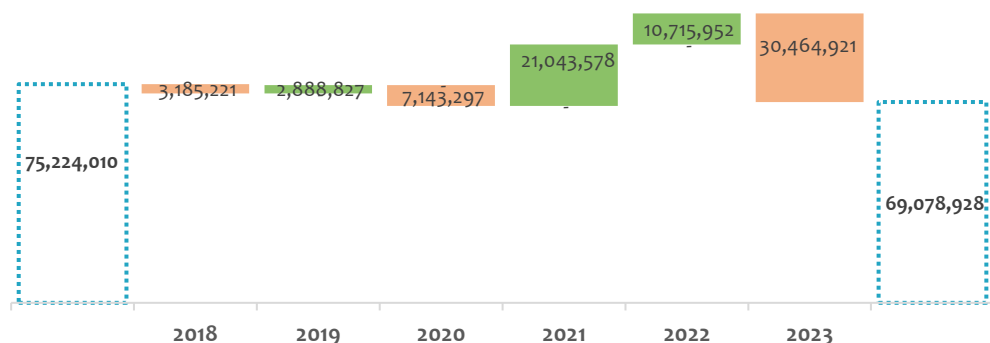
³ In December 2022, the ceiling of the credit line contracted with UniCredit Bank SA was increased from EUR 5,450,000 to EUR 8,000,000. The limit of 2,550,000 Eur was drawn by Livingjumbo Industry SA. In December 2023, the credit line was extended for a period of 12 months.



CURRENT LIABILITIES

Current liabilities of the Company, representing 76.23% of the Total Liabilities and 28.65% of Total Equity & Liabilities decreased by - Lei 30,464,921 as compared with the beginning of the year, i.e. -30.60%.

Evolution of current liabilities in the period 2017 - 2023

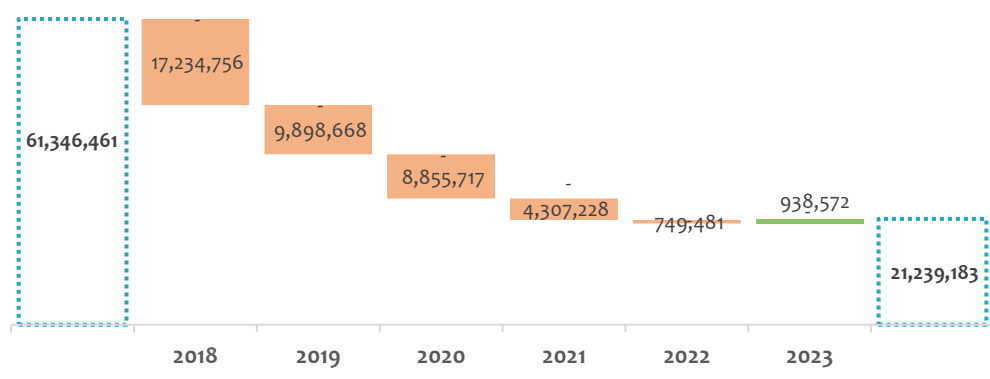


Current liabilities	31.12.2023	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	31.12.23 vs. 31.12.22
Trade and other payables	24,772,724	27.34%	35.86%	10.27%	-48.46%
Other current financial liabilities	38,178,595	42.13%	55.27%	15.83%	-16.75%
Other current non-financial liabilities	6,127,609	6.76%	8.87%	2.54%	8.97%
Total current liabilities	69,078,928	76.23%	100.00%	28.65%	-30.60%

NON-CURRENT LIABILITIES

Non-current Liabilities representing 8.81% of the company's Equity & Liabilities recording in the reporting period an increase of Lei 938,572, i.e. 4.62%, as compared with the beginning of the year.

Evolution of non-current liabilities in the period 2017 - 2023



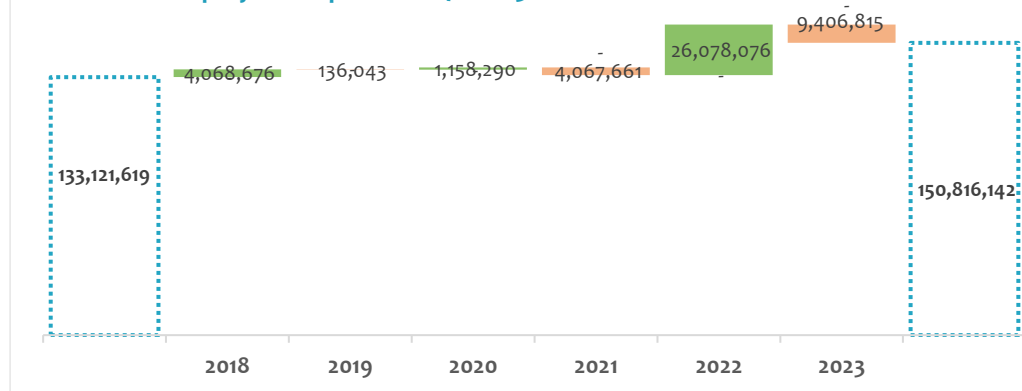
Non-current liabilities	31.12.2023	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and Liabilities	31.12.23 vs. 31.12.22
Other non – current provisions	1,117,000	1.24%	5.26%	0.46%	11.70%
Deferred tax liabilities	7,477,700	8.28%	35.21%	3.10%	-3.89%
Other non-current financial liabilities	7,283,273	8.06%	34.29%	3.02%	80.07%
Other non-current non-financial liabilities	5,361,210	5.94%	25.24%	2.22%	-28.28%
Total non-current liabilities	21,239,183	23.52%	100.00%	8.81%	4.62%



EQUITY

Total Equity holds **62.54%** of Total Equity & Liabilities, recording in the reporting period a decrease of - Lei 9,406,815 as compared with the beginning of the year.

Evolution of Equity in the period 2017 - 2023



Equity	31.12.2023	% in Total Equity and Liabilities
Issued capital (528,244,192 shares at Lei 0.10/share)	52,824,419	21.91%
Share premium	2,182,283	0.91%
Reserves	63,215,703	26.22%
Retained earnings	32,593,737	13.52%
Total equity	150,816,142	62.54%

*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.



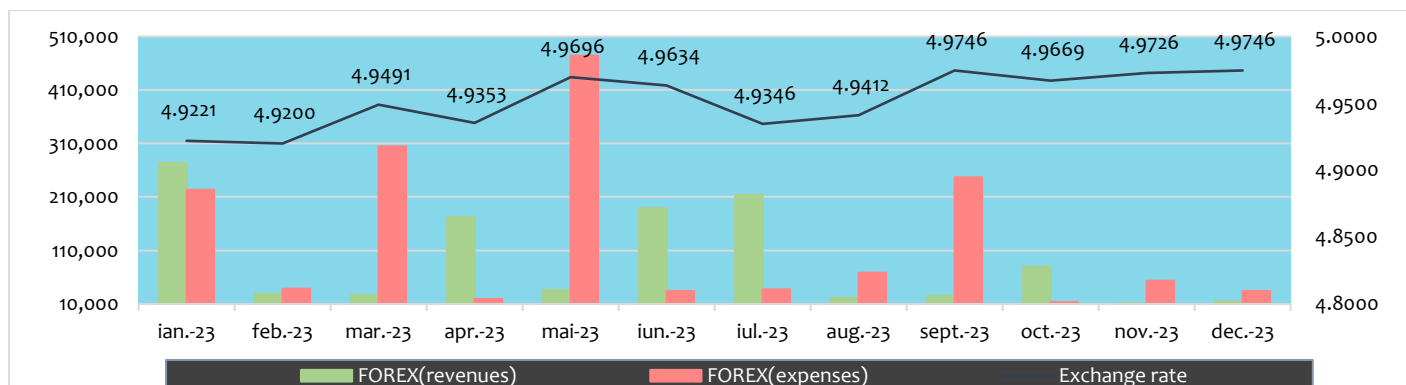
5.2 STATEMENT OF THE COMPREHENSIVE INCOME

Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs. 2022	
Revenues (Net sales)	264,737,647	262,801,054	214,230,854	▼	(48,570,200) -18%
Other Income ⁵	4,459,406	4,454,249	4,303,986	▼	(150,263) -3%
Increase (decrease) in inventories of finished goods and work in progress	872,217	7,447,653	485,526	▼	(6,962,127) -93%
Raw materials, consumables and utilities	(197,945,281)	(199,065,784)	(148,776,840)	▼	50,288,944 -25%
Employee benefits expenses and social charges	(40,568,395)	(42,312,860)	(47,111,543)	▲	(4,798,683) 11%
Depreciation and amortisation expenses	(9,977,583)	(9,609,158)	(9,392,805)	▼	216,353 -2%
Other expenses	(15,900,695)	(18,863,785)	(16,469,733)	▼	2,394,052 -13%
Other gains and losses	1,883,115	1,769,859	4,863,752	▲	3,093,893 175%
Profit (loss) from operating activities	7,560,431	6,621,228	2,133,197	▼	(4,488,031) -68%
Finance income ⁶	128,719	47,336,583	3,444,434	▼	(43,892,149) -93%
Finance cost	(1,769,889)	(1,574,050)	(2,081,299)	▲	(507,249) 32%
Gain/loss from the impairment of financial investment	(6,477,632)	-	-	—	- -
Profit (loss) before tax	(558,371)	52,383,761	3,496,332	▼	(48,887,429) -93%
Income Tax	(889,087)	(912,071)	(182,523)	▼	729,548 -80%
Profit (loss) of the year	(1,447,458)	51,471,690	3,313,809	▼	(48,157,881) -94%
Net gain/loss from the revaluation of tangible assets	-	745,264	-	▼	(745,264) -100%
Deferred tax adjustment for non-deductible tax revaluation reserves	21,017	273,332	485,482	▲	212,150 78%
Total comprehensive income	(1,426,441)	52,490,286	3,799,291	▼	(48,690,995) -93%
Operational EBITDA	13,987,048	15,025,300	4,873,276	▼	(10,152,024) -68%

Note : EBITDA operational is calculated only for operational activity, excluding the depreciation, sales of non-current assets, non-repeating elements and financial activity.

Indicator	2021	2022	2023
Average no. of personnel	807	734	692

In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate communicated by NBR. From this evaluation in 2023 the company registered revenues in amount of Lei 1,094,197 and expenses in amount of Lei 1,549,303, resulting a loss of - Lei 455,106.



In 2022 by re-valuating the company bank availabilities, receivables and liabilities expressed in a foreign currency it was registered a profit of Lei 229,121.

⁵ In the item « Other income » are comprised the following items :

Indicator	12 M 2021	12 M 2022	12 M 2023		2023 vs. 2022	
Rentals	2,199,955	2,247,585	2,190,008	▼	(57,577)	-3%
Income from subsidies for investments	2,259,451	2,206,664	2,113,978	▼	(92,686)	-4%
Total	4,459,406	4,454,249	4,303,986	▼	(150,263)	-3%

⁶ In the item « Financial income» are comprised the following items :

	12 M 2021	12 M 2022	12 M 2023		2023 vs. 2022	
Revenues from interests	128,719	316,730	983,890	▲	667,160	211%
Revenues from financial investments	0	0	57,882	▲	57,882	n/a
Revenues from dividends -Recyclat LTD*	0	46,745,700*	0	▼	(46,745,700)	-100%
Forex net gain	0	274,153	2,402,662	▲	2,128,509	776%
Total	128,719	47,336,583	3,444,434	▼	(43,892,149)	-93%

*Equivalent of EUR 9,500,000

From Net profit to EBITDA to Operational EBITDA

Indicator	2021	2022	2023		2023 vs 2022	
NET PROFIT	(1,447,458)	51,471,690	3,313,809		(48,157,882)	-94%
Depreciation and amortisation expenses	9,977,583	9,609,158	9,392,805		(216,353)	-2%
Revenues from subsidies for investments	(2,259,451)	(2,206,664)	(2,113,978)		92,686	-4%
Interests expenses	953,055	1,286,399	1,807,462		521,062	41%
Profit tax	889,087	912,071	182,523		(729,548)	-80%
EBITDA	8,112,816	61,072,655	12,582,621		(48,490,034)	-79%
Profi/loss from selling the assets	(432,513)	(2,106,927)	(3,992,452)		(1,885,525)	89%
Profit/loss from re-valuating the investment properties	(1,377,918)	1,199,108	(974,174)		(2,173,282)	-181%
Other non-current items(Provisions, donations, s.o)	715,608	2,244,793	713,062		(1,531,730)	-68%
FOREX gain/loss	654,633	(274,153)	(2,402,662)		(2,128,509)	776%
Other financial gains/losses	6,314,423	(47,110,176)	(1,053,120)		46,057,056	-98%
OPERATIONAL EBITDA	13,987,049	15,025,300	4,873,276		(10,152,024)	-68%



Statement of the comprehensive income on quarters

Indicators	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2023 vs. Q1 2022	Q2 2023 vs. Q2 2022	Q3 2023 vs. Q3 2022	Q4 2023 vs. Q4 2022
Revenues (Net sales)	61,570,251	50,706,030	50,118,004	51,836,569	(6,721,480)	(15,654,306)	(16,498,768)	(9,695,646)
Other Income	1,079,991	1,061,884	1,080,662	1,081,449	(36,622)	(76,330)	(33,577)	(3,734)
Increase (decrease) in inventories of finished goods and work in progress	959,536	(795,046)	244,573	76,463	(2,366,481)	(1,340,226)	(119,626)	(3,135,794)
Raw materials, consumables and utilities	(46,072,318)	(32,936,392)	(33,871,733)	(35,896,397)	8,892,938	13,955,855	14,617,461	12,822,690
Employee benefits expenses and social charges	(10,960,221)	(11,511,923)	(11,671,382)	(12,968,017)	(904,703)	(617,352)	(1,004,378)	(2,272,250)
Depreciation and amortisation expenses	(2,370,720)	(2,375,279)	(2,428,477)	(2,218,329)	88,805	69,943	(61,601)	119,206
Other expenses	(4,046,736)	(4,143,961)	(3,840,078)	(4,438,958)	(231,516)	(97,163)	146,091	2,576,640
Other gains and losses	4,022,658	21,619	16,622	802,853	3,958,056	(2,853)	(86,663)	(774,647)
Profit (loss) from operating activities	4,182,441	26,932	(351,809)	(1,724,367)	2,678,997	(3,762,432)	(3,041,061)	(363,535)
Finance income	110,551	2,735,047	156,954	441,882	35,293	2,621,948	59,913	(46,609,303)
Finance cost	(634,562)	(424,938)	(466,915)	(554,884)	(296,290)	(59,816)	(48,681)	(102,462)
Gain/loss from the impairment of financial investment	-	-	-	-	-	-	-	-
Profit (loss) before tax	3,658,430	2,337,041	(661,770)	(1,837,369)	2,418,000	(1,200,300)	(3,029,829)	(47,075,300)
Income Tax	(468,902)	(305,663)	722,423	(130,381)	(279,091)	223,622	1,089,714	(304,697)
Profit (loss) of the year	3,189,528	2,031,378	60,653	(1,967,750)	2,138,909	(976,678)	(1,940,115)	(47,379,997)
Net gain/loss from the revaluation of tangible assets	-	-	-	-	-	-	-	(745,264)
Deferred tax adjustment for non-deductible tax revaluation reserves	-	-	-	485,482	-	-	-	212,150
Total comprehensive income	3,189,528	2,031,378	60,653	(1,482,268)	2,138,909	(976,678)	(1,940,115)	(47,913,111)
Operational EBITDA	2,050,044	1,936,586	1,606,415	(719,768)	(1,375,798)	(3,755,424)	(2,854,688)	(2,166,115)



Presentation of the evolution of the key indicators on production sectors – 12 Months

	Indicators	Year 2021	Year 2022	Year 2023	2023 vs 2022		
ROMCARBON	PLASTIC PROCESSING SECTOR : POLYETHYLENE						
	Turnover	36,047,057	36,512,692	30,894,710	(5,617,982)	-15%	
	EBITDA before overhead	3,051	2,439,836	2,208,646	(231,190)	-9%	
	Profit before overhead	(779,566)	1,697,246	1,461,071	(236,175)	-14%	
	PLASTIC PROCESSING SECTOR : POLYSTYRENE						
	Turnover	51,040,479	54,425,638	47,592,623	(6,833,015)	-13%	
	EBITDA before overhead	9,725,267	7,382,299	7,925,922	543,623	7%	
	Profit before overhead	8,335,220	6,131,441	6,578,447	447,006	7%	
	PLASTIC PROCESSING SECTOR : POLYPROPYLENE						
	Turnover	42,780,899	40,326,620	32,928,129	(7,398,491)	-18%	
	EBITDA before overhead	4,719,369	3,454,650	3,964,026	509,376	15%	
	Profit before overhead	4,394,850	3,129,217	3,616,936	487,718	16%	
	RECYCLED POLYMERS & COMPOUNDS						
	Turnover	40,009,626	51,224,339	39,125,177	(12,099,163)	-24%	
	EBITDA before overhead	5,811,810	6,952,632	(1,572,300)	(8,524,932)	n/a	
	Profit before overhead	1,930,489	3,094,107	(5,026,755)	(8,120,862)	n/a	
	OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS						
Turnover	5,876,115	9,569,410	6,388,942	(3,180,468)	-33%		
EBITDA before overhead	743,723	2,933,897	704,507	(2,229,390)	-76%		
Profit before overhead	429,011	2,623,639	379,493	(2,244,146)	-86%		

Note: In "Turnover", in addition to the revenues from sales of finished products, the revenues from the sale of goods, revenues from services and other sales made by the production sectors are included.



5.3 REVENUES (NET SALES)

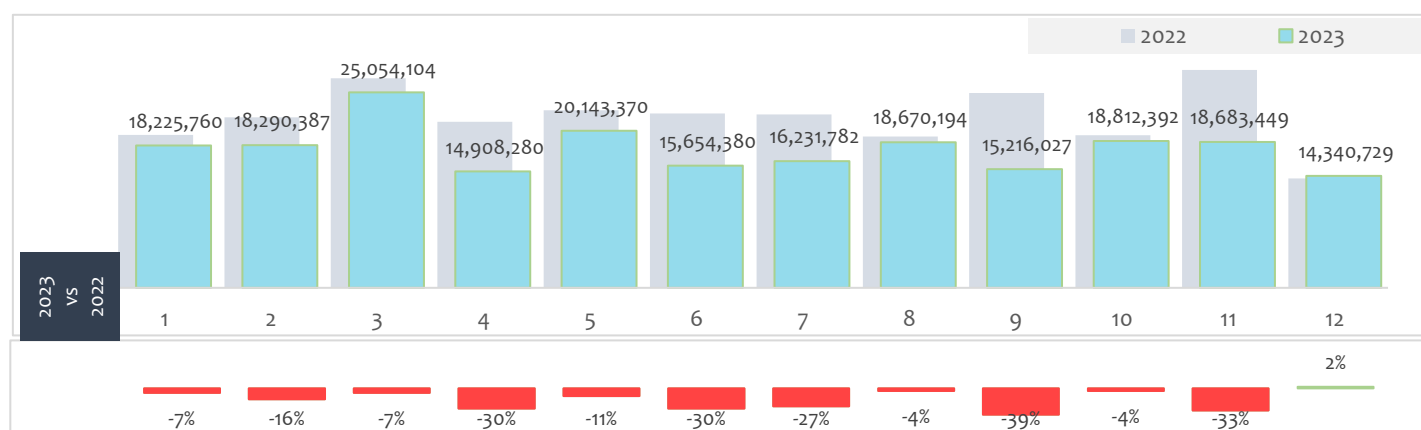
The item "Revenues (Net sales)" had the following evolution:

	12 months of 2021	12 months of 2022	12 months of 2023		2023 vs. 2022	
- Sales of finished goods, total, out of which:	169,491,035	183,306,275	153,331,408	▼	(29,974,867)	-16%
CP1~ Auto and industrial filters	2,703,153	3,395,181	3,652,168	▲	256,986	8%
CP2~ Respiratory protective equipment and Active Carbon	2,247,391	5,396,649	2,278,627	▼	(3,118,023)	-58%
CP3~ Polyethylene products	36,010,670	36,123,918	30,273,457	▼	(5,850,462)	-16%
CP4~ PVC products	881,364	697,669	420,422	▼	(277,247)	-40%
CP5~ Polystyrene products	47,497,169	51,082,952	46,799,707	▼	(4,283,245)	-8%
CP6~ Polypropylene products	41,879,984	40,107,774	32,001,778	▼	(8,105,996)	-20%
CP7~Compounds	38,271,305	46,502,132	37,905,250	▼	(8,596,881)	-18%
- Sales of intermediary goods	40,938	68,499	4,378	▼	(64,122)	-94%
- Services rendered	488,677	721,836	425,122	▼	(296,714)	-41%
- Sale of commodities	89,734,867	71,556,260	53,057,503	▼	(18,498,757)	-26%
- Revenues from sundry services	4,982,130	7,148,184	7,412,444	▲	264,260	4%
Total net sales	264,737,647	262,801,054	214,230,854	▼	(48,570,200)	-18%

Grouped by segments of activities, the Revenues are presented in the below table

	12 months of 2021	12 months of 2022	12 months of 2023		2023 vs. 2022	
Plastic processing sector: polyethylene+polystyrene+polypropylene	125,387,823	127,314,644	109,074,941	▼	(18,239,702)	-14%
Recycled polymers & Compounds	38,271,305	46,502,132	37,905,250	▼	(8,596,881)	-18%
Other production sectors (industrial and automotive filters, active carbon, respiratory protective equipment, PVC traffic base)	5,831,907	9,489,499	6,351,216	▼	(3,138,283)	-33%
Other activities	95,246,612	79,494,779	60,899,446	▼	(18,595,333)	-23%
Total	264,737,647	262,801,054	214,230,854	▼	(48,570,200)	-18%

The evolution of the "Net sales" by month in the reporting period



	12 months 2021	12 months 2022	12 months 2023		2023 vs. 2022	
Net sales	264,737,647	262,801,054	214,230,854	▼	(48,570,200)	-18%
Rental and royalty income	2,199,955	2,247,585	2,190,008	▼	(57,577)	-3%
Turnover, out of which:	266,937,602	265,048,639	216,420,862	▼	(48,627,777)	-18%
~domestic market	216,788,924	211,389,473	181,914,762	▼	(29,474,712)	-14%
~exports	50,148,679	53,659,166	34,506,100	▼	(19,153,066)	-36%

Note: Turnover comprises the item Revenues from Profit and Loss Account, plus Rental and royalty income which is comprised in Other income.

5.4 FINANCIAL RATIOS

Indicator	Formula	31.12.2021	31.12.2022	31.12.2023
EBIT	Gross profit + Income tax + Expenses with interest	394,684	53,670,160	5,303,794
EBITDA	EBIT + Depreciation-Subsidies for investment	8,112,816	61,072,654	12,582,621
Sales(Turnover)	Revenue + Rental and royalty income	266,937,602	265,048,639	216,420,862
EBITDA to sales ratio	EBITDA/Sales	3.04%	23.04%	5.81%
EBITDA to Equity ratio	EBITDA/Equity	6.05%	38.12%	8.34%
Gross profit margin	Gross profit/Sales	-0.21%	19.76%	1.62%
Current ratio	Current assets/Current liabilities	1.19	1.47	1.77
Quick ratio	(Current assets - Inventories)/Current liabilities	0.88	1.17	1.32
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	16%	13%	14%
Total liabilities to Assets ratio	Total liabilities/Total Assets	45%	43%	37%
Long term capital to Equity	Borrowed capital/Equity	3%	3%	5%
Long term capital to engaged capital	Borrowed capital/Engaged capital	3%	2%	5%
Interest coverage ratio	EBIT/Interest expenses	0.41	41.72	2.93
Account receivable turnover ratio (days)	Average receivables/Sales	64	83	99
Account payable turnover ratio (days)	Average payables/Sales	43	58	61
Non-current assets rotation	Non-current liabilities/Sales	1.93	1.99	1.82
Return on assets (ROA)	Net profit/Assets	-0.59%	18.38%	1.37%
Return on equity (ROE)	Net profit/Equity	-1.08%	32.13%	2.20%
Return on sales (ROS)	Net profit/Sales	-0.54%	19.42%	1.53%

5.5 CASH-FLOW

	31/12/2021	31/12/2022	31/12/2023
Profit (loss) of the year	(1,447,458)	51,471,690	3,313,809
Income tax expense / (income)	712,964	870,654	-
Deferred income tax expense / (income)	176,123	41,417	182,523
Non-current asset depreciation/(impairment)	9,977,583	9,609,158	9,392,805
Provisions for untaken leaves	200,000	600,000	117,000
(Gain) / Loss on sale of fixed assets	(21,280)	(915,621)	-
(Gain) / Loss on changes in fair value of investment property	(1,377,918)	(170,996)	(974,174)
(Gain) / Loss on disposal of investment property	(411,233)	(1,191,307)	-
(Gain) / Loss on revaluation of tangible assets	-	1,370,104	-
(Gain) / Loss on disposal of assets held for sales	-	-	(3,992,451)
Gains on internal set-up of fixed assets	(327,189)	(9,793)	(288,092)
Expenses / (Revenues) regarding value adjustments for clients and inventories	13,642	(54,640)	83,148
Loss on receivables and sundry debtors	45,827	54,270	54,865
Expenses / (Revenues) regarding allowances for financial assets	6,477,632	-	-
Interest expense	1,149,747	1,574,050	2,081,299
Interest income	(128,719)	(316,730)	(983,890)
Income from dividends	-	(46,745,700)	-
Income from subsidies	(2,259,451)	(2,206,664)	(2,113,978)
Unrealised foreign exchange gain / (loss)	654,632	(274,153)	(2,402,662)

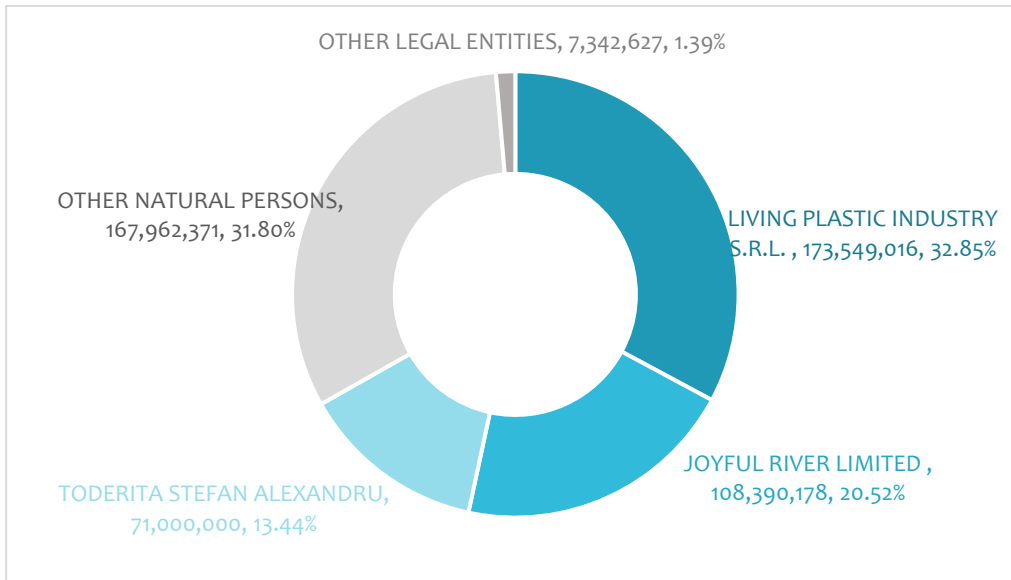


	31/12/2021	31/12/2022	31/12/2023
Movements in working capital:			
(Increase) / Decrease in trade and other receivables	(20,576,748)	(6,316,829)	8,975,358
(Increase) / Decrease in inventories	(5,375,385)	(2,261,553)	(1,119,740)
(Increase) / Decrease in other assets	(1,106,915)	(3,571,403)	3,078,170
Increase / (Decrease) in trade payables	11,032,378	(4,846,357)	(7,989,155)
Increase / (Decrease) in other liabilities	(129,356)	1,751,137	504,351
Net cash used in operating activities	(2,721,124)	(1,539,265)	7,919,186
Income tax paid	(712,964)	(1,015,734)	(619,612)
Interest and bank charges paid	(1,149,747)	(1,574,050)	(2,081,299)
Numerar net utilizat în activitati operationale	(4,583,835)	(4,129,049)	5,218,275
Cash flows from investing activities:			
Interest received	128,719	316,730	983,890
Payments for tangible assets	(3,657,008)	(5,756,882)	(13,307,466)
Proceeds from sale of investment property	2,862,617	2,373,151	-
Proceeds from sale of tangible and intangible assets	517,739	915,615	-
Proceeds from sale of assets held for sales	-	-	7,752,606
Proceeds from government grants	-	912,179	-
Payments for assets held for sale	(3,164,051)	-	-
Payments for short-term financial investments	-	-	(2,529,566)
Related party loans granted	(694,543)	-	-
Payments for intangible assets	8,254	(153,219)	(593,862)
Proceeds from financial investments	-	-	23,061,548
Payments for financial assets	-	(1,000)	-
Dividends received	-	7,166,500	39,418,400
Net cash generated by/used in investing activities	(3,998,272)	5,773,075	54,785,550
Cash flows from financing activities:			
Proceeds/Repayments from bank loans	6,433,107	(1,002,830)	(4,442,587)
Dividends paid	(2,641,221)	(10,666,862)	(28,951,452)
Net cash generated by/used in financing activities	3,791,886	(11,669,692)	(33,394,039)
Net increase/(decrease) in cash and cash equivalents	(4,790,221)	(10,025,667)	26,609,787
Cash and cash equivalents at the beginning of the year	17,588,598	12,798,377	2,772,710
Cash and cash equivalents at the end of the year	12,798,377	2,772,710	29,382,497

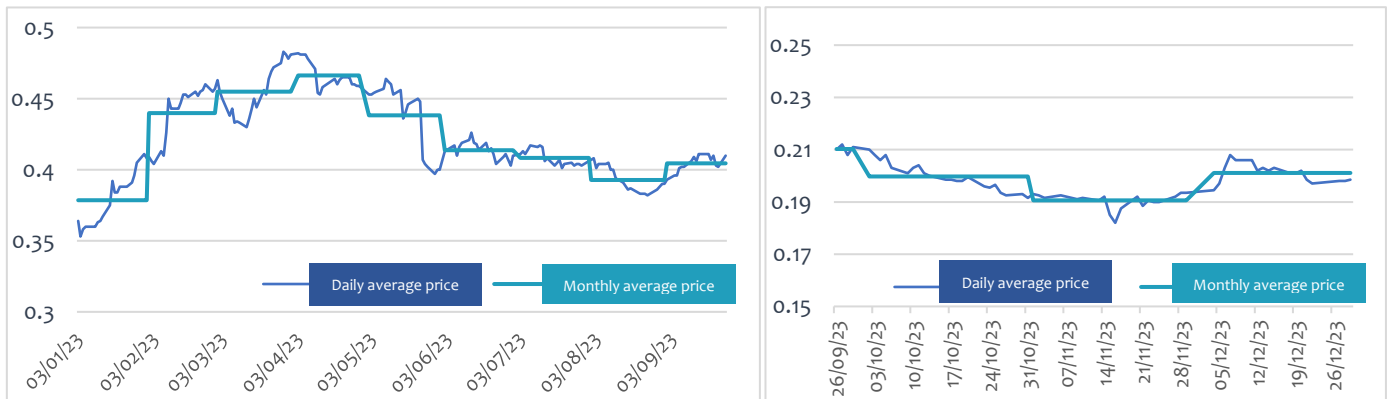


5.6 STRUCTURE OF SHAREHOLDERS

As at **31.12.2023** SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:



*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.



Starting from 26.09.2023, a share price correction factor was applied with a value of 2. Details [HERE](#).



6. CORPORATE GOVERNANCE

I. PREAMBLE

This Chapter of Corporate Governance of the Company summarizes the main rules, structures, procedures and decision-making practices within the company, governance standards that ensure the application of the general principles of effective administration and control of the activities carried out by the company according to its object of activity, for shareholders benefit and increasing investor confidence. The entire set of corporate governance standards provides the structure through which the company's objectives are established, the means of achieving them and monitoring performance and aims to promote fairness, transparency, and responsibility at the company level.

"ROMCARBON" S.A. Commercial Company is a Romanian legal entity, operating as a joint-stock company, according to the normative acts in force. It carries out its activity in accordance with the Romanian laws and the incorporation act.

The company was founded in 1952, initially under the name "Chemical Factory no. 12". The company is headquartered in Romania, Buzau, Strada Transilvaniei, no. 132, is organized as a joint-stock company and is subject to Romanian legislation.

The main field of activity of the company is: 222 - Manufacture of plastic articles, and as the main activity, according to the codification - 2221 Manufacture of plastic plates, foils, tubes and profiles.

In 2005, the company implemented a modern ERP system for company resource planning (ERP - Enterprise Resources Planning), in order to optimize the decision-making process.

The investments made by the company aimed at the expansion of production activities through the purchase of land, the modernization and purchase of machinery, the expansion and introduction of new products in line with the legal regulations in force (including alignment with the European Union norms).

During the meeting of 11.03.2008, the National Securities Commission decided, by decision no. 469/11.03.2008, approval of the Prospectus prepared for admission to trading on the regulated market administered by S.C. BUCHAREST STOCK EXCHANGE S.A. of shares issued by S.C. ROMCARBON S.A.

Thus, **starting with the date of 30.05.2008 and until the date of 05.01.2015**, the shares of S.C. ROMCARBON S.A. were traded on the regulated market administered by the Bucharest Stock Exchange, Capital Securities Sector, Category II Shares.

Starting from 05.01.2015 the shares of S.C. ROMCARBON S.A. are traded on the regulated market administered by the Bucharest Stock Exchange, Capital Securities Sector, Standard Category, according to the new market segmentation introduced by the Bucharest Stock Exchange.

Prior to trading on the Bucharest Stock Exchange, the company was listed in Category II of the RASDAQ market.

The main characteristics of the shares issued by S.C. ROMCARBON S.A. are:

- number of shares – 528,244,192
- a) nominal value – 0.1 lei
- b) ISIN code: ROROCEACNOR1
- c) symbol: ROCE

Entered the regulated market BVB, S.C. ROMCARBON S.A. proposed the implementation of both a profit-oriented policy for shareholders and one of assuming a role oriented towards social, corporate, ethical and environmental responsibility, with a notable impact on the environment and implicitly on the community.

In this sense, the management of S.C. ROMCARBON S.A. declares that it voluntarily and self-imposed adopts the provisions of the Corporate Governance Code of the Bucharest Stock Exchange, as it was adopted by the Council of the Bucharest Stock Exchange in December 2007, with subsequent changes, with the sole purpose of implementing it at the company level, through assuming an own corporate governance policy.

A first step in the implementation of a corporate governance policy was the adoption, respectively the implementation, of the Corporate Governance Code of the Bucharest Stock Exchange, at company level, a Code that can be accessed in Romanian and English on the website of the Bucharest Stock Exchange – www.bvb.ro

Implementation of the Code at the S.C. level. ROMCARBON S.A. consisted, first of all, in the adoption by the company's Board of Directors of the Corporate Governance Regulation, a regulation that can be accessed on the company's website- <https://www.romcarbon.com/about-romcarbon/#Corporate-governance>

The regulations we comply with in the elaboration of this corporate governance chapter: Law no. 31/1990 of commercial companies, republished in 2004, with subsequent amendments and additions, Law no. 297/2004 regarding the capital market, Law no. 24/2017 regarding issuers of financial instruments and market operations, with subsequent amendments and additions, the normative acts issued by A.S.F. for the regulation of the capital market (Regulation no. 5 of 21.06.2018 on issuers of financial instruments and market operations, Regulation no.



10/2016 on the organization and functioning of the Financial Supervisory Authority, etc.) accounting regulations, regulations on audit activity, Law no. 82/1991 of accounting, republished with subsequent amendments and additions, the Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2007, the Constitutive Act of S.C. ROMCARBON S.A., the Collective Labor Agreement together with the Internal Regulations concluded at the level of the Company and the Code of Ethics, hereinafter referred to generically as "Legal Provisions".

II. STRUCTURES AND ASPECTS OF CORPORATE GOVERNANCE.

2.1. General Meeting of Shareholders

The General Meeting of Shareholders (GMS) includes all shareholders and meets in ordinary meetings (**OGM**) and extraordinary meetings (**EGM**), each with the powers established by the legal provisions/constitutional act of the company.

Convening, organizing and conducting the works of the G.M.S. it is done in strict accordance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the adopted decisions.

2.2. The Board of Directors

Currently, the management system of the Company is **unitary**.

SC ROMCARBON S.A. is administered by the Board of Directors composed of 3 members, elected or appointed by the General Meeting of Shareholders in accordance with the legal provisions, by secret ballot, for a period of 4 years, with the possibility of being re-elected.

The members of the Board of Directors (BoD) guarantee the efficiency of the ability to supervise, analyze and evaluate the activity of the directors as well as the fair treatment of the shareholders.

The choice of administrators is made from among the persons appointed by the shareholders.

When appointing the members of the Board of Directors, the general meeting followed a balanced composition of the Board of Directors in accordance with the structure and activity of ROMCARBON S.A. as well as with the experience and personal qualifications of the members of the BoD.

The Board of Directors meets at the company headquarters or in other places, monthly and whenever necessary, at the call of the Chairman, at the motivated request of at least 2 of its members or of the General Director, the Chairman of B.o.D. being obliged to comply with such a request.

The Board of Directors is chaired by the Chairman, and in his absence, by the Deputy Chairman.

The notices for the meetings of the Board of Directors are sent, at least 5 days before the date of the meeting, by any means of remote communication (post, e-mail, fax) that ensures confirmation of receipt, in writing, by the addressee/member to the convened Board of Directors. These convocations include the date, respectively the location where the meeting of the Board of Directors will be held, as well as the agenda, no decision can be taken on other issues, except in case of urgency and with the condition of ratification in the next meeting by the absent members. In exceptional cases, justified by the urgency of the situation and the interest of the company, the decisions of the board of directors can be taken by the unanimous vote of the members expressed in writing, including by e-mail, without the need for a meeting of the respective body.

For the validity of the decisions taken, the presence/vote of at least half of the members of the Board of Directors is required and the decisions are taken with a simple majority of the members present. In case of equality of votes, the Chairman of the Board of Directors (who is not the director of the company at the same time) will have the decisive vote. If the acting Chairman of the Board of Directors cannot or is forbidden to participate in the vote, the other members of the Board of Directors will be able to elect a meeting Chairman, having the same rights as the acting Chairman. In case of parity of votes and if the Chairman does not benefit from a decisive vote, the proposal put to the vote is considered rejected.

The meetings of the Board of Directors take place in the presence of the directors or by correspondence (post, e-mail, etc.).

The members of the Board of Directors will express their vote regarding the issues on the agenda during the meeting, as well as through any means of remote communication (mail, e-mail, fax) that ensures confirmation of the receipt of the vote expressed in writing, by the secretary the Board of Directors, at the latest until the end of the meeting for which they were summoned.

The decision-making process remains a collective responsibility of the members of the Board of Directors, who are held jointly and severally responsible for all decisions taken in the exercise of their powers.

The Board of Directors' debates are recorded in the minutes of the meeting, which are entered in a register.

The meetings of the Board of Directors can be audio-video recorded. The minutes of the meeting are signed by the chairman of the meeting and by at least one other administrator.

The Chairman of the Board of Directors, its members, the directors of the company, the executive directors, are liable individually or jointly, as the case may be, to the company, for the damages resulting from crimes or deviations from the legal provisions, for deviations from the constitutive act, as well as for mistakes in administration and management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders, respectively of the Board of Directors.

On the date of this annual report, the Board of Directors of S.C. ROMCARBON S.A. is made up of the following directors, elected during the Ordinary General Meeting of 25.01.2024, for a 4-year term, which expires on 04.02.2028.



► **Chairman – HUANG, LIANG - NENG**

* **Professional experience**

- Economist - KENG FANG LTD., Taiwan - Nov.1993 -Jun. 1997
- Economist – DECATHLON – Taiwan Branch, Taiwan - Jul. 1997- May 2001
- Associate and director of Tairom Import-Export SRL Buzau – Sept. 2001 – Apr. 2004
- Director of Living Plastic Industry SA Buzau: March 2007-March 2011
- Censor of Greentech SA Buzau – Jan.2005 – Mar.2005
- Director of Greentech SA Buzau: Jan. 2009 - 2012;
- Unique Director of S.C. GREENFIBER INTERNATIONAL SA: Jun. 2005- Mar.2007;
- Director of S.C. GREENFIBER INTERNATIONAL SA: Mart. 2007- 2012;
- Financial Consultant of Livingjumbo Industry SA - 2012-present;

► **Deputy Chairman – WEY JIANN SHYANG**

* **Professional experience:**

- Deputy General Manager of Living Water in Spring International Co., Ltd - 2006- present
- Investment Banking Departmental Manager for Sinopac and Jihsun and MasterLink, financial investment company - 1996 - 2005
- Auditor Coordinator in the Audit Department of Deloitte Touche Tohmatsu (DTT) - 1992-1995
- Director of Eco Pack Management SA – 12.08.2021 - present

► **Membru – TODERITA STEFAN ALEXANDRU**

* **Professional experience:**

- Consultant, Mastercard Europe 2018 – April 2021
- Associate, Business Consulting at Boston Consulting Group, February 2018 – April 2018
- Consultant for A.T. Kearney, Iulie 2016 – November 2017
- Swiss Capital, broker, October 2012 – March 2015
- Edenred Romania, Strategy & Business Development Director, May 2021 – July 2023
- Edenred Romania, Strategy & Partners Director, Iulie 2023 – present.

Therefore, starting from 29.11.2021, the composition of the Board of Directors of Romcarbon SA is as follows:

- Chairman – HUANG, LIANG – NENG
- Deputy Chairman – WEY JIANN SHYANG
- Member – TODERITA STEFAN ALEXANDRU

The powers of the Board of Directors are those stipulated in the Incorporation Act of S.C. ROMCARBON S.A. being in strict accordance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the adopted decisions.

Nomination and remuneration of administrators

Nomination of ROMCARBON S.A. directors it is made by the shareholders, the nominations being subject to the approval of the general meeting of shareholders. Candidates for the position of member of the Board of Directors of the company must fulfill, in addition to the general conditions provided by Law no. 31/1990 and the special ones established by Law no. 24/2017.

In 2023, the Board of Directors met in 20 meetings, the decisions being taken either with the majority of votes of those present, or with unanimity and with the fulfillment of the legal provisions regarding the convening and the quorum for the meeting, respectively the legal adoption of the decisions. The main decisions taken by the Board of Directors concerned:

- Approval of the negotiation and conclusion of the collective labor agreement applicable within the company in the period 2023-2025. (Decision no. 1/17.01.2023).
- Approval for granting, starting from January 1, 2023, of the minimum gross salary for the country guaranteed in payment, in the amount of 3000 lei, according to H.G. no. 1447/2022, as well as the approval to grant starting January 1, 2023, a gross monthly increase between 150 lei and 2053 lei, applied to the salaries corresponding to the normal/full-time monthly work schedule, for employees, other than those who fall under the provisions of H.G. apply. no. 1447/2022, to ensure the maintenance of salary balance within the company. (Decision no. 1/17.01.2023).
- Approval for the 12-month extension of the sales contract no. 1200/22.05.2012 (3326/24.05.2012) concluded between ROMCARBON and KASAKROM CHEMICALS Ltd. (Decision no. 1/17.01.2023).
- Approval for Romcarbon SA to establish in favor of the Administration of the Environmental Fund, the guarantee in the form of a letter of bank guarantee in the amount of 500,000 lei, in accordance with the provisions of art. 122 paragraph 2 of GEO no. No. 125/2022, valid until 31.12.2023 (Decision no. 2/10.02.2023).



- Approval for convening the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders of S.C. ROMCARBON S.A. on 27.04.2023, at 12.00, respectively 12.30, at the company headquarters in Buzau, Transilvaniei street no. 132. (Decision no. 4/21.03.2023)
- Approval for the company's income and expenditure budget project for the year 2023. (Decision no. 3/21.03.2023)
- Approval for Board of Directors proposal to the O.G.M.S. regarding the distribution of the net profit recorded in the financial year 2022, in the amount of 51,471,690.22 lei to the following destinations: Legal reserves in the amount of 1,105,471 lei; Other reserves in the amount of 862,410 lei; Dividends related to the 2022 financial year in the amount of 13,206,104.80 lei; Result carried forward in the amount of 36,297,704.42 lei, following that the final destination of this undistributed profit will be decided by the Ordinary General Meeting of Shareholders. (Decision no. 4/21.03.2023)
- Approval of Board of Directors proposal to the O.G.M.S. for distribution of the amount of 26,412,209.60 lei, representing part of the net profit recorded in the 2022 financial year, which remained undistributed (in the total amount of 36,297,704.42 lei), for the increase of the company's share capital. Consequently, the share capital of the Company will be increased from the current value of 26,412,209.60 lei to the value of 52,824,419.20 lei, by issuing 264,122,096 new shares, with a nominal value of 0.10 lei/ action. The new issued shares will be distributed free of charge to the company's shareholders registered in the Register of Shareholders on the registration date 27.09.2023. The allocation rate of new free shares will be 1:1, respectively 1 new share will be allocated for every 1 existing share, owned by shareholders registered in the Register of Shareholders on 27.09.2023. (Decision no. 4/21.03.2023)
- Approval of Board of Administration proposal to the E.G.M.S. regarding the bank exposure of the company for the financial year 2023-2024. (Decision no. 4/21.03.2023)
- Approval of Board of Administration proposal to E.G.M.S. regarding the company's investment plan for the financial year 2023-2024. (Decision no. 4/21.03.2023)
- Approval of the issuance by Romcarbon S.A. of a letter of financial support for Livingjumbo Industry SA, for the financial year 2023, assuming all obligations associated/arising from the issuance of this document, as well as authorizing the General Director, Mr. Huang Liang Neng, to sign this letter as well as to submit all the necessary due diligence resulting from the issuance by Romcarbon S.A. of this document. (Decision no. 4/21.03.2023)
- Approval of Romcarbon SA Organization Chart. (Decision no. 5/24.04.2023)
- Approval for completing the secondary object of activity of Romcarbon SA with the following activities:
CAEN 4669 - Wholesale trade of other machines and equipment
CAEN 4799 - Retail trade carried out outside shops, stands, kiosks and markets. (Decision no. 5/24.04.2023)
- Approval of the items on the agenda of the General Meeting of Associates of Info Tech Solutions SRL, regarding the approval of the financial statements related to the 2022 financial year; approval of the director's discharge for the 2022 financial year; approval for the distribution of the net profit recorded in the 2022 financial year in the amount of 116,305.17 lei as undistributed profit. (Decision no. 5/24.04.2023)
- Approval of the items on the agenda of the General Meeting of Associates of Yenki SRL, regarding the approval of the financial statements related to the 2022 financial year. (Decision no. 5/24.04.2023)
- Approval of the Directors' Report for the first quarter of 2023, which includes the company's unaudited individual and consolidated financial statements for the first quarter of 2023, and the authorization of the Chairman of the Company's Board of Directors, the Financial Director and the Administrative Deputy General Director, to sign all documents related to reporting to the authorities and to BVB, according to the legal provisions in force. (Decision no. 6/15.05.2023)
- Approval of the items on the agenda of the General Meeting of Associates of RC Energo Install SRL regarding the approval of the financial statements for the year 2022; the extension by 12 months of the loan contract no. 4365/03.12.2019 concluded by Romcarbon as Lender and RC ENERGO INSTALL as Borrower, with a loan amount of 3,000,000 lei, and an interest rate of 8%/year . (Decision no. 6/15.05.2023)
- Approval to extend by 12 months the duration of the loan agreement no. 4365/03.12.2019 concluded by Romcarbon SA as Lender and RC ENERGO INSTALL SRL as Borrower, loan amount 3,000,000 lei, interest rate 8%/year. (Decision no. 6/15.05.2023)
- Approval of the items on the agenda of the General Meeting of Associates of RC ENERGO INSTALL S.R.L. regarding the approval for the increase in the credit facility contracted by RC Energo Install SRL from Exim Banca Romaneasca (formerly BANCA DE EXPORT-IMPORT A ROMANIEI EXIMBANK S.A) from 1,000,000 lei to 2,000,000 lei, the extension by 12 months from the maturity of the facility of the respective credit and the modification of the structure of guarantees related to the credit. (Decision no. 7/18.05.2023)
- Approval for ROMCARBON SA to sign an additional act for the 12-month extension of the security guarantee contract no. 33-ABZ of 07.10.2019 established in favor of Exim Banca Romaneasca (former BANCA DE



EXPORT-IMPORT A ROMANIEI EXIMBANK S.A), for the guarantee of the credit facility in the amount of 2,000,000 lei, increased from 1,000,000 lei, contracted by RC ENERGO INSTALL SRL from Exim Banca Romaneasca as well as, as Guarantor, an additional act to the Credit Agreement no. 18-ABZ of 15.10.2018, concluded by Societatea RC Energo Install SRL and Exim Banca Romaneasca S.A. (Former EXPORT-IMPORT BANK OF ROMANIEI EXIMBANK S.A). (Decision no. 7/18.05.2023)

- Approval of the items included on the agenda of the Ordinary General Meeting of Shareholders of Livingjumbo Industry SA regarding: approval of the management report of the Board of Directors for the 2022 financial year; the approval of the unconsolidated individual financial statements related to the 2022 financial year composed of: the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows, the accounting policies as well as the explanatory notes, based on: the administrators' report and the report of the external financial auditor for the year 2022 ; to note the report of the external financial auditor-DELOITTE AUDIT S.R.L., regarding the individual unconsolidated financial statements related to the 2022 financial year; the approval that the net profit recorded in the financial year 2022 in the amount of 3,477,122 lei should be distributed as follows: 173,856 lei - legal reserve; 3,303,266 lei to cover the losses recorded in previous years, respectively the sum of 1,455,261 lei will be used for covering the loss related to the 2016 financial year and the amount of 1,848,005 lei will be used to cover the loss related to the 2017 financial year; approving the discharge of the members of the Board of Administration for their activity carried out in the 2022 financial year; approval of the appointment of S.C. DELOITTE AUDIT S.R.L as the company's statutory financial auditor for a 1-year mandate starting on 13.07.2023 (13.07.2023-13.07.2024); approval of the income and expenditure budget for the financial year 2023. (Decision no. 8/30.05.2023)
- Approval of the internal audit plan of Romcarbon SA for the period June - December 2023. (Decision no. 9/12.06.2023)
- The approval for Romcarbon S.A. to subscribe shares in Hidroelectrica SA worth up to 2,000,000 Euro. (Decision no. 10/28.06.2023)
- Approval of the Annual Report of the Audit Committee for the year 2022 drawn up in accordance with Law no. 162/2017 on the statutory audit of the annual financial statements and of the consolidated annual financial statements and for the modification of some regulations. (Decision no. 11/30.06.2023)
- Approval of the Sustainability Report of Romcarbon SA for the financial year 2022. (Decision no. 11/30.06.2023)
- Approval of the following policies: Anti-retaliation Policy, Environmental Policy, Human Resources Policy, Health and Safety Policy, Human Rights Policy. (Decision no. 11/30.06.2023)
- Approval for Romcarbon SA to trade on the BVB the subscribed H2O shares, either the entire package of shares, or divided into several smaller volumes, depending on the conditions/opportunities of the BVB market and the empowerment of General Director of Romcarbon SA, Mr. Huang Liang Neng, to decide on the most appropriate market conditions/moment/offer for the sale of H2O shares owned by Romcarbon SA. (Decision no. 12/11.07.2023)
- Approval for the modification of the Organization Chart of the company for the introduction of the Integrity Office. (Decision no. 13/26.07.2023)
- Approval for the company to sign an additional act to the credit agreement no. BUZA/002/2009 of 04.03.2009, concluded with Unicredit Bank SA in the amount of 500,000 lei, with the maintenance of the existing guarantees, for changing the currency of use of the non- cash ceiling, by which the loan currency is changed from being used in RON to being used in RON, USD and EUR, as well as for changing some of the lending conditions. (Decision no. 13/26.07.2023)
- Approval of the Directors' Report on the Individual and Consolidated Financial Situations of ROMCARBON S.A. on 30.06.2023 (S1), drawn up in accordance with the provisions of Law 24/2017, which includes the half-yearly report on the individual interim financial statements, the unaudited condensed individual interim financial statements for the period ended on June 30, 2023, the half-yearly report on the consolidated financial statements and the unaudited condensed interim consolidated financial statements for the period ending on June 30, 2023. (Decision no. 14/08.08.2023)
- Approval for Romcarbon SA to increase, starting September 1, 2023, the nominal value of the meal tickets granted to the company's employees, from the value of 12 lei/ticket to the value of 20 lei/ticket. (Decision no. 15/09.05.2023)
- Approval, considering the entry into force of H.G. no. 900/28.09.2023, regarding the increase of the minimum gross salary per country guaranteed in payment, for ROMCARBON SA to grant, starting on October 1, 2023, the minimum gross salary per country guaranteed in payment in the amount of 3,300 lei, to the company's employees to whom the provisions of this act shall be applied by law, as well as to grant, starting October 1, 2023, a gross monthly increase of between 75 lei and 507 lei, for the company's employees,



other than those falling under H.G. no. 900/28.09.2023 , to ensure the maintenance of salary balance for the company's employees. (Decision no. 16/10.10.2023)

- Approval of the items included on the agenda of the General Assembly of Associates of Recyplat Limited Associates, regarding the approval of the financial statements of Recyplat Ltd. for the year 2022 and the approval of the engagement letter of the auditor of Recyplat Ltd. (Decision no. 16/10.10.2023)
- Approval for completing the Company's secondary activity object with the following activities: **4615** Intermediaries in the trade of furniture, household items and hardware; **4616** Intermediaries in trade in textiles, fur clothing, footwear and leather goods; **4637** Wholesale of coffee, tea, cocoa and spices; **4641** Wholesale of textile products; **4642** Wholesale of clothing and footwear; **4643** Wholesale trade of household electrical appliances, radios and televisions; **4645** Wholesale trade of cosmetic and perfumery products; **4647** Wholesale trade of furniture, carpets and lighting articles; **4651** Wholesale of computers, peripheral equipment and software; **4665** Wholesale of office furniture. (Decision no. 16/10.10.2023)
- Approval of the Directors' Report on the Individual and Consolidated Financial Situations of ROMCARBON S.A. on 30.09.2023 (Q3), prepared in accordance with the provisions of Law 24/2017, which includes the quarterly report on the individual interim financial statements, the unaudited condensed individual interim financial statements for the period ended on September 30, 2023, the quarterly report on the consolidated financial statements and the unaudited condensed interim consolidated financial statements for the period ending on September 30, 2023. (Decision no. 17/14.11.2023)
- Approval of the Guide regarding the prevention and combating of harassment based on sex, as well as moral harassment at the workplace according to the attached material, and the empowerment of company general to sign the guide and carry out any necessary diligence for the implementation of the provisions contained in the Guide. (Decision no. 17/14.11.2023)
- Approval, taking into account those approved by EGMS Decision no. 1 of April 27, 2023, for the use of the credit line of 8,000,000 euros (of which 5,450,000 euros used by Romcarbon and 2,550,000 euros used by LivingJumbo Industry) contracted from Unicredit Bank SA, both cash and non-cash, with the possibility of issuing bank guarantee letters/letters of credit in EUR/RON currencies. The non-cash ceiling is mainly required for the issuance of a Bank Guarantee Letter in favor of the electricity supplier requesting to cover the energy consumption for one month with SGB. (Decision no. 17/14.11.2023)
- Approval of the items included on the agenda of the General Assembly of Associates of RC Energo Install SRL regarding the opening of a company bank account at Unicredit Bank SA, in RON and EURO currencies, and approving the designation by the company of its signatories in relation to the bank, signatories who will be authorized to sign all payment instruments issued by the company for Unicredit Bank SA. (Decision no. 17/14.11.2023)
- Approval for ROMCARBON S.A. to negotiate and sign with Swancor Holding Co. Ltd. the Memorandum of Understanding (MOU), with the terms and conditions stipulated in the attached material, by which both parties agree to establish a company (joined venture) on the territory of the European Union to carry out thermosetting material recycling business. (Decision no. 18/20.11.2023)
- Approval, taking into account those approved by the Resolution of the Extraordinary General Meeting of Shareholders from no. 1 of 27.04.2023, 12:30, the extension by 12 months of the credit duration consisting of a multi-purpose cash/non-cash credit line, overdraft and non-limit -cash, in the amount of EUR 8,000,000, contracted by Romcarbon S.A. (and Livingjumbo Industry SA as co-borrower) from Unicredit Bank SA, based on contract no. BUZA/014/2012, as it was modified by subsequent additional documents. (Decision no. 19/07.12.2023)
- Approval, taking into account those approved by the Extraordinary General Meeting of Shareholders Resolution no. 1 of 27.04.2023, 12:30 p.m., for Romcarbon S.A. to sign, as guarantor, with Unicredit Bank S.A. the additional act to the credit agreement no. BUZA/152021/CSC, for guaranteeing the credit for working capital - overdraft, in the amount of EUR 2,000,000 contracted by Livingjumbo Industry SA from Unicredit Bank SA. (Decision no. 19/07.12.2023)
- Approval taking into account those approved by the Extraordinary General Meeting of Shareholders Resolution no. 1 of 27.04.2023, 12:30 p.m., for Romcarbon SA to sign with Unicredit Bank SA the additional act to the credit agreement for the extension of the non-cash ceiling in the amount of 500,000 lei for the issuance of LG/LCs in RON/EUR/USD . (Decision no. 19/07.12.2023)
- Approval, taking into account those approved by the Extraordinary General Meeting of Shareholders Resolution no. 1 of 27.04.2023, at 12.30, for Romcarbon SA to sign with Unicredit Bank SA the additional document to the credit agreement for the extension of treasury lines in the amount of EUR 300,000. (Decision no. 19/07.12.2023)
- Approval of the items on the agenda of the Extraordinary General Meeting of Shareholders of Livingjumbo Industry SA regarding: approval of the 12-month extension of the credit line in the amount of EUR 2,000,000



contracted on the basis of credit agreement no. BUZA/152021/CSC concluded between UniCredit Bank S.A. (as CREDITOR) and S.C. LIVINGJUMBO INDUSTRY S.A. (as BORROWER) and S.C. ROMCARBON S.A. (as Guarantor), in compliance with the terms of Unicredit Bank SA's offer of 05.12.2023 ; approval of the 12-month extension of the credit line in the amount of EUR 8,000,000 contracted on the basis of credit agreement no. BUZA /014/ 2012 dated 29.06.2012 concluded between UniCredit Bank S.A. (as CREDITOR) and ROMCARBON S.A. and S.C. LIVINGJUMBO INDUSTRY S.A. (as BORROWERS), in compliance with the conditions of the Unicredit Bank SA offer of 12.05.2023; approval of the extension until 08.06.2027 of the treasury line in the amount of EUR 450,000 contracted by S.C. LIVINGJUMBO INDUSTRY S.A. (as BORROWER) from UniCredit Bank S.A. (as CREDITOR). (Decision no. 19/07.12.2023)

- Approval for convening of the Ordinary General Meeting of Shareholders of S.C. ROMCARBON S.A. on 25.01.2024, at 12.00, at the company headquarters in Buzau, Transilvaniei street no. 132, with the following agenda: the election of 3 new members of the Board of Directors, for a 4-year term, starting on 04.02.2024, as a result of the expiry of the mandate of the company administrators; approving the date of 20.02.2024 as "registration date", representing the identification date of the shareholders on whom the effects of the decision of the ordinary general meeting of shareholders will be applied, according to A.S.F. Regulation no. 5/2018 regarding issuers of financial instruments and market operations; the approval of the date of 19.02.2024 as "ex-date", the date prior to the registration date with one settlement cycle minus one working day, from which the financial instruments subject to the decisions of the corporate bodies are traded without the rights deriving from that decision, according to the Regulation A.S.F. no. 5/2018 regarding issuers of financial instruments and market operations. (Decision no. 20/18.12.2023)
- Approval, taking into account those approved by the Extraordinary General Meeting of Shareholders Resolution no. 1 of 27.04.2023, 12:30 p.m. and those approved by the Decision of the Board of Directors no. 19/1/07.12.2023, for the extension by 48 months, from the effective maturity of the credit consisting of a multipurpose cash/noncash credit line, overdraft and non-cash ceiling, in the amount of EUR 8,000,000, contracted by Romcarbon from Unicredit Bank SA, based on contract no. BUZA/014/2012, for the non-cash uses of this facility. LCs and LGs issued using this facility will mature upon issuance, at least 1 month before the maturity of the facility, as detailed in Unicredit Bank's updated offer. All other terms and conditions of the credit consisting of a multi-purpose cash/non-cash credit line, overdraft and non-cash ceiling, in the amount of EUR 8,000,000, contracted by Romcarbon from Unicredit Bank SA, based on contract no. BUZA/014/2012, as they were approved by the Administrative Council Decision no. 19/1/07.12.2023, are valid and produce effects as they were approved. (Decision no. 20/18.12.2023)

Convocation of the General Meetings of Shareholders:

OGMS of 27.04.2023, by the BoD Decision no. 4/21.03.2023, regarding:

- Presentation, discussion and approval of the annual report of the Board of Directors for the fiscal year 2022.
- Presentation and approval of the individual financial statements for the financial year 2022 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2022.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - on the consolidated financial statements for the financial year 2022.
- Presentation and approval of the consolidated financial statements, for the financial year 2022 in accordance with International Financial Reporting Standards (IFRS) based on: Directors' Report and External Financial Auditor's Report for the financial year 2022.
- Presentation of the report of the external financial auditor - Deloitte Audit SRL, member of Deloitte Touche Tohmatsu - changing situations on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the fiscal year 2022.
- Presentation and approval of the Annual Report for 2022, prepared in accordance with ASF Regulation No.5/2018 on issuers and operations with securities and the Corporate Governance Code of the Bucharest Stock Exchange.
- Approval to discharge the members of the Board of Directors for the work in fiscal year 2022.
- Approval to contract services for the statutory audit of the company for the financial year 2023.
- Approval of the income and expenses budget for the financial year 2023.
- Approval of the Remuneration Report for the financial year 2022.
- Approval to distribute the net profit registered in the financial year 2022 in the amount of 51,471,690.22 lei on the following destinations, according to the attached material:
 - 1) Legal reserves amounting to 1,105,471 lei;
 - 2) Other reserves amounting to 862,410 lei;



- 3) Dividends corresponding to financial year 2022 amounting to 13,206,104.80 lei;
- 4) Retained earnings amounting to 36.297.704,42 lei, following for the final destination of this undistributed profit to be decided by the General Meeting of Shareholders.
- Approval for the company to distribute as cash dividends the amount of 13,206,104.80 lei, representing part of the net profit recorded in the financial year 2022, and as consequence, approval to distribute a gross dividend/share of 0.050 lei/share for total number of 264,122,096 shares, distribution of the dividends following to be made according to the provisions of the law, article of incorporation and under the condition of obtaining consent from the company's creditor banks.
 - Approval of 25.05.2023 as "registration date", according to Law 24/2017.
 - Approval of 24.05.2023 as "ex-date", according to Law 24/2017.
 - Approval of the date of 15.06.2023 as "payment date" according to art. 2 para. 2 letter h and art. 178 paragraph 1 of the A.S.F. Regulation. no. 5/2018, for points 1-12.
 - Approval of the proposal to distribute the amount of 26,412,209.60 lei, representing part of the net profit recorded in the financial year 2022, which remained undistributed (in the total amount of 36,297,704.42 lei), for the increase of the company's share capital. Consequently, the Company's share capital will be increased from the current value of 26,412,209.60 lei to the value of 52,824,419.20 lei, by issuing 264,122,096 new shares, with a nominal value of 0.10 lei/share. The newly issued shares will be distributed free of charge to the company's shareholders registered in the Register of Shareholders on the date of registration (27.09.2023). The allocation rate of new free shares will be 1:1, respectively 1 new share will be allocated for every 1 existing share, held by the shareholders registered in the Register of Shareholders on the registration date mentioned below:
 - 27.09.2023 as "registration date", according to Law 24/2017.
 - 26.09.2023 as "ex-date", according to Law 24/2017.
 - 28.09.2023 as "payment date" according to art. 2 para. 2 letter h and art. 178 paragraph 1 of the A.S.F. Regulation. no. 5/2018.
 - Empowerment of the company Board of Directors to take any/all measures and make formalities for the fulfillment of resolutions adopted by the OGMS.
 - Empowerment of the OGMS Chairman as appointed to sign with full powers in the name and on behalf of the shareholders, present, represented and who will vote by correspondence, the OGMS Resolutions.
 - Empowerment of the Company legal counselor, Mrs. Mihaela Jurubita to fulfill all formalities regarding registration of the OGMS resolutions at the Trade Register and for the publication in the Official Monitor.

EGMS of 27.04.2023, by BoD Decision no. 4/21.03.2023 regarding:

- Approval for the banking exposure of Romcarbon SA for the financial years 2023-2024, consisting of: Bank credits in amount of 15,830,713 euro and 550,000 lei; Bank guarantee letters with a ceiling of RON 500,000 contracted with UniCredit Bank SA and a limit of bank guarantee letters that can be guaranteed with cash collateral in the amount of 50,000 lei, according to Board decision no. 3/17.02.2023, Guarantees given to Livingjumbo Industry SA for the credits contracted with UniCredit Bank (EUR 2,450,000 euro) and with Eximbank SA (EUR 2,000,000 euro); Guarantees given to RC Energo Install SRL for the credit contracted with Eximbank SA in amount of RON 1,000,000 lei, according attached material.
- Approval for:
 - The possibility to contract if it is needed a factoring facility with the ceiling of EUR 500.000 for a period of 36 months;
 - Prolongation at maturity or, if necessary, before the maturity of the ceiling of bank letters contracted with UniCredit Bank SA in the amount of 500,000 lei for a period of 36 months and/or the modification of guarantees, as well as, if necessary, its increase to 600,000 lei;
 - contracting a ceiling of letters of bank guarantee in the amount of 50,000 lei with Exim Bank SA for a period of 36 months which will be guaranteed with guarantees consisting of cash collateral;
 - 12 months extension of the credit line contracted with Eximbank SA (in amount of EUR 2,550,000 euro) and adding to the existing guarantees a movable mortgage on the building identified with cadastral number 60631, having a total area of 929 m.p.
 - extension, from 1 April 2023 until 31 december 2024 of the credit line contracted with UniCredit Bank SA (in amount of EUR 8,000,000 euro) maintaining the afferent guarantees;
 - contracting a multicurrency loan to finance the investment plan for the year 2023 for the amount of 5,100,000 euros, for a period of 60 months;
 - contracting a bridging loan for the project with European funds from the PNRR program with a value of 5,010,000 euros;
- Empower the Board of Directors to negotiate and decide regarding: changing the credit conditions of the existing contracts/ prolongation of the short term credit facilities with a period of maximum 12 months;



changing the guarantees and/or approving new guarantees for the existing credits and approving guarantees for the new investment credits which will be signed within the approved bank exposure; contracting new credits within the approved bank exposure and establishing new guarantees under the conditions of the law, as well as, as the case may be, restructuring existing bank loans/exposures, currency change or refinancing of existing credits;

- Empowering for the General Director and Financial Director, to sign credit agreements and all additional documents to them, related warranties and all additional acts, leasing and factoring contracts and all additional documents, as well as any other documents required in to view the fulfillment of the AGEA decision to sign credit agreements, addendums thereto related, mortgage deeds and other guarantees, and any other documents necessary for the carrying out of the EGMS' s decision.
- Approval for Romcarbon SA 2023 Investment Plan.
- Approval for the update of the Company Incorporation Act as follows:
- Article 8 paragraph 1 will be changed and have the following content:
- „The share capital of the company can be increased by the decision of the Extraordinary General Meeting by all the means and procedures provided by the legal provisions and under the conditions provided by the law on issuers of financial instruments and market operations and this act.”
- Article 11 last paragraph will be changed and have the following contents:
- „The exercise of the EGMS powers mentioned in art.11 paragraph 3 letter b) and c) is delegated to the Board of Directors.”
- Approval of 25.05.2023 as “registration date”, according to Law 24/2017 for points 1-6.
- Approval of 24.05.2023 as “ex-date”, according to Law 24/2017 for points 1-6.
- Approval of 15.06.2023 as „payment date” according to art. 2 paragraph 2 letter h and art. 178 paragraph 1 of the A.S.F. Regulation. no. 5/2018 for points 1-6.
- Approval of the share capital increase with the amount of 26.412.209,60 lei, from the current value of the company share capital of 26.412.209,60 lei to the value of 52.824.419,20 lei, by issuing 264.122.096 new shares, with a nominal value of 0,10 lei/share. The capital increase will be executed by incorporating in the share capital of the company the amount of 26.412.209,60 lei, representing part of the net profit recorded in the financial year 2022, remained undistributed and will support the current activity of the company. The newly issued shares will be distributed as free shares to all shareholders of the company registered in the Shareholder Register held by Central Depositor at the registration date (27.09.2023). Each shareholder registered in the in the Shareholder Register held by Central Depositor at the registration date (27.09.2023) will be receiving for free 1 new share for each 1 existing share held, therefore the holding percentages in the share capital will not register any modifications.
- Approval for the update of the company Incorporation act as follows:
- The preambul of the Incorporation act will be changed and have the following contents:
- „Shareholders: List type shareholders, natural and legal persons, share of profit and loss 100% / 100%”
- Article 6 will be changed and have the following contents:
- „The subscribed and fully paid-up capital is 52.824.419,20 lei, cash contribution, divided into 528.244.192 dematerialized registered shares, worth 0.1 lei each, with the following structure of the shareholding:
- List type shareholders, natural and legal persons, share of profit and loss 100% / 100% ”
- Approval of 27.09.2023 as “registration date”, according to Law 24/2017, for points 10 - 11.
- Approval of 26.09.2023 as “ex-date”, according to Law 24/2017 for points 10 - 11.
- Approval of 28.09.2023 as „payment date” according to art. 2 paragraph 2 letter h and art. 178 paragraph 1 of the A.S.F. Regulation. no. 5/2018 for points 10 - 11.
- Empowerment of the company Board of Directors to take any/all measures and formalities for the fulfillment of resolutions adopted by the OGMS.
- Empowerment of the OGMS Chairman as appointed to sign with full powers in the name and on behalf of the shareholders, present, represented and who will vote by correspondence, the OGMS Resolutions.
- Empowerment of the Company legal counselor, Mrs. Mihaela Jurubita to fulfill all formalities regarding registration of the OGMS resolutions at the Trade Register and for the publication in the Official Monitor.

Regarding compliance with the provisions of art. 138² of Law 31/1990 respectively of Principle VI (CGC) respectively of recommendation no. 16 of the Implementation Guide of the Corporate Governance Code, we mention that among the administrators of the company the condition of independence is met only by Mr. WEY JIANN SHYANG, who is an administrator independent, non-executive.

In addition to the Board of Directors of the Company, an Audit Committee was established, as it was modified by CA decision no. 11 of 07.12.2021, consisting of the following administrators: WEY JIANN SHYANG and TODERITA STEFAN ALEXANDRU.



With regard to the existence of a Remuneration Committee, we make it clear that the company does not intend to establish such an advisory committee, the attribution of establishing, respectively applying the remuneration policy at the level of the company belongs exclusively to the General Meeting of Shareholders (remuneration/indemnity of members of the Board of Directors) respectively to the Board of Directors (remuneration of the executive management respectively of the employed personnel), within the legal limits conferred on these bodies by the Constitutive Act of the company and the legislation on commercial companies.

Currently, the Directors' remuneration is made in accordance with the provisions of the incorporation act and the Resolution of the Ordinary General Meeting of Shareholders no. 1 of 23.01.2020.

2.3. Executive management

The executive management of ROMCARBON S.A. is ensured by the following persons, who have been delegated the management duties of the company:

Huang Liang Neng - General Manager, starting from 17.02.2020

Manaila Carmen – Deputy Administrative General Director, starting on 17.02.2020

Dobrota Cristinel – Deputy General Director Development, starting from 17.02.2020

Cretu Victor - Polypropylene Profit Center Manager starting on 17.02.2020

Constantinescu Gabriel – Manager of the Filters, EIP and Activated Carbon Profit Center, starting from 17.02.2020

Ungureanu Ion – Extruded Polystyrene Profit Center Manager starting from 17.02.2020

Titi Mihai - Technical Deputy General Manager starting from 01.06.2010

Zainescu Viorica Ioana - Financial Director starting from 15.01.2010

The management of the company is delegated by the Board of Directors to the General Director, who acts independently and is responsible for the fulfillment of all measures corresponding to the management of the Company, within the scope of the Company's activity and in compliance with the exclusive competences reserved by the Law or the Articles of Association, to the Board of Directors or the General Meeting of Shareholders.

In this sense, in relations with third parties, the Company is represented by the General Director of the Company pursuant to the provisions of art. 143 para. 4 in conjunction with art. 143² para. 4 of Law 31/1990 on commercial companies, acting independently within the limits of the mandate received.

The General Director of the company is appointed or revoked from his position by the Board of Directors, which establishes his duties, responsibilities and powers, the duties of representing the Company can be delegated by the General Director of the Company to a third party only with the prior written consent of the Board of Directors Administration.

remuneration policy of the company

Starting with 2021, the company has adopted a remuneration policy that can be consulted at the following link:

https://www.romcarbon.com/wp-content/uploads/2021/04/ROCE_Remuneration-policy_EN.pdf

For the year 2023, the company issues, according to the legal provisions, the Remuneration Report of

administrators and directors available at the following link: <https://www.romcarbon.com/remuneration-reports/>

III. CORPORATE RIGHTS OF SHAREHOLDERS

The shareholders of the company are the natural or legal persons who have acquired or will acquire the ownership of one or more shares issued by the company and who have registered their acquired right in the Register of Shareholders kept by the company designated by contract, under the conditions of the law - S.C. DEPOZITARUL CENTRAL S.A.

The acquisition, in any form, of the company's shares, requires the shareholders' unreserved adherence to all the provisions of the incorporation act in force on the date of acquisition.

SC ROMCARBON S.A. respects the rights of the holders of shares and ensures equal treatment for all holders of shares of the same type and class, providing them with all the relevant information so that they can exercise all their rights. The holders of shares must exercise their rights conferred to them, in good faith, respecting the rights and legitimate interests of the other holders and the priority interest of the commercial company, otherwise they will be liable for the damages caused.

Each share subscribed and paid by the shareholders gives them the right to a vote in the general meeting of shareholders, the right to elect and be elected in the management bodies of the company, the right to participate in the distribution of the profit, according to the provisions of the company's incorporation act and of the social asset upon dissolution of the company, as well as other rights provided by the legislation in force.

The rights and obligations related to each share follow it in case it passes into the ownership of another person. The company's obligations are guaranteed with its patrimony.

The company's assets cannot be encumbered by any debt or personal obligation of the shareholders.

A creditor of a shareholder can make claims on the part of the company's benefit due to him, only after the general meeting of shareholders approves the balance sheet and the benefit, as well as the share of it, which is due to each shareholder.

Each of the shareholders participates in benefits and losses in proportion to the share held in the social capital.

The share capital of the company can be increased by the decision of the Extraordinary General Meeting or, in the situations provided by law, by the Decision of the Board of Directors through all the means and procedures provided by the legal provisions and under the conditions provided by the law.



The existing shareholders will have the right of pre-emption, under the conditions of the law, to the acquisition of the new shares, proportional to the percentage held in the company's share capital at that time. The payment made by the shareholders to the company in exchange for these shares will be made in accordance with the legal provisions and the approval of the General Meeting of Shareholders.

The term for exercising the right of pre-emption is set by the Extraordinary General Meeting of Shareholders that approves the capital increase, and cannot be shorter than the term provided by law. If any of the aforementioned shareholders declines or fails for any reason to exercise their right of pre-emption regarding the acquisition of new shares within the term set by the Extraordinary General Meeting of Shareholders, this right will be transmitted to the other shareholders, who will be able to exercise it within 1 week from the expiration of the term set by the meeting that approves the capital increase and proportional to the share held in the share capital on the date of identification of the shareholders who will benefit from the rights, established by this meeting.

The General Meeting of Shareholders will be able to decide the reintegration of the social capital by issuing new shares.

The Extraordinary General Meeting of Shareholders or the Board of Directors will decide to reduce the share capital, in accordance with the legal provisions, by reducing the nominal value of the shares, or by reducing the number of shares, or by acquiring own shares, followed by their cancellation, as well as in the other cases of reduction of the social capital.

In no case will the reduction of the social capital in any way affect the quality of the shareholder and the equality between the shareholders.

Currently, the social capital of S.C. ROMCARBON S.A. is **52,824,419.20 lei**.

All holders of shares issued by S.C. ROMCARBON S.A. they are treated fairly. All shares issued give the holders equal rights.

SC ROMCARBON S.A. facilitates and encourages: the participation of shareholders in the works of the General Meetings of Shareholders (GMS), the full exercise of their rights, the dialogue between shareholders and members of the Board of Directors and/or management.

The General Shareholders' Meeting is the governing body of the company, which decides on its activity and ensures its economic and commercial policy.

The responsibilities of the General Meeting of Shareholders are those stipulated in the Incorporation Act of S.C. ROMCARBON S.A. being in strict accordance with the legal provisions, ensuring the presentation of the materials, the recording of the works and the adopted decisions.

The general meeting is convened by the board of directors whenever necessary.

Shareholders registered in the Shareholders' Register (issued by S.C. DEPOZITARUL CENTRAL S.A.) have the right to participate and vote at the General Shareholders' Meeting on the reference date established/approved by the Board of Directors. Shareholders can participate in their own name or through representation by other persons. The representation of shareholders in the general meeting of shareholders can also be done by other persons than shareholders, based on a special or general power of attorney, according to art. 105 paragraph 7 of Law no. 24/2007.

In the case of personal voting, natural person shareholders and legal person shareholders are entitled to participate in the GMS meeting by simply proving their identity, in the case of natural person shareholders with their identity document (identity card, identity card, passport, residence permit) and in the case of shareholders of legal entities with the identity document of the legal representative (identity card, identity card, passport, residence permit). The quality of legal representative is proven with a certificate of verification issued by the trade register or any equivalent document issued by a competent authority in the state in which the legal entity shareholder is legally registered, which certifies the quality of legal representative, presented in original or in copy according to the original. The documents attesting the legal representative capacity of the legal entity shareholder will be issued no later than 3 months before the date of publication of the GMS Notice. Documents presented in a language other than English will be accompanied by a translation made by an authorized translator in the Romanian/English languages.

In the case of proxy voting, it is possible to represent the shareholders at the GMS meetings by a representative/mandatory who can be another shareholder or a third person. The vote by representation with a special power of attorney can be expressed by completing and signing the special power of attorney forms made available by the company in 3 copies of which: one copy will be sent in writing, in original, to the registered office, the second copy will be handed to the representative, so that he can prove his representative capacity at the request of the technical secretariat of the meeting, the third copy remaining with the shareholder. The special/general power of attorney will be sent in physical format, in the original in the case of the special power of attorney, respectively in a copy according to the original under the signature of the representative, in the case of the general power of attorney, so that they are registered for receipt at the registered office in due time, or by e-mail to the address office@romcarbon.com (situation in which electronic means are used, the special power of attorney will be sent through the extended electronic signature incorporated according to Law no. 455/2001), until the same date and time. Irrespective of the method of transmission of the proxies for representation in the AGM, they must contain the mention written clearly and in capital letters "POWER FOR THE ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS FROM _____ (the date of convening the GMS)".

A shareholder can designate only one person to represent him in the GMS. A shareholder can designate by special power of attorney one or more alternate representatives to ensure his representation in the general meeting in case the designated representative is unable to fulfill his mandate. In the event that several substitute



representatives are appointed through the special power of attorney, the order in which they will exercise their mandate will also be established. Also, a shareholder can grant a general power of attorney valid for a period that will not exceed 3 years, by which he empowers his representative to vote in all aspects under discussion at the GMS, including regarding disposition documents, provided that the power of attorney be granted by the shareholder as a client to an intermediary within the meaning of capital legislation or to a lawyer. For identification purposes, the special/general power of attorney will be accompanied by the following documents: a copy of the shareholder's identity card (identity card, identity card, passport, residence permit) and a copy of the representative's identity card, in the case of natural persons; copy of the identity document of the natural person representative/mandatory (identity card, identity card, passport, residence permit), copy of the identity document of the representative/mandatory lawyer accompanied by the power of attorney in the original or, in the case of the legal person representative/mandatory, a copy of the document of the identity of the legal representative of the legal entity representative accompanied by the ascertaining certificate issued by the trade register or any equivalent document issued by a competent authority in the state in which the representative/legal entity representative is legally registered, presented in original or a copy in accordance with the original. Documents presented in a language other than English will be accompanied by a translation made by an authorized translator in the Romanian/English languages.

When completing the special power of attorney forms, the shareholders will consider the possibility of updating the agenda, in which case the power of attorney forms will be updated and sent to the company's headquarters in good time.

The shareholders cannot be represented in the general meeting of shareholders on the basis of a general power of attorney by a person who is in a situation of conflict of interests that may arise in particular in one of the following cases: he is a majority shareholder of the issuer or another the person controlled by the respective shareholder; is a member of an administrative, management or supervisory body of the issuer, of a majority shareholder or of a controlled person, according to the provisions of art. 105 para. 15 lit. a) from Law no. 24/2017; is a member of an administrative, management or supervisory body of the issuer, of a majority shareholder or of a controlled person, according to the provisions of art. 105 paragraph 15 letter b) of Law no. 24/2017; is an employee or an auditor of the company or of a majority shareholder or of a controlled entity, according to the provisions of art. 105 para. 15 lit. c) from Law no. 24/2017; is the spouse, relative or next of kin up to the fourth degree inclusive of one of the natural persons provided for in art. 105 para. 15 letter d) of Law no. 24/2017.

The special power of attorney for representation in the GMS given by a shareholder to a credit institution that provides custody services will be valid without the presentation of other additional documents related to the respective shareholder, if the special power of attorney is drawn up according to ASF Regulation no. 5/2018, it is signed by the respective shareholder and is accompanied by a declaration on his own responsibility given by the legal representative of the credit institution who received the power of attorney through a special power of attorney, from which it appears that: (i) the credit institution provides custody services for the respective shareholder; (ii) the instructions in the special power of attorney are identical to the instructions in the SWIFT message received by the credit institution to vote on behalf of the respective shareholder; (iii) the special power of attorney is signed by the shareholder. The special power of attorney and the self-responsibility declaration must be submitted to the registered office in original, signed and, as the case may be, stamped, without the fulfillment of other formalities related to the form of these documents.

Shareholders registered in the Register of Shareholders on the reference date can express and send their vote regarding the items on the agenda of the GMS by correspondence. Voting forms can be obtained from the company's headquarters - Shareholder Service or can be downloaded from the company's website, both in Romanian and in English. The voting form by correspondence, completed and signed by the shareholder, will be sent in writing, in the original to the company's headquarters or by e-mail to the address office@romcarbon.com bearing the extended electronic signature incorporated according to Law no. 455/2001, so that be recorded as having been received in due time. Regardless of the method of sending the voting form by mail, it must contain the clearly written mention in capital letters "VOTING FORM BY CORRESPONDENCE FOR THE ORDINARY/EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS FROM _____ (the date of convening the GMS)". The postal voting form will be accompanied by the following documents: copy of identity card in the case of natural person shareholders; copy of the identity document of the representative/mandatory, certificate of verification issued by the trade register or any equivalent document issued by a competent authority in the state in which the shareholder is legally registered, certifying the quality of the legal representative, presented in the original or in a copy in accordance with the original, in the case of shareholders of legal entities.

The documents certifying the legal representative capacity of the legal entity shareholder will be issued no later than 3 months before the date of publication of the GMS convocation. Documents presented in a language other than English will be accompanied by a translation made by an authorized translator in Romanian or English. In the event that the shareholder who cast his vote by mail participates in person or through a representative at the AGM, the mail vote expressed for the GMS is cancelled. In this situation, the vote expressed in the meeting in person or by representative will be taken into account.

The postal voting form for the vote in the GMS sent by a shareholder for whom a credit institution provides custody services, will be valid without the presentation of other additional documents related to that shareholder if the voting form is drawn up according to FSA Regulation no. 5/2018, is signed by the respective shareholder and is accompanied by a declaration on his own responsibility given by the legal representative of the credit institution, from which it appears that: (i) the credit institution provides custody services for the respective shareholder; (ii) the mail voting form is signed by the shareholder and contains voting options identical to those mentioned by the shareholder through a SWIFT message received by the credit institution from the said shareholder. When completing



the voting form by correspondence, shareholders must take into account the possibility of completing/updating the agenda, in which case these documents will be updated and made available in due time.

Power of attorney (special power of attorney) or voting by mail forms, in Romanian and English, can be obtained from shareholders and from the company's registered office, every working day, starting with the date of the convening of the AGM between 9:00 a.m. and 5:00 p.m. or from on the company website www.romcarbon.com. A copy of the special power of attorney will be sent in writing, in original, to the registered office so that it is registered as received at the office at least 2 days before the date of the new AGM, at 5:00 p.m. or by e-mail to office@romcarbon.com (provided that electronic means are used, the special power of attorney will be sent through the extended electronic signature), until the same date and time.

One or more shareholders representing, individually or together, at least 5% of the share capital have the right to introduce items on the agenda of the General Meetings of Shareholders, provided that each item is accompanied by a justification or a draft decision proposed for adoption and to propose draft decisions for the items included or proposed to be included on the agenda. Proposals regarding the draft decision can be submitted in a sealed envelope at the company's headquarters in Buzau, Transilvaniei str., no. 132, in good time or sent by e-mail with the extended electronic signature incorporated according to Law no. 455/2001 regarding the electronic signature, until the same date and time at the address office@romcarbon.com with the written mention "PROPOSAL OF NEW ITEMS ON THE AGENDA FOR THE ORDINARY / EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON ____ (date of convening the GMS)". Each new point proposed must be accompanied by a justification or a draft resolution proposed for adoption at the AGM meeting. These proposals must be accompanied by a copy of the identity document in the case of natural person shareholders; copy of the identity document of the representative/mandatory, certificate of verification issued by the trade register or any equivalent document issued by a competent authority in the state in which the shareholder is legally registered, certifying the quality of the legal representative, presented in the original or in a copy in accordance with the original, in the case of shareholders of legal entities. The documents certifying the legal representative capacity of the legal entity shareholder will be issued no later than 3 months before the date of publication of the AGM convenor.

Each shareholder has the right to ask questions regarding the items on the agenda according to art. 198 of ASF Regulation no. 5/2018. Questions can be submitted in writing, at the company's headquarters or by e-mail with the extended electronic signature incorporated in accordance with Law 455/2001 on electronic signatures, to the address office@romcarbon.com mentioning in the subject "FOR THE ORDINARY / EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS DATED DE_ (date of convening the GMS)". The questions must be accompanied by a copy of the identity document in the case of natural person shareholders; copy of the identity document of the representative/mandatory, certificate of verification issued by the trade register or any equivalent document issued by a competent authority in the state in which the shareholder is legally registered, certifying the quality of the legal representative, presented in the original or in a copy in accordance with the original, in the case of shareholders of legal entities. The documents certifying the legal representative capacity of the legal entity shareholder will be issued no later than 3 months before the date of publication of the GMS convocation.

The company will formulate a general answer for questions with the same content that will be made available on the company's website, in question-answer format.

Informative materials, special power of attorney forms and draft decisions related to the items on the agenda can be consulted at the company's headquarters, every working day, or on the company's website <https://www.romcarbon.com/general-shareholders-meetings-2024/>

In the event of non-fulfillment of the conditions stipulated by the law and the articles of incorporation for holding the General Meeting of Shareholders at the date and time provided in the Convocation, the next meeting is convened for a later date approved by the Board of Directors, in the same place, with the same agenda and for shareholders registered on the same reference date.

In order to provide shareholders with relevant information in real time, S.C. ROMCARBON S.A. has created a special section on its website, called Investors, <https://www.romcarbon.com/investor/> accessible and permanently updated.

The page is structured in such a way as to contain all the information necessary for the holders of securities: information regarding the C.A. meetings, general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance, etc.

Also, S.C. ROMCARBON S.A. has specialized internal structures for the relationship with investors and the relationship with its own shareholders, at the company level operating an Investor Relations Service. The persons designated to maintain contact with investors and shareholders periodically follow specialization courses.

Regarding the relationship with shareholders and investors, S.C. ROMCARBON S.A. obeys a corporate discipline by making appropriate periodic and continuous reports on all important events, including the financial situation, performance, ownership and management. In order to adapt the activity to the rules and discipline regarding corporate governance, the Company established the Investor Relations Service, which ensures compliance with the corporate rules according to the Corporate Governance Code of the Bucharest Stock Exchange.

The mentioned reports are submitted to the Bucharest Stock Exchange, the Financial Supervisory Authority, as the case may be, published in a national and local newspaper, and posted on the Company's website at <https://www.romcarbon.com/reports-and-information/>

SC ROMCARBON S.A. elaborates and disseminates periodic and continuous relevant information, in accordance with the International Financial Reporting Standards (IFRS) and other reporting standards, respectively environmental, social and management (ESG - Environment, Social and Governance).

Currently, the external financial auditor of S.C. ROMCARBON S.A. is S.C. DELOITTE AUDIT S.R.L. and was elected based on the Decision of the O.G.M.S. from 27.04.2023, for a period of 1 year.



Regarding the administration of the conflict of interests in the case of transactions with the involved parties, the corporate behavior of the members of the BoD is the following: avoiding any direct or indirect conflict of interest with the company or any subsidiary controlled by it, by informing the Board of Directors about the conflicts of interest involved, a situation in which they will abstain from the debates and voting on the respective issues.

IV. SOCIAL RESPONSIBILITY

The company's strategy regarding environmental protection, corporate governance and social responsibility is based on a set of principles that define its relationship with its partners - employees, creditors, suppliers, customers, investors, local authorities and community members (stakeholders).

In accordance with this strategy ROMCARBON S.A. developed in 2022 its first Sustainability Report corresponding to 2021, in the belief that the inclusion of sustainability principles in the strategies of the Romcarbon Group, in communication and even in the business model, can contribute to improving its reputation among its clients, suppliers and investors and can play an important role in increasing employee involvement and reducing staff turnover. In preparing the content of this report, the principles established in the GRI Standards regarding Materiality, Inclusiveness, Sustainability Context and Exhaustiveness were taken into account. The quality of the content of the report was ensured by observing the principles of the GRI Standards regarding Balance, Comparability, Accuracy, Regularity, Clarity and Reliability.

Starting with the year 2022 ROMCARBON S.A. published, annually, for the previous exercise, a Sustainability Report through which it aims to provide a consistent and objective picture of the progress achieved by the company in the implementation of the Sustainability Strategy, adopted in 2022, simultaneously with the continuous integration of the environmental objectives, social responsibility and corporate governance in the business model. The sustainability reports corresponding to the 2021 and 2022 financial years were prepared in accordance with the Global Reporting Initiative Standards, but also in accordance with the provisions of the M.F.P. Order. No. 1938/2016 and Order No. 2844/2016, which transpose in Romania the EU Directive no. 95/2014 regarding non-financial reporting. The quality of the reports was ensured by observing the principles of the Global Reporting Initiative (GRI) Standards stated in GRI 1 – Foundation 2021, regarding Accuracy, Balance, Clarity, Comparability, Comprehensiveness, Sustainability Context, Regularity and Verifiability.

For the 2021 Sustainability Report, Romcarbon was awarded the 3rd place in the top of the best sustainability reports, by a specialized jury made up of representatives of the capital market, in a competition of the best sustainability reports, organized by ARIR (Association for Investor Relations from Romania). The 5 judges analyzed all the competing reports based on 8 criteria and appreciated the concrete data presented by Romcarbon in its Sustainability Report for 2021 and also appreciated the inclusion of clear indicators and targets for Romcarbon's ESG activity.

More details can be found in our Sustainability Report available on the Romcarbon SA website <https://www.romcarbon.com/sustainability-reports/>

The management team of S.C. ROMCARBON S.A. considers that development is not possible without the contribution of each individual employee as well as of society as a whole.

The company aims, through an active CSR policy:

* **to support and respect the human rights**, of its own employees in particular. In this sense, the employees benefit from various specialization/professional training programs as well as permanent information about the evolution of the company (the presentation to the employee representatives, respectively the periodic analysis of the company's financial statements). Within its own responsibilities, the company has taken the necessary measures to protect the safety and health of employees, including the activities to prevent occupational risks of information and training, as well as the implementation of the labor protection organization and the means necessary for it. (e.g. periodical training, provision of individual protective equipment, work equipment, hygienic-sanitary materials, periodical medical check-up, etc.) S.C. ROMCARBON S.A. does not use child labor, does not engage in human trafficking, and does not encourage these ideas in any way. Corporal punishment or mental, physical or verbal pressure or any form of inhumane treatment is not tolerated in any form.

* **to support the right to free association**. *The company respects the legal right of the entire staff to appoint representatives, who negotiate on their behalf and for them in the periodic negotiations of the collective labor contract at the company level. Employee representatives are guaranteed the protection of the law against any form of conditioning, coercion or limitation of the exercise of their functions.*

* **to contribute to the elimination of discrimination in the occupation of jobs, the exercise of the profession, the establishment and granting of the salary**. *Any direct or indirect discrimination against an employee, based on sex, sexual orientation, genetic characteristics, age, nationality, race, color, ethnicity, religion, political choice, social origin, disability, family situation or responsibility, membership or trade union activity, is prohibited at the level of the Company.*

* **to combat any form of corruption**.

* **to support educational activities**.

* **to support different social categories (deserving young people, sick or disabled people)** through humanitarian actions that include sponsorships/patronages but also assistance in extreme cases as well as providing help to disadvantaged people or people in difficulty. As part of this active CSR policy, ROMCARBON SA granted during the financial year 2023 material aid, in the amount of 40,500 lei, to its own employees affected by various



events with a strong social and human impact (birth of children, deaths of some family members , fires, floods, etc.). In 2023, sponsorships totaling 37,500 lei were granted in various fields (social, sports, education);

* **to support sports activities in the municipality of Buzau, through financial aid;**

In the local community where it operates, the company assumes an active role, by supporting community initiatives through human and financial resources.

* **to proactively address environmental issues and promote responsibility towards the environment.**

SC ROMCARBON S.A. values and protects life. Starting 2018, the company constantly organizes together with the Buzau Transfusion Center blood donation campaigns at the company headquarters. Until this date, ROMCARBON SA employees have donated over 2500 units of blood. These campaigns will continue.

In this sense, S.C. ROMCARBON S.A. aims to both improve the quality of environmental factors and preserve biodiversity, by promoting awareness of environmental and health issues.

SC ROMCARBON S.A. respects the legislation by protecting the environment, not being involved in litigation regarding the violation of the legislation in the field. Compliance with legal, regulatory and other requirements to which the organization subscribes is periodically evaluated.

SC ROMCARBON S.A. has implemented and certified an integrated management system for quality - environment - occupational health and safety according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards, applicable for the design and manufacture of individual respiratory protection equipment - certificate of SRAC.

Within S.C. ROMCARBON S.A. all real and potential, positive and negative environmental aspects are identified, including the indirect aspects generated by the companies that carry out their activity at the company headquarters and can affect the environmental performance. The identification of environmental aspects is based on the systematic analysis of each process/sub-process (including their inputs and outputs) according to the "PS 03 Environmental Aspects" system procedure in normal, abnormal (including start-up and stop) and emergency, accident situations.

Under normal operating conditions, the company's activity **does not produce a significant impact** on the environment. Following the identification and evaluation of environmental aspects, management programs were developed to improve the company's environmental performance.

For a better quality of life, S.C. ROMCARBON S.A. has carried out in recent years a series of social responsibility actions and specific sponsorships that were directed to various fields: education, health, social issues, environmental protection, such as: participation in various events/campaigns/contests organized on the occasion of the International Day of the Environment celebrated on **June 5** of each year, under the title: "For a cleaner world!"/"We have only one Earth. Let's give it priority!", etc.

Partners of these events are, constantly, the Buzau Environmental Protection Agency, the Buzau Prefect's Institution and the Buzau City Hall.

Besides, environmental protection is an absolute priority, S.C. ROMCARBON S.A. decisively supporting the development, in Buzau, of an "industry" that proves, more and more, the fact that the economy and the environment can survive together without compromise - "Green Industry".

Since 2012 within the Profit Center no. 7 - Compounds, plastic waste treatment activities are carried out by separating the recyclable fractions and grinding, extruding, filtering the separated fractions to obtain composite materials.

Starting September 4, 2014, Romcarbon SA becomes a member of the Romanian Sanitation Association, meanwhile becoming the Romanian Association for Waste Management - A.R.M.D.; as a final waste recycler, Romcarbon SA supports the directions of action of this entity:

- Sustained promotion of the interests of its members;
- Permanent involvement in the process of drafting legislation in the field of waste management in Romania;
- The dynamic involvement of the Association in waste management in Romania, through studies and market research;
- Initiating contracts with organizations in order to attract funds and grants, both for the members and for the sustainable development of the association's activity;

Regarding the social involvement actions aimed at contributing to the development of the local community, we mention the participation of ROMCARBON SA, in 2023, as a sponsor in actions to promote culture and reading among young people and children.

Thus, Romcarbon was among the sponsors that supported the organization in Buzau of the 35th edition of the "TOP T" Youth Rock Festival, the oldest rock festival in Romania, which proved to be a success, being appreciated by both the public and by the artists who took the stage. In this way, we participated in keeping the rock spirit alive in Buzau, the city with the oldest festival in Romania and one of the best audiences in the country, actively participated in supporting original and valuable artistic creation in the field of rock music, in educating the young people of Buzau in the spirit of raising awareness of true cultural values, promoting real talents and the fight against kitsch and copied music, promoting live performances and the fight against playback, as well as raising awareness of the importance of music in the education of the population by organizing art exhibitions alongside recitals photography, musical instruments, magazines and specialized books.

We sponsored the organization of the launch event of the first auxiliary of the English language written by the students of the 5th grade C of the Secondary School no. 11 Buzau, entitled "A Christmas Wish" through which



the children practiced their writing skills and thus came to the support of other children to develop their communication skills in English.

Romcarbon SA donated to the Secondary School in Potoceni Locality, Maracineni Commune, Buzau County a number of 406 books, of which 106 new volumes, sponsored by the company and the rest represented the contribution of the company's employees who responded positively and in large numbers to the company's initiative to contribute to the repopulation of the School Library of the school in Potoceni, with new and attractive titles for the children of the current generations.

In addition to this initiative, the Company also contributed to the endowment of the folk ensemble FLOARE DE BUJOR, of the Potoceni Secondary School, founded in the fall of 2023, with traditional Romanian shoes, so that all the children, members of the ensemble, can complete their traditional Romanian outfit with this important accessory, a very important part of the traditional Romanian cultural identity.

Last but not least, during the winter holidays, we gave the children from the schools and kindergartens that operate within the radius of the Maracineni Commune, Buzau County, a number of 240 packages with sweets specific to the Christmas season and thus brought the spirit of the holidays into the hearts of the little ones.

The year 2023 was the year in which books and reading were brought back to the fore, thus, at the initiative of some colleagues, starting with July 2023, the « Bookshelf. With a book closer to the others » project took place. Romcarbon supported and financed the purchase of new books to increase the available fund so that the employees who are passionate about reading can satisfy this pleasure and the others can discover it.

As **a socially responsible company**, S.C. ROMCARBON S.A. therefore aims not only to increase the satisfaction of employees, commercial partners and its own shareholders, but also to increase involvement in the community, to increase the quality of life at the local level, but also to stimulate the labor market by raising the level of professional competence of human resources.

7. ANNEX : It is not the case

Chairman of the Board and General Manager,

Huang Liang Neng

Financial Manager,

ec. Zainescu Viorica Ioana

Deputy General Manager for Administrative Operations,

Manaila Carmen





DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
Section A – Responsibilities				
A.1.	All companies should have an internal regulation of the Council which includes terms of reference/ responsibilities of the Board and key management of the Company, and which apply, inter alia, the general principles of Section A.		Partially	Articles of Incorporation contains provisions on the terms of reference and responsibilities of the Board of Directors. The Board of Directors will take action for the adoption of a Board regulation.
A.2.	Provisions for managing conflicts of interest should be included in the Board of Directors Regulation. However, the Board members must notify the Board of Directors any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for a decision on the matter that gives rise to this conflict of interest.		Partially	The Articles of Incorporation of the company include provisions for managing conflicts of interest and how to vote. Provisions for managing conflicts of interest will be included in the Board of Directors Regulation to be adopted.
A.3.	The Board of Directors or the Supervisory Board must consist of at least five members.		NO	Articles of Incorporation provides for a Board of directors comprising of three members according to article 137 paragraph 2 of Law No. 31/1990.
A.4.	The majority of the Board members must have no executive function. At least one member of the Board or the Supervisory Board should be independent in the case of companies in the Standard category.	YES		
A.4.	Each independent member of the Board of the Directors or the Supervisory Board, as appropriate, shall submit a declaration at the time of his nomination for the election or re-election, and when there is any change of status or indicating the elements based on which it is considered that it is independent in terms of its character and judgment.		NO	Regulation of the Board of Directors to be developed and approved will regulate measures to comply with this requirement.
A.5.	Other commitments and professional obligations relatively permanent of a member of the Board of Directors, including non-executive Board members and executive positions of companies and nonprofit institutions, shareholders and potential investors should be disclosed before and during his mandate.	YES		On the company's website are published the board members CV's including information on its member's professional obligations.
A.6.	Any member of the Council must provide information on any relation to a shareholder who directly or indirectly hold shares representing more than 5% of all voting rights. This also applies to any report that may affect limb position on matters decided by the Council.	YES		
A.7.	The company must appoint a secretary of the Board responsible for supporting the Board of Directors activity.	YES		
A.8.			NO	



DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
	Corporate governance statement will inform if there was an evaluation of the Board of Directors under the President or the nomination committee and, if so, will summarize the key measures and changes resulting from it. The company must have a policy/guidance on the assessment of the Committee including the scope, criteria and frequency of the evaluation process.			It will be analyzed and implemented, the company will inform in a current report on compliance with this requirement.
A.9.	Corporate governance statement must contain information on the number of meetings of Council and Committees during the past year, participating administrators (in person and in absence) and a report of the Board of Directors and committees on their activities.	YES		
A.10.	Corporate governance statement must include information on the exact number of independent members of the Board of Directors or Supervisory Board.	YES		
A.11.	The Council of Premium Category Companies should establish a nomination committee consisting of people without executive functions, which will lead the nominations procedure for new members in the Council and make recommendations to the Board. Most members of the nomination committee should be independent.			Not the case
Section B - The risk management and internal control system				
B.1.	The board should establish an audit committee in which at least one member must be independent non-executive director. Most members, including the president, must be shown to have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one audit committee member should have accounting or auditing experience proven and appropriate. If companies in the premium category, the audit committee must be composed of at least three members and the majority of audit committee members must be independent.	YES		
B.2.	Chairman of the audit committee must be an independent non-executive member.	YES		
B.3.	Within its responsibilities, the audit committee must conduct an annual assessment of internal control system.	YES		
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of reporting risk management and internal control presented to the Audit Committee of the Board, timeliness and effectiveness of the executive management solves deficiencies or weaknesses identified from control internal and presenting relevant reports to the Board.	YES		



DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
B.5.	The Audit Committee shall assess conflicts of interest in connection with transactions of the Company and its subsidiaries with related parties.	YES		
B.6.	The Audit Committee shall assess the effectiveness of internal control system and risk management systems.	YES		
B.7.	The audit committee must monitor the implementation of legal standards and internal audit standards generally accepted. The Audit Committee should receive and evaluate internal audit team reports.	YES		
B.8.	Whenever mention code or analysis reports initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc Council to be submitted later.	YES		
B.9.	No shareholder may be given preferential treatment over other shareholders in connection with the transactions and agreements concluded by the company with shareholders and their affiliates.	YES		
B.10.	Council should adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) approved Council following a binding opinions by the audit committee of the Board and disclosed correctly shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	YES		
B.11.	Internal audits must be performed by a separate structural division (internal audit department) within the company or by hiring an independent third-party entity.	YES		
B.12.	In order to ensure the fulfillment of the main functions of the internal audit department, he must report functionally to the Council through the audit committee. Administrative purposes and the management obligations to monitor and reduce risks, it must report directly to the Director General.	YES		



DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
Section C1 - Just reward and motivation				
C.1.	<p>The company shall publish on its website the remuneration policy and include a statement in the annual report on the implementation of remuneration policy during the annual period under consideration. Remuneration policy should be formulated so as to allow shareholders understand the principles and arguments underlying remuneration of Board members and the CEO, and the Executive Board in the dual system. It should describe the driving process and making decisions regarding remuneration, detailing components of the remuneration of the executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the duration of the contract Executive Director and the period of notice stipulated in the contract and any compensation for unjust dismissal. Report on remuneration must submit implementation of the remuneration policy for persons identified in the remuneration policy during the annual period under consideration. Any fundamental change in remuneration policy interventions must be published in due course on the website of the company.</p>	YES		
Section D - adding value to the investor relations				
D.1.	<p>The company must hold an Investor Relations Service -made widely known by the person / persons responsible or organizational unit. In addition to the information required by the law, the company must include on its website a section dedicated to investor relations in Romanian and English, with all relevant information of interest to investors, including.</p>	YES		
D.1.1.	<p>The main corporate regulations: articles of association, the procedures for general meetings of shareholders;</p>	YES		
D.1.2.	<p>Professional CV's of the management members of the Company, other professional commitments of Board members, including non-executive and executive positions on boards of companies or nonprofit institutions;</p>	YES		



DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
D.1.3.	Current reports and periodic reports (quarterly and annual) - at least those provided for in section D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4.	Information on shareholders meetings: agenda and information materials; the election of Board members; arguments supporting the proposals of candidates for election to the Council, together with their professional CVs; Shareholders with questions regarding items on the agenda and the company's response, including decisions adopted;	YES		
D.1.5.	Information on corporate events such as payment of dividends and other distributions to shareholders or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. The information will be published within a period to allow investors to take investment decisions;	YES		
D.1.6.	Name and contact details of someone who can provide, upon request, relevant information;	YES		Contact information for investors are posted on the company's website, they will be filled with information about those responsible for investor relations.
D.1.7.	Company presentation (eg., Investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual) audit reports and annual reports.	YES		
D.2.	The company will have an annual dividend distribution policy or other benefits to shareholders, proposed by the Director General or by the Executive Council and adopted as a set of guidelines that the company intends to follow on the distribution of net profits. Principles policy annual distribution to shareholders will be published on website of the company.	YES		By Decision no.19 / 24.12.2019 the Board of Directors has adopted the dividend policy of ROMCARBON S.A.
D.3.	The company will adopt a policy about predictions, whether they are made public or not. Projections refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so called hypotheses) by its nature, this project has a high level of uncertainty, actual results can differ significantly forecasts presented initially. Policy forecasts will determine the frequency, time and content envisaged forecasts. If published projections can only be included in the annual reports, semi-annual or quarterly. Policy forecasts will be published on the website of the company.		NO	Until now the company has not implemented a policy forecasts. It will consider the future implementation of such policies.
D.4.	Rules shareholders' meetings should not limit participation of shareholders at general meetings and exercise their rights. Rule changes will come into force at the earliest, starting with the next meeting of shareholders.	YES		



DECLARATION OF COMPLIANCE WITH BSE CODE

Section	Provisions of the Code that must be respected	Compl y	Does not comply or partially comply	The reason for non-compliance
D.5.	External auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	YES		
D.6.	Council will present the annual general meeting of shareholders a brief assessment of the internal control systems and management of significant risks and opinions on issues subject to the decision of the General Assembly.	YES		
D.7.	Any specialist, consultant, expert or financial analyst may participate in the shareholders meeting under a prior invitation from the Council. Accredited journalists can also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise requires.	YES		
D.8.	Financial reports quarterly and half will include information both in Romanian and in English on the key factors influencing changes in the level of sales, operating profit, net profit and other financial indicators relevant from both qoq and from year to year.	YES		
D.9.	A company will hold at least two meetings / teleconferences with analysts and investors every year. Information presented on these occasions will be published in the Investor Relations section of the company website on meetings / teleconferences.	YES		On the company's website and through reports that society makes, ensure transparently inform all those interested in its work. The company also responded and respond positively requests from representatives from the specialized press and analysts on the provision of financial information and / or information regarding future development projects designed communication media channels. The Company will inform investors about oragnizarea advance of any meetings / teleconferences with analysts and investors.
D.10.	If a company supports various forms of artistic expression and cultural, sports, educational activities or scientific and considers their impact on the innovative nature and competitiveness of the company are part of the mission and its development strategy, will publish policy on activity in this area.	YES		

**Chairman of the Board and General Manager,
Huang Liang Neng**

**Deputy General Manager for Administrative Operations,
Manaila Carmen**

**Financial Manager,
ec. Zainescu Viorica Ioana**

INDEPENDENT AUDITOR'S REPORT

To
the Shareholders of,
Romcarbon SA

Report on the Audit of the Financial Statements Opinion

1. We have audited the financial statements of Romcarbon SA ("the Company"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. The financial statements as at December 31, 2023 are identified as follows:

• Net assets/Total equity	lei 150,816,142
• Net profit for the financial year	lei 3,313,809
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, 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, with subsequent amendments.

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 (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017". Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017 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 for the current year. 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.



Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Company. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the clients' businesses, there is a risk that sale is not properly and accurately recognised. That is, revenue may not be recognised in the correct accounting year, taking into account the transfer of main risks and rewards associated with the product, or may represent fictitious sales for which the delivery has not taken place, or sales towards bad debtors, that are insolvent or bankrupt.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>The Company's revenue disclosures are presented in Note 3 of the separate financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in "Key audit matters" regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period; - checking the completeness and accuracy of disclosures regarding revenues in the financial statements.

Other information – Administrators' Report

6. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators' report, which also includes the non-financial information declaration and the Remuneration Report, but does not include the financial statements and our auditor's report thereon.

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, 2023, 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.

Other responsibilities of reporting with respect to other information – Administrators' report

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

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 and the Remuneration 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, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;

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, 2023, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.



Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU 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 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 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 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.



14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 were appointed by the General Meeting of Shareholders on July 27, 2023 to audit the financial statements of Romcarbon SA for the financial year ended December 31, 2023. The uninterrupted total duration of our commitment is 16 years, covering the financial year ended December 31, 2008 until the financial year ended December 31, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued on the same date we issued this audit report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Company the prohibited non-audit services referred to in Article 5(1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Ana-Corina Dimitriu.

Report on compliance with Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and 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 Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of Romcarbon SA ("the Company") as presented in the digital files which contain the unique code LEI 315700RJSU856JJMHO64 ("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.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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 annual report have been prepared in a valid XHTML format.

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, 2023 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, 2023 is set out in the "Report on the audit of the financial statements" section above.

Ana-Corina Dimitriu, 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 3677

On behalf of:

DELOITTE AUDIT SRL

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 29, 2024





DECLARATION OF THE MANAGEMENT REGARDING THE SEPARATE FINANCIAL STATEMENTS

Undersigners, **HUANG LIANG NENG**- the Chairman of the Board and General Manager, **MANAILA CARMEN**- the Deputy general manager for administrative operations and **ZĂINESCU VIORICA-IOANA**, the Chief Financial Officer of ROMCARBON S.A. Buzau, a company located in Buzau, 132 Transilvaniei street, registered with Buzau Trade Register under the number J10/83/91, having the sole registration code RO1158050, we take responsibility for the fair presentation of the Financial Statements for the year ended 31.12.2023 and we confirm the followings:

- a) The accounting policies used in preparation of the Financial Statements for the year ended 31.12.2023 are in accordance with International Financial Reporting Standards (IFRS) as it were adopted by European Union;
- b) The Separate Financial Statements prepared for the year ended 31.12.2023 provide a fair and accurate view of the assets, liabilities, financial position, income statement and statement of comprehensive income;
- c) The report of the Board of Directors prepared in accordance with Regulation no. 5/2018 of FSA provides a correct analysis of the development and performance of S.C. ROMCARBON S.A., as well as a description of the main risks and uncertainties specific to the company's activity;
- d) ROMCARBON S.A. operates in terms of continuity.

HUANG LIANG NENG

MĂNĂILĂ CARMEN

ZĂINESCU VIORICA IOANA

For signatures, please refer to the original Romanian version.



ROMCARBON SA

AUDITED SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Prepared in accordance with Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards as adopted by the European Union, as amended



TABLE OF CONTENTS:**PAGE:**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME	1
SEPARATE STATEMENT OF FINANCIAL POSITION	2 – 3
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	4 – 6
SEPARATE STATEMENT OF CASH FLOWS	7 – 8
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	9 – 52
ADMINISTRATORS' REPORT ACCOMPANYING THE SEPARATE FINANCIAL STATEMENTS	1 – 26



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

	Note	Year ended:	
		Financial year ended December 31, 2023	Financial year ended December 31, 2022
Revenues from contracts with customers	3	214,230,854	262,801,054
Other income	4	4,303,986	4,454,249
Changes in inventories		485,526	7,447,653
Raw materials and consumables used	5	(148,776,840)	(199,065,784)
Employee salaries and benefits	6	(47,111,543)	(42,312,860)
Depreciation and amortization expenses	7	(9,392,805)	(9,609,158)
Operational expenses	8	(16,469,733)	(18,863,784)
Other gains or losses	9	4,921,634	1,769,858
Profit from operating activities		2,191,079	6,621,228
Finance income	10	3,386,552	47,336,583
Finance cost	11	(2,081,299)	(1,574,050)
Gains/(Loss) on impairment of financial assets	12	-	-
Profit before tax		3,496,332	52,383,761
Income tax	13	(182,523)	(912,071)
Net profit		3,313,809	51,471,690
Other comprehensive income:			
of which:			
Other comprehensive income which cannot be reclassified to profit or loss, of which:			
Net gains/loss on revaluation of tangible assets		-	745,264
Adjustment of deferred tax on fiscally non-deductible revaluation reserves		485,482	273,332
Total comprehensive income		3,799,291	52,490,286
Earnings per share		0,0072	0,987
Number of shares		528,244,192	264,122,096

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.
This is a free translation from the original Romanian version.



STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2023

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

	<u>Note</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ASSETS			
Non-current assets			
Property, plant and equipment	14	106,808,714	102,490,667
Investment property	15	10,857,912	9,883,738
Intangible assets	16	809,486	330,920
Financial assets	17	460,593	20,608,559
Total non-current assets		<u>118,936,705</u>	<u>133,313,884</u>
Current assets			
Inventories	18	30,951,095	29,963,708
Trade and other receivables	19	55,388,563	63,653,763
Taxes recoverable		-	-
Other current financial assets	20	5,929,217	42,738,851
Other current non-financial assets	21	546,177	3,864,347
Cash and cash equivalents	22	29,382,496	2,772,709
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		<u>122,197,548</u>	<u>142,993,378</u>
Non-current assets held for sale	23	-	3,760,155
Total current assets		<u>122,197,548</u>	<u>146,753,533</u>
Total assets		<u>241,134,253</u>	<u>280,067,417</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	52,824,419	26,412,210
Retained earnings	25	32,593,737	70,732,989
Share premiums		2,182,283	2,182,283
Other reserves	26	63,215,703	60,895,475
Total equity		<u>150,816,142</u>	<u>160,222,957</u>
Non-current liabilities			
Other provisions		1,117,000	1,000,000
Total non-current provisions		<u>1,117,000</u>	<u>1,000,000</u>
Deferred tax liabilities	13	7,477,700	7,780,659
Other non-current financial liabilities	27	7,283,273	4,044,764
Deferred income	28	5,361,210	7,475,188
Total non-current liabilities		<u>20,122,183</u>	<u>19,300,611</u>

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.

This is a free translation from the original Romanian version.



STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2023

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

	<u>Note</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current liabilities			
Trade and other payables	29	24,772,724	48,060,899
Other current financial liabilities	27	38,178,595	45,859,692
Other current non-financial liabilities	28	6,127,609	5,623,258
Total current liabilities		69,078,928	99,543,849
Total liabilities		90,318,111	119,844,460
Total equity and liabilities		241,134,253	280,067,417

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2023
 (all amounts are expressed in lei, unless specified otherwise)

	Share capital	Share premiums	Revaluation reserves	Legal reserves	Other reserves	Retained earnings	Total
January 1, 2022	26,412,210	2,182,283	38,708,540	4,176,971	15,656,697	47,008,179	134,144,881
Net profit of the period	-	-	-	-	-	51,471,690	51,471,690
Statement of comprehensive income	-	-	1,018,596	-	-	-	1,018,596
Total comprehensive income	-	-	1,018,596	-	-	51,471,690	52,490,286
Dividends declared	-	-	-	-	-	(26,412,210)	(26,412,210)
Net profit of the period	-	-	-	-	-	51,471,690	51,471,690
Transfer to reserves	-	-	-	1,105,471	862,410	-1,967,881	-
Transfer of revaluation reserves to retained earnings	-	-	-633,211	-	-	633,211	-
December 31, 2022	26,412,210	2,182,283	39,093,925	5,282,442	16,519,107	70,732,989	160,222,957

In 2022, the Company distributed dividends in amount of lei 26,412,210.

The Resolution of the General Meeting of Shareholders of 08.06.2022 approved the allocation of dividends in amount of lei 2,641,221. The amount was transferred entirely to the Central Depository in order to pay the dividends owed to shareholders.

The Resolution of the General Meeting of Shareholders of 22.11.2022 approved the allocation of dividends in amount of lei 23,770,989. In December 2022, RON 7,775,757 was transferred to the Central Depository to pay part of the dividends. The difference was transferred to the Central Depository at the beginning of January 2023.

The total amount of lei 16,519,107 (Other reserves) is not subject to distributions to other purposes.

Further to the sale of some investment property, the Company adjusted the deferred tax related to fiscally non-deductible revaluation reserves by lei 273,332. The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

ADMINISTRATOR
HUANG LIANG NENG

FINANCIAL MANAGER
VIORICA ZAINESCU

DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.
This is a free translation from the original Romanian version.



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2023

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

	Share capital	Share premiums	Revaluation reserves	Legal reserves	Other reserves	Retained earnings	Total
January 1, 2023	26,412,210	2,182,283	39,093,925	5,282,442	16,519,107	70,732,989	160,222,957
Net profit of the period	-	-	-	-	-	3,313,809	3,313,809
Statement of comprehensive income	-	-	485,482	-	-	-	485,482
Total comprehensive income	-	-	485,482	-	-	3,313,809	3,799,291
Dividends declared	-	-	-	-	-	(13,206,105)	(13,206,105)
Transfer to reserves	-	-	-	165,690	3,148,119	(3,313,809)	-
Transfer of revaluation reserves to retained earnings	-	-	(1,479,062)	-	-	1,479,062	-
Increase of share capital	26,412,209	-	-	-	-	(26,412,209)	-
December 31, 2023	52,824,419	2,182,283	38,100,345	5,448,132	19,667,226	32,593,737	150,816,142

At the Ordinary General Meeting of Shareholders of Romcarbon SA of 27.04.2023, the Company approved the allotment of dividends worth lei 13,206,104.80. The amount was fully transferred to the Central Depository for paying the dividends due to shareholders.

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022.

In 2023, the Company distributed the amount of lei 13,206,105 to the income obtained in 2022, as per the OGMS of 27.04.2023.

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.
This is a free translation from the original Romanian version.



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**FOR THE PERIOD ENDED DECEMBER 31, 2023****(all amounts are expressed in lei, unless specified otherwise)**

At December 31, 2023, the legal reserve was established, according to article 183 of Law 31/1990, revised, which provides: "From the company's profit, at least 5% shall be subtracted each year for the establishment of the reserve fund, until it reaches at least one fifth of the share capital", in amount of lei 165,690.

At December 31, 2023, the total legal reserve set up is in amount of lei 5,448,132.

Also at the end of 2023, the amount of lei 3,148,119 (representing profit tax exempt profit, less the portion related to the legal reserve) was distributed to "Other reserves" (According to article 22: Tax Exemption for Reinvested Profit, as per Law 227/2015 in conjunction with GD 1/2016 on the Fiscal Code with the Application Rules).

The adjustment of deferred tax on fiscally non-deductible revaluation reserves is explained in Note 13.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**



STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)

	2023	2022
Net profit/(loss) for the year	3,313,809	51,471,690
Income tax expense / (income)	-	870,654
Deferred income tax expense / (income)	182,523	41,417
Non-current asset depreciation/(impairment)	9,392,805	9,609,158
Provisions for untaken leaves	117,000	600,000
(Gain) / Loss on sale of fixed assets	-	(915,621)
(Gain) / Loss on changes in fair value of investment property	(974,174)	(170,996)
(Gain) / Loss on disposal of investment property	-	(1,191,307)
(Gain) / Loss on revaluation of property, plant and equipment	-	1,370,104
(Gain) / Loss on the disposal of assets held for sale	(3,992,451)	-
Gains on internal set-up of fixed assets	(288,092)	(9,793)
Expenses / (Revenues) regarding value adjustments for clients and inventories	83,148	(54,640)
Loss on receivables and sundry debtors	54,865	54,270
Expenses / (Revenues) regarding allowances for financial assets	-	-
Interest expense and bank charges	2,081,299	1,574,050
Interest income	(983,890)	(316,730)
Income from dividends	-	(46,745,700)
Income from subsidiaries	(2,113,978)	(2,206,664)
Unrealised foreign exchange gain / (loss)	(2,402,662)	(274,153)
Movements in working capital:		
(Increase) / Decrease in trade and other receivables	8,975,358	(6,316,831)
(Increase) / Decrease in inventories	(1,119,740)	(2,261,553)
(Increase) / Decrease in other assets	3,078,170	(3,571,403)
Increase / (Decrease) in trade payables	(7,989,155)	(4,846,357)
Increase / (Decrease) in other liabilities	504,351	1,751,137
Cash from/(used in) operating activities	7,919,187	(1,539,268)
Income tax paid	(619,612)	(1,015,734)
Interest and bank charges paid	(2,081,299)	(1,574,050)
Net cash from/(used in) operating activities	5,218,276	(4,129,052)
Cash flows from investing activities:		
Interest received	983,890	316,730
Payments for tangible assets	(13,307,466)	(5,756,882)
Proceeds from sale of investment property	-	2,373,151
Proceeds from sale of tangible and intangible assets	-	915,615
Proceeds from sale of assets held for sale	7,752,606	-
Proceeds from sale of subsidiaries	-	912,179
Payments for assets held for sale	-	-
Payments for short-term financial investments	(2,529,566)	-
Related party loans granted	-	-
Payments for financial assets	-	(1,000)
Payments for intangible assets	(593,862)	(153,219)
Proceeds on financial investments	23,061,548	-
Dividends received	39,418,400	7,166,500
Net cash generated by investing activities	54,785,550	5,773,074

The accompanying notes are integral part of these separate financial statements in accordance with IFRS.
This is a free translation from the original Romanian version.



STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)

	<u>2023</u>	<u>2022</u>
Cash flows from financing activities:		
<i>Repayments of banks loans</i>	(10,135,786)	(16,545,858)
Drawdowns of loans	5,693,199	15,543,031
Proceeds from loans to affiliates	-	-
Dividends paid	(28,951,452)	(10,666,862)
Proceeds from subsidies	-	-
Net cash generated by/(used in) financing activities	<u>(33,394,039)</u>	<u>(11,669,689)</u>
Net increase/(decrease) in cash and cash equivalents	<u>26,609,787</u>	<u>(10,025,667)</u>
Cash and cash equivalents at the beginning of the year	<u>2,772,709</u>	<u>12,798,377</u>
Cash and cash equivalents at the end of the year	<u>29,382,496</u>	<u>2,772,710</u>

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

ADMINISTRATOR
HUANG LIANG NENG

FINANCIAL MANAGER
VIORICA ZAINESCU

DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA



NOTES TO THE SEPARATE FINANCIAL STATEMENTS**FOR THE PERIOD ENDED DECEMBER 31, 2023****(all amounts are expressed in lei, unless specified otherwise)****1. GENERAL INFORMATION**

ROMCARBON S.A. (the "Company") has its main office in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. The Company's shares are traded on the BSE, and its main shareholders as at December 31, 2023 are Living Plastic Industry S.A., Joyful River Limited Loc. Nicosia – Cyprus, other natural persons.

The Company's main field of activity is the manufacture of plastic.

2. MAIN ACCOUNTING POLICIES**Statement of compliance**

The separate financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") in force on the reporting date and in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented.

Basis of preparation

These separate financial statements of the Company were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. December 31, 2023 and in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and supplemented. Such provisions are consistent with the requirements of the International Financial Reporting Standards adopted by the European Union.

The separate financial statements were prepared at historical cost adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves. NSC Order 13/2011 on the approval of accounting regulations in accordance with the Fourth Directive of the European Economic Community applicable to entities authorised, regulated and supervised by the National Securities Commission provides the preparation of financial statements at historical cost.

Given Commission Delegated Regulation (EU) 2018/815 (hereinafter referred to as ESEF RTS) which provides for a single electronic reporting format (ESEF) where all financial reporting is done, the Company deemed necessary to align the presentation of comprehensive income and financial position to the ESEF taxonomy.

The Company has the obligation to prepare separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Romcarbon group, which includes Romcarbon S.A. and its subsidiaries, will prepare a set of consolidated financial statements in accordance with IFRS as adopted by EU, for the financial year ended December 31, 2023, which will be published in accordance with the legislation in force.

The separate financial statements were prepared on the going concern basis. The separate financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for the transition to IFRS as adopted by EU.

The main accounting policies are described hereinafter.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)

Basis of preparation of the separate financial statements

These financial statements are Separate financial statements prepared in accordance with IAS 27. According to this standard, separate financial statements are the statements disclosed by a parent, by an investor in an associate or by an associate in a jointly controlled entity, where investment is accounted for based on the direct participation in equity rather than the reported results and net assets of investees.

The financial statements of an entity that does not have a subsidiary, associate or interest in a jointly controlled entity are not separate financial statements.

When an entity prepares separate financial statements, investments in subsidiaries, jointly controlled entities and associates must be accounted for either:

- a. at cost, or
- b. in accordance with IFRS 9.

The Company presents investments in associates at cost. Given the transition to IFRS 9, while, prior to the initial application of IFRS 9, the Company accounted for such investments as per IAS 27.10a or IAS 27.10c (cost or equity method), the same accounting treatment is applied after the transition to IFRS 9. Thus, they continue to be accounted for at cost.

An entity must recognize in its separate financial statements dividends from a subsidiary, jointly controlled entity or associate when the entity's right to receive such dividend is established.

The Company's direct holdings as at December 31, 2023 and December 31, 2022 in subsidiaries or associates, which were not consolidated in these separate financial statements, are presented in Note 29. Investments in such subsidiaries or associates were disclosed in these separate financial statements at cost.

The Company will issue for 2023 consolidated financial statements in accordance with IFRS as adopted by the European Union.

New IFRS accounting standards and amendments to the existing standards, that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IFRS 17 Insurance Contracts	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

* the exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

2. MAIN ACCOUNTING POLICIES (continued)

New IFRS accounting standards and amendments to the existing standards, that are effective for the current year

At the date of authorisation of these financial statements, the Company has not applied the following revised IFRS Accounting Standards that have been issued but are not yet effective:

Standard	Title	IASB effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024

New IFRS accounting standards and amendments to the existing standards, but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at December 31, 2023:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 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 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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



2. MAIN ACCOUNTING POLICIES (continued)**APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS**

- **IFRS 17 “Insurance Contracts”** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback** issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- **Amendments to IFRS 17 “Insurance contracts” - Initial Application of IFRS 17 and IFRS 9 – Comparative Information** issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure of Accounting Policies** issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.
- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates** issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction** issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 “Income Taxes” - International Tax Reform – Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.



2. MAIN ACCOUNTING POLICIES (continued)

- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **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** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Income recognition***IFRS 15 Revenues from contracts with customers***

The Company has applied IFRS 15 for the first time effective from January 1, 2018.

Revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services. Income is recognized at the fair value of the services rendered or the goods delivered, net of VAT, excise duties and other sales taxes.



2. MAIN ACCOUNTING POLICIES (continued)

IFRS 15 "Revenue from contracts with customers"

IFRS 15 "Revenue from contracts with customers" introduces a comprehensive model for the recognition and measurement of income. The standard replaces the income recognition criteria, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services.

Being permitted by the standard, the Company adopted IFRS 15 as of January 1, 2018 using the revised retrospective method with cumulative adjustments from the initial application recognized as at 1 January 2018 in equity and without altering the figures for prior periods. Initial application has no impact on the Company's retained earnings.

Income is measured at the fair value of amounts received or receivable. Income is reduced by the value of returns, commercial rebates and other similar costs.

Sale of goods

Income from sale of goods is recognized when the following conditions are met:

- The Company has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The value of the income can be measured reliably.

Rental income is recognized on an accrual basis, in accordance with the economic substance of the related contracts.

Dividend and interest income

Income from dividends related to investments is recognized when the shareholders' right to receive them is established.

Interest income is recognized on a timely basis, by reference to the outstanding capital and the actual applicable interest rate, which is the exact discount rate of future cash received estimated throughout the life of the financial asset, within the limit of the net book value of such asset.

Income from services provided

Income from the provision of services is recognized if it can be reliably measured.

The income associated with the transaction must be recognized according to the stage of execution of the transaction at the balance sheet date. The outcome of a transaction can be reliably estimated when all of the following conditions are met:

- a. the amount of income can be reliably assessed;
- b. it is likely that the economic benefits associated with the transaction will flow to the Company;
- c. the stage of completion of the transaction at the end of the reporting period can be reliably assessed; and
- d. the costs incurred for the transaction and the costs of completing the transaction can be reliably measured.

When the outcome of a transaction involving the provision of services cannot be reliably estimated, the income should be recognized only within the limit of the recognized recoverable expenses.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS**FOR THE PERIOD ENDED DECEMBER 31, 2023**

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

2. MAIN ACCOUNTING POLICIES (continued)**Foreign currency transactions**

The Company operates in Romania and its functional currency is the Romanian leu.

When preparing the financial statements of individual entities and the Company, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured at historical cost in a foreign currency are not translated again.

Foreign exchange differences are recognized in profit or loss as they arise.

The official translation rates to convert the balance sheet lines expressed in foreign currency at the end of reporting periods were as follows:

- December 31, 2019: lei 4.2608/ USD 1 and lei 4.7793 / EUR 1
- December 31, 2020: lei 3.9660/ USD 1 and lei 4.8694 / EUR 1
- December 31, 2021: lei 4.3707/ USD 1 and lei 4.9481/ EUR 1
- December 31, 2022: lei 4.6346/ USD 1 and lei 4.9474/ EUR 1
- December 31, 2022: lei 4.4958/ USD 1 and lei 4.9746/ EUR 1

Costs related to long-term borrowings

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale. Income from temporary investments from borrowings, until such borrowings are spent on assets, is deducted from the costs related to long-term borrowings eligible for capitalization.

All the other borrowing costs are recognized in the income statement as incurred.

Government subsidies

Government subsidies are not recognized until there is reasonable assurance that the Company will comply with the conditions of such subsidies and the subsidies are received.

Government subsidies whose main condition is that the Company acquire, build or otherwise obtain non-current assets are recognized as deferred income in the balance sheet and are transferred to the income statement systematically and rationally throughout the useful life of such assets.

Other Government subsidies are systematically recognized as income in the same period as the costs they are intended to offset. Government subsidies received as compensation for expenses or losses already recorded or intended to grant immediate financial support to the Company, without future related costs, are recognized in the income statement when they become due.

Employee contributions

The Company makes payments to the State budget for social insurance, pension and unemployment benefits at the rates provided by law and in force during the year, calculated based on gross salaries. The cost of these contributions is charged to the income statement in the same period as the related salary costs.

The Company does not pay its employees retirement benefits, as per the Company's collective labour agreement.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)**

2. MAIN ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Provisions for taxes and levies

As at December 31, 2023 the Company's separate financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Company's winding up.

The Company's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Company must register an income tax liability in connection with such reserves. These financial statements do not include such provision for deferred income related to such reserves.

Deferred tax

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except if the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary deductible differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set them off similarly to current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)**

2. MAIN ACCOUNTING POLICIES (continued)

Current and deferred tax for the period

Current and deferred taxes are recognized as expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered when calculating goodwill or when determining the excess of the acquirer's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company on cost.

Property, plant and equipment

Land and buildings held to be used in the production or delivery of goods or services or for administrative purposes are recorded in the balance sheet at fair value, less the subsequently accumulated depreciation and accumulated impairment losses.

The Company conducted a valuation of land and buildings based on a valuation report issued by a professional valuator, in order to determine the fair value thereof as at the balance sheet date. The revaluations are made with sufficient regularity so that the book value should not differ substantially from that determined using the fair value at the end of the reporting period. The increases in the book values of tangible assets further to valuation were credited to Revaluation reserves under Equity. The last revaluation of tangible assets in the form of land and buildings was registered as at December 31, 2022. Revaluation reserves are fiscally deductible as of 2004.

Gains and losses on the sale or disposal of an asset are determined as difference between income from the asset sale and their net book value. Gains and losses are recognized in the Income Statement.

The buildings' depreciation is charged to the income statement.

Assets under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost. Depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready for their intended use.

Plant and equipment are recorded in the balance sheet at historical cost less the subsequently accumulated depreciation and accumulated impairment losses.

Depreciation is registered so as to diminish the cost other than the cost of land and buildings under construction, throughout their estimated useful life, on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The expenses incurred with significant improvements are capitalized, if such extend the service life of the fixed asset or lead to a significant increase in its capacity to generate income. The costs incurred with maintenance, repairs and minor improvements are charged against expenses as incurred.

Subsequent expenses

Expenses incurred with replacing a component of a plant, property and equipment item, which is accounted separately, is capitalized, and the carrying amount of the initial component is written off. Other subsequent expenses are capitalized only when they generate future economic benefits by virtue of the use of such non-current asset. All other expenses are accounted for in the income statement as expenses as they are incurred.

Assets held under finance lease are depreciated over their useful life, similarly to assets held or, if the lease is shorter, throughout such lease term.

Losses or gains from selling or disposing a tangible asset are computed as difference between sale revenues and the net book value of the asset and are recognized in the income statement.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

2. MAIN ACCOUNTING POLICIES (continued)

Subsequent expenses (continued)

The following useful lives are used in the depreciation calculation:

- Buildings	5 – 45 years
- Plant and equipment	3 – 20 years
- Other installations, office equipment	3 – 30 years
- Vehicles in finance lease	5 – 6 years

Intangible assets

Intangible assets acquired separately

Intangible assets with definite useful life which are acquired separately are accounted at cost less accumulated amortization and impairment. Amortization is calculated on a straight-line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period. Intangible assets with indefinite useful lives, which are acquired separately, are accounted at cost less cumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are 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 asset for which the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)****Investment property**

Investment property are properties held to earn rentals and/or for future capital appreciation. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value each year. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

The Company classifies a property (land or building and land) as investment property when:

- a. it is held for future capital appreciation;
- b. at least 50% of its total useful surface area is rented; or
- c. it is not used in the Company's administrative or productive activity and less than 50% of its total useful surface area is/is not rented.

Since the Company discloses at the balance sheet date the investment property using the fair value model, buildings in this category are not depreciated.

Assets held for sale

Assets held for sale are represented by real estate held by the Company, which forms the object of a selling plan as at the date of the separate financial statements. Such assets are not depreciated and are carried at the lower of carrying amount and fair value, less costs to sell and are presented separately in the separate financial statements. Resulting gains and losses are included in profit or loss as they arise.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale. Upon write-off, inventories are valued using the average weighted cost method.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognized as provision is the best estimate of the required amount to settle the obligation at the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle the current obligation, then the carrying value is the current value of such cash flows.

Fair value measurement according to IFRS 13

A number of assets and liabilities included in the Company's financial assets require measurement and/or disclosure at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The definition of fair value underlines that fair value is a market-based evaluation, not a company-specific value.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)**

2. MAIN ACCOUNTING POLICIES (continued)

Fair value measurement according to IFRS 13 (continued)

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements except for the following cases:

- a) share-based payment transactions within the scope of IFRS 2
- b) leasing transactions within the scope of IFRS 16
- c) measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2
- d) plan assets measured at fair value in accordance with IAS 19
- e) retirement benefit plan investments measured at fair value in accordance with IAS 26
- f) assets for which recoverable amount is fair value less costs of disposal in accordance with IAS 36

Fair value hierarchy – in order to improve the consistency and comparability of fair value measurements and related disclosures, this hierarchy is classified into 3 levels:

1. Level 1 inputs – quoted prices (not adjusted) on active markets for identical assets or liabilities, to which the Company has access at the measurement date
2. Level 2 inputs – inputs other than the quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly
3. Level 3 inputs– inputs for assets or liabilities that are not based on observable inputs

Warranties

Provisions for warranties are recognized on the selling date of the products, according to the managements' best estimate regarding the expenditure required to settle the Company's obligation.

Financial assets and liabilities

The Company applies IFRS 9 - Financial Instruments that came into effect starting January 1, 2018 and uses for the classification of financial assets, the business model of the entity and the cash flow characteristics of the financial asset under the contract.

Classification of financial assets

According to IFRS 9 Financial Instruments, the financial assets are classified into:

1. *financial asset measured at depreciation cost if both conditions below are met:*
 - the financial asset is held in a business model whose objective is to hold the financial assets to collect the contractual cash flows, and
 - the contractual terms of the financial asset generate at certain dates cash flows that are exclusively payments of principal and interest related to the principal owed.
2. *financial asset measured at fair value through other comprehensive income if both conditions below are met:*
 - the financial asset is held in a business model whose objective is met both through the collection of contractual cash flows and sale of financial assets, and
 - the contractual terms of the financial asset generate at certain dates cash flows that are exclusively payments of principal and interest related to the principal owed
3. *a financial asset measured at fair value through profit or loss, unless measured at depreciation cost in accordance with point or at fair value through other comprehensive income in accordance with item*



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)**

2. MAIN ACCOUNTING POLICIES (continued)

Classification of financial assets (continued)

Except for trade receivables that fall under IFRS 15, a financial asset or a financial liability is initially measured at fair value and, in the case of a financial asset or financial liability that is not stated at fair value through profit or loss, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the subsequent valuation of financial assets is performed at:

- depreciation cost
- fair value through other comprehensive income or
- fair value through profit or loss

Financial assets comprise shares held in subsidiaries, associates and jointly controlled entities, loans to these entities, other investments held as property, plant and equipment and other loans.

The Company presents investments in associates at cost. Given the transition to IFRS 9, while, prior to the initial application of IFRS 9, the Company accounted for such investments as per IAS 27.10a or IAS 27.10c (cost or equity method), the same accounting treatment is applied after the transition to IFRS 9. Thus, they continue to be accounted for at cost.

The Company's financial assets include cash and cash equivalent, trade receivables and long-term investments. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts, trade liabilities and other liabilities. For each element, the accounting policies on recognition and measurement are presented in this note. The management considers that the estimated fair values of such instruments approximate their carrying values.

Borrowings are initially recognized at fair value less costs incurred with such operation. Subsequently, they are registered at depreciation cost. Any difference between the entry value and the repayment value is recognized in the income statement over the term of the loan, using the effective interest method.

Financial instruments are classified as liabilities or equity according to the substance of the contractual arrangements. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or income. Distributions to equity holders are directly recorded to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on net basis, or to realize the asset and simultaneously write off the obligation. The classification of investments depends on their nature and scope and is determined on the initial recognition date.

Financial assets available for sale (AFS)

Shares held in an unlisted capital instruments are classified as AFS and are registered at fair value. Gains and losses arising from changes in fair value are directly recognized in equity, in investment revaluation reserves, except for impairment losses, interest calculated using the effective interest method and gains and losses from the exchange rate of monetary assets, which are recognized directly in profit and loss. If the investment is sold or it is found impaired, then the gain or loss previously cumulated previous recognized in the investment revaluation reserve, is included in the profit and loss of the period.

Dividends from AFS capital instruments are recognized in profit and loss when the Company's right to receive them is established.

Impairment of financial assets

Financial assets, other than the ones recognized at fair value through the profit and loss account, are measured for impairment on each balance sheet date.

Financial assets are impaired when there is objective evidence that one or more of the events occurring after initial recognition have affected future cash flows related to the investment.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)****2. MAIN ACCOUNTING POLICIES (continued)*****Impairment of financial assets (continued)***

For shares available for sale, a significant or extended decline of the fair value of the security below its cost is considered objective evidence of impairment.

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impairable, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Company's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with the expected credit loss.

The carrying value of a financial asset is reduced by impairment loss, directly for all financial assets, except for trade receivables, in which case the carrying value is reduced by using a provision account. If a receivable is considered non-recoverable, it is eliminated and deducted from the provision. Subsequent recoverable of amounts previously eliminated are credited in the provision account. Changes in the carrying value of the provision account are recognized in the profit and loss account.

Derecognition of assets and liabilities

The Company derecognizes financial assets only when the contractual rights over cash flows related to the assets expire; or when it transfers the financial asset and substantially all risks and rewards related to the asset to another entity.

The Company derecognizes financial liabilities when and only when the Company's liabilities have been paid, written off or expired.

Earnings per share

IAS 33 - Earnings per share provides that, if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is based on consolidated disclosures only. If it chooses to disclose earnings per share based on its separate financial position, it must disclose such information on earnings per share only in the statement of comprehensive income.

The Company has chosen to disclose earnings per share in these separate financial statements, based on the separate comprehensive income.

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Comparatives

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous year ended.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

An analysis of the Company's income for December 31, 2023 is presented below:

Revenues:	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Income from sale of finished products	154,582,594	184,817,209
Income from sale of commodities	51,810,694	69,489,961
Income from services delivered	425,122	721,836
Income from other activities	7,412,444	7,772,048
Total	214,230,854	262,801,054

Segment reporting:

Income by geographical areas:	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Sales on domestic market (Romania)	179,724,754	209,141,888
Sales on foreign market (Europe)	34,391,223	53,511,315
Other (China, Israel, Taiwan, Panama)	114,877	147,851
Total	214,230,854	262,801,054

Segment income and profit	Segment income Financial year ended		Segment profit Financial year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Polyethylene + polystyrene + polypropylene plastics	111,413,523	131,264,950	18,403,121	17,621,911
Compound recycled products	39,128,957	51,224,339	(2,544,318)	5,925,723
Other productive sectors	6,388,942	9,569,410	1,000,677	3,039,222
Income from sale of commodities and other activities	57,299,430	70,742,355	1,307,458	2,678,408
Total operating income	214,230,852	262,801,054	18,166,938	29,265,264
Income from investments	-	-	4,050,334	46,745,700
Administrative and salary expenses	-	-	(19,042,303)	(22,053,153)
Finance expenses	-	-	321,363	(1,574,050)
Profit/(Loss) before tax	-	-	3,496,332	52,383,761



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

3. REVENUES (continued)

The decrease of income from sales of finished products and sale of merchandise is due to the significant decrease of demand on the markets we operate on, because the consumers' behaviour changed, but also because of the economic crisis nation-wide and at European level, as well as decreasing prices of raw materials. As regards recycled polymers and compounds, the reduction in revenues was also caused by production interruptions as a result of equipment defects.

Plastics include income obtained by the Company from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (expanded polystyrene trays - standard and catering, expanded polystyrene boards for floor insulation), etc.

Other productive sectors include income obtained by the Company from selling auto and industrial filters, respiratory protection equipment, activated charcoal, PVC pipes and tubes, recycled PVC bases for traffic signs.

Compounds include income obtained by the Company from selling plastic compounds made of virgin polymers and compounds and re-granulated materials made of recycled polymers.

Other activities include income obtained from other activities representing sales of commodities, rentals and other services delivered.

	Asset segment		Liability segment	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Asset and liability segment				
Polyethylene + polystyrene + polypropylene plastics	84,071,453	65,054,746	38,811,688	51,515,885
Compound recycled products	71,663,622	63,779,647	19,511,282	27,169,848
Other productive sectors	7,461,197	6,944,547	2,338,497	3,933,022
Commercial assets, real estate and financial investments and other assets	77,937,981	144,288,477	29,656,643	37,225,705
Total assets/liabilities	241,134,253	280,067,417	90,318,111	119,844,460
			Segment of non-current assets additions*	
	Depreciation segment Financial year ended		Financial year ended	
Depreciation and of non-current assets additions	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Polyethylene + polystyrene + polypropylene plastics	2,852,771	2,727,250	5,694,647	1,062,707
Compound recycled products	5,128,315	5,615,091	1,947,399	22,554
Other productive sectors	325,239	312,537	-	73,102
Other activities	1,086,480	954,280	1,026,026	2,514,957
Total	9,392,805	9,609,158	8,668,071	3,673,320

* Segment of non-current assets additions represents inflows of fixed assets during the year and does not include inflows from purchases of subsidiaries.

The client portfolio related to the company's production is diverse; it does not depend on certain clients. Nevertheless, as regards the sale of commodities, S.C Romcarbon SA has two clients (Kasakrom Chemicals SRL and LivingJumbo Industry SA). From the relation with such clients, the Company registered in 2023 a turnover of 8% and 14% of total turnover. Sales to LivingJumbo Industry SA in 2023 also contained sales of finished goods, rental of production spaces and income from other activities, which account for 6% of the turnover.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

4. OTHER INCOME

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Income from lease of investment property	2,190,008	2,247,585
Income from subsidies	2,113,978	2,206,664
Total	4,303,986	4,454,249

5. RAW MATERIALS AND CONSUMABLES USED

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Raw materials	67,797,533	98,571,000
Commodities sold	52,187,319	68,877,852
Energy expenses	21,380,901	24,906,555
Consumables	7,411,087	6,710,377
Total	148,776,840	199,065,784

The decrease of expenses with raw materials is the result of a decrease of prices of raw materials for plastic compounds and is correlated to the decrease of income from sales of finished products.

6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Salaries	43,421,287	39,228,096
Social contributions	1,017,846	932,665
Meal tickets	2,672,410	2,152,099
Total	47,111,543	42,312,860

The increase of expenses with salaries is mainly due to the increase of the minimum salary at national level of 29.41% in 2023 (lei 3,300) compared to 2022 (lei 2,550). In 2023, 729 employees benefitted from salary growths, further to the increase of the minimum salary.



6. EMPLOYEE BENEFITS EXPENSES AND SOCIAL CHARGES (continued)
Indemnities granted to top management

The remuneration of managers and other top management members was the following:

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Management salaries	2,450,764	2,634,715
Benefits for Board of Directors	21,138	19,731
Total	2,471,902	2,654,446

The remuneration of managers and executive personnel is determined depending on individual performances and market conditions.

As of March 2020, the members of the Board of Administration of Romcarbon are not remunerated, only for the position of secretary of the Board of Administration there is a monthly remuneration.

7. DEPRECIATION/AMORTIZATION AND IMPAIRMENT EXPENSES

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Total amortization expenses , of which:	9,392,805	9,609,158
Depreciation of property plant and equipment	9,277,508	9,492,376
Amortization of intangible assets	115,297	116,782
Financial assets impairment	-	-
Total	9,392,805	9,609,158



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

8. OPERATING EXPENSES

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Expenses with transport and logistics	4,973,305	5,645,391
Other expenses with third party services*	7,233,353	7,475,559
Protocol and marketing	163,251	158,704
Expenses with repairs	1,548,013	1,638,592
Taxes and levies	1,232,529	1,194,286
Losses on receivables	54,865	54,270
Expenses with insurances	431,948	383,444
Expenses with postal charges and telecommunications	105,887	113,427
Expenses with travels	199,536	120,009
Expenses with rentals	174,329	228,948
Expenses with commissions and fees	-	45,206
Expenses with fines and penalties	44,048	41,394
Other expenses	308,669	1,764,554
Total	16,469,733	18,863,784

(*) Other expenses with third party services include transport, legal advisory services, financial audit, security, occupational medicine, IT services etc.

In 2023, the audit services contracted by the Company with Deloitte Audit SRL amounted to euro 68,000 (euro 66,200 in 2022).

9. OTHER GAINS AND LOSSES

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Income from penalties charged	12,750	7,009
Gain / (Loss) on sale of non-current assets	-	915,621
Gain / (Loss) on adjustment of investment property at fair value**	974,174	42,412
Gain / (Loss) on disposal of investment property	3,992,451	1,191,307
Gain / (Loss) on disposal of financial investments	57,882	-
Gain / (Loss) on changes in inventory	(200,148)	(545,360)
Other gains*	84,525	158,869
Total	4,921,633	1,769,858

(**) At December 31, 2023, the Company carried out the revaluation of its investment property held at the end of the year, which resulted in an increase of net value of lei 974,174, which was registered in the result for the year – see note 15.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

10. FINANCE INCOME

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Interest income on bank deposits	983,890	316,730
Dividends from equity investments	-	46,745,700
Gains from FX differences	2,402,662	274,153
Total	3,386,552	47,336,583

On 16.12.2022, the Company registered interim dividends in amount of RON 46,745,700 (EUR 9,500,000) in accordance with the GMS decision of RECYPLAT Ltd., further to Company's investment in such entity. EUR 1,500,000 was received in December 2022, and the remaining EUR 8,000,000 was received in January 2023.

11. FINANCE COSTS

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Bank interest and leases expenses	1,807,462	1,286,399
Gains / (Losses) on foreign exchange differences	-	-
Bank commissions and assimilated charges	273,837	287,651
Total	2,081,299	1,574,050

12. EXPENSES WITH IMPAIRMENT OF FINANCIAL ASSETS

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Gains/(Loss) on impairment of financial assets	-	-
Total	-	-



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

13. INCOME TAX

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Income tax expenses		
Current income tax expense	-	870,654
Deferred income tax expense / (income)	182,523	41,417
Total	182,523	912,071

The tax rate applied for the reconciliation above related to 2023 and 2022 is 16% and is due by all Romanian legal persons.

The total expense of the year may be reconciled with the accounting profit as follows:

Reconciliation of actual income tax rate	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Gross income before taxation	3,496,332	52,383,761
Tax calculated according to the 16% rate	559,413	8,381,402
Effect of non-taxable income	(158,725)	(8,160,016)
Effect of non-deductible expenses	158,883	330,354
Effect of temporarily non-deductible expenses / deferred tax	182,523	41,417
Deductions related to reinvested profit	(559,572)	318,914
Total	182,523	912,071

Components of deferred tax liabilities	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Trade and other receivables	(126,436)	(131,947)
Inventories	(295,725)	(274,549)
Investment property	426,586	228,397
Property, plant and equipment	7,473,276	7,958,757
Recognised income tax liabilities	7,477,700	7,780,659
of which deferred tax on revaluation reserves from comprehensive income	7,473,276	7,958,758

	Financial year ended December 31, 2023	Financial year ended December 31, 2022
Opening balance as at January 1	7,780,659	8,012,574
Movement from revaluation reserves Recognised in income statement	(485,482) 182,523	(273,332) 41,417
Closing balance as at December 31	7,477,700	7,780,659



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

14. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
COST						
Balance as at January 1, 2023	43,567,512	18,836,122	118,584,958	867,555	4,486,490	186,342,638
Additions, of which	-	1,898,259	6,726,386	43,426	13,644,619	22,312,690
Transfers	-	1,898,259	6,726,386	43,426	-	8,668,071
Revaluation increases	-	-	-	-	-	-
Disposals, of which	-	-	(450,902)	(17,138)	(8,668,071)	(9,136,111)
Transfers	-	-	-	-	(8,668,071)	(8,668,071)
Revaluation decreases	-	-	-	-	-	-
Balance as at December 31, 2023	43,567,512	20,734,382	124,860,442	893,843	9,463,038	199,519,217
Balance as at January 1, 2022	44,725,838	20,892,549	120,314,075	760,217	2,017,738	188,710,417
Additions, of which	-	3,214,546	2,238,321	114,419	6,142,196	11,709,483
Transfers	-	1,320,580	2,238,321	114,419	-	3,673,321
Revaluation increases	-	1,893,966	-	-	-	1,893,966
Disposals, of which	(1,158,326)	(5,270,973)	(3,967,438)	(7,081)	(3,673,444)	(14,077,262)
Transfers	-	-	-	-	(3,673,321)	(3,673,321)
Revaluation decreases	(1,158,326)	(5,217,502)	-	-	-	(6,375,828)
Balance as at December 31, 2022	43,567,512	18,836,122	118,584,958	867,555	4,486,490	186,342,638



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress and advances</u>	<u>Total</u>
CUMULATED DEPRECIATION						
Balance as at January 1, 2023	-	-	83,355,744	496,228	-	83,851,971
Expenses with depreciation	-	1,354,578	7,867,386	55,544	-	9,277,508
Decrease from sale of assets	-	-	(401,838)	(17,138)	-	(418,976)
Revaluation decreases	-	-	-	-	-	-
Balance as at December 31, 2023	-	1,354,578	90,821,291	534,634	-	92,710,503
Balance as at January 1, 2022	-	2,603,514	79,089,008	450,021	-	82,142,543
Expenses with depreciation	-	1,279,351	8,162,588	50,438	-	9,492,376
Decrease from sale of assets	-	-	(3,895,852)	(4,230)	-	(3,900,082)
Revaluation decreases	-	(3,882,865)	-	-	-	(3,882,865)
Balance as at December 31, 2022	-	-	83,355,744	496,228	-	83,851,971
NET BOOK VALUE						
As at December 31, 2023	43,567,512	19,379,804	34,039,151	359,209	9,463,038	106,808,714
As at December 31, 2022	43,567,512	18,836,122	35,229,215	371,327	4,486,490	102,490,667

Additions of fixed assets in 2023 in amount of lei 8,668,071 were mainly intended for working tools and installations for the production activity.

As at December 31, 2022 the Company revalued tangible assets from the land and buildings category using the services of an independent valuer, which resulted in an increase of lei 176,315 of the net amount. The amount was registered in the result for the year.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)
Pledged and restricted tangible assets

Tangible assets with a net book value of lei 58,854,629 at December 31, 2023 (December 31, 2022: lei 65,223,703) and investment property with a net book value of lei 3,585,933 at December 31, 2023 (December 31, 2022: lei 3,090,315) represent security for loans and credit lines contracted from: UniCredit Bank SA and Exim Banca Romaneasca SA.

In 2015, the Company purchased production equipment totalling lei 29,988,347 based on a grant under Sectoral Operational Program "Increase of Economic Competitiveness" (SOP IEC) 2007 – 2013 - co-funded from the European Regional Development Fund, Priority Axis 1, generically called – "Development of S.C. ROMCARBON S.A. through the purchase of new equipment".

The net book value of the equipment purchased under this project is lei 11,397,983 at December 31, 2023 and lei 14,004,560 at December 31, 2022.

In 2022, the Company purchased and commissioned a system for monitoring the consumption of power on Romcarbon's industrial site. The project entitled „Implementation of a new smart power consumption monitoring system at Romcarbon SA”, SMIS 148419 was 100% funded by non-reimbursable funds under Large Infrastructure Operational Program (POIM) 6.2 – Reduction of the power consumption of industrial consumers.

The general objective of the project is to implement a system for monitoring the power consumption in the Buzau industrial site for industrial consumer Romcarbon SA, with a view to identifying and implementing energy efficient measures in order to save power consumption and avoid the Company's emissions of greenhouse gas effects.

The net carrying amount of the equipment purchased in this project is lei 816,469 at December 31, 2023.

15. INVESTMENT PROPERTY

	December 31, 2023	December 31, 2022
Balance as at January 1	9,883,738	10,894,586
Total additions, out of which:	974,174	707,837
Fair value valuation increases according to accounting policy	974,174	702,518
Total disposals, of which:	-	(1,718,685)
Fair value valuation decreases according to accounting policy	-	(531,522)
Balance as at December 31	10,857,912	9,883,738

As at December 31, 2023, the Company owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Company decided to classify such non-current assets as investment property.

In July 2022, the Company sold a freehold land of 504 sq m, located in Iasi, Calea Chisinaului no. 29, for which it received lei 249,299 (equivalent of euro 50,400).

In November 2022, the Company sold a freehold land of 2,732 sq m, located in Iasi, Calea Chisinaului no. 29, for which it received lei 2,123,852 (equivalent of euro 432,257).

At December 31, 2023, the Company performed the revaluation of the investment property held at year-end and resulted a decrease of net value of lei 974,174, which was registered in the result for the year.

If the Company had valued investment along with the assets held for sale at cost, then their value at December 31, 2023 would be lei 6,124,883.

The income from investment property obtained from rentals in 2023 is in amount of lei 2,190,008 and cover the expenses incurred by the owner (the value of the income registered in 2022 was lei 2,247,585).



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)

16. INTANGIBLE ASSETS (other than goodwill)

	<u>Licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
COST				
Balance as at January 1, 2023	1,052,687	713,307	140,646	1,906,640
Additions	3,504	22,284	568,075	593,863
Transfers	-	-	-	-
Disposals	-	-	-	-
Balance as at December 31, 2023	1,056,191	735,591	708,720	2,500,503
Balance as at January 1, 2022	1,309,929	713,307	-	2,023,236
Additions	12,575	-	140,646	153,220
Transfers	-	-	-	-
Disposals	(269,817)	-	-	(269,817)
Balance as at December 31, 2022	1,052,687	713,307	140,646	1,906,640
ACCUMULATED AMORTIZATION				
Balance as at January 1, 2023	931,496	644,224	-	1,575,720
Expenses with amortization	81,727	33,571	-	115,297
Write-offs on disposal of assets	-	-	-	-
Balance as at December 31, 2023	1,013,222	677,795	-	1,691,017
Balance as at January 1, 2022	1,115,624	613,129	-	1,728,754
Expenses with amortization	85,687	31,095	-	116,782
Write-offs on disposal of assets	(269,816)	-	-	(269,816)
Balance as at December 31, 2022	931,496	644,224	-	1,575,720
NET BOOK VALUE				
As at December 31, 2023	42,969	57,796	708,720	809,486
As at December 31, 2022	121,192	69,083	140,646	330,920



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022

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

17. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details on the Company's investments in subsidiaries and associates are as follows:

Name of investment	Core activity	Place of operations	%	December 31, 2023 <i>lei</i>	December 31, 2022 <i>lei</i>
RECYPLAT LTD CYPRUS	Business and other management consultancy activities	Nicosia	100.00%	113,154	20,261,120
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,990	1,990
LIVING JUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99.86%	6,477,632	6,477,632
GRINFILD LTD	Retail trade	Odessa	62.62%	2,687,755	2,687,755
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucharest	25.36%	586,625	586,625
YENKI SRL	Activities of sports facilities (NACE code 9311)	Buzau	33.34%	100,000	100,000
KANG YANG BIOTECHNOLOGY CO. LTD	Manufacture of products beneficial for the human health	Taiwan	4.81%	203,963	203,963
Registrul Miorita SA	Other financial service activities, except insurance and pension funding n.e.c. (NACE code 6499)	Cluj	3.79%	5,000	5,000
VIITORUL INCEPE AZI (VIA)	NGO	Buzău	14.29%	1,000	1,000
		TOTAL		10,192,232	30,340,197
Financial assets impairment					
GRINFILD LTD				(2,687,755)	(2,687,755)
LIVING JUMBO INDUSTRY SA				(6,477,632)	(6,477,632)
ECO PACK MANAGEMENT SA				(554,263)	(554,263)
YENKI SRL				(11,988)	(11,988)
				(9,731,638)	(9,731,638)
				460,593	20,608,559

Net book value

*Grinfild Ltd has not operated since 2012, therefore, the financial investment in such company is written off.

On 07.06.2023 the Company received euro 4,648,100 from Recyplat Limited, resulting from the share capital decrease by a number of 10,000 ordinary shares with a nominal value of euro 1.00 per share, issued by share premium, thus reducing the share premium account of Recyplat Limited from euro 4,648,100 to euro 0.00.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

17. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

The mission of the "VIITORUL INCEPE AZI (VIA)" association founded in 2022 according to Government Ordinance no. 26/2000, a non-governmental, not-for-profit and apolitical association is to improve the quality of technical professional training in the Buzau area (Romania), to support and promote the interests and needs of its members before the authorities and/or various bodies and third parties.

18. INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials	11,860,569	12,085,436
Consumables	5,968,410	4,136,062
Items of inventory	122,224	91,163
Packaging	324,639	338,888
Finished products	9,608,063	10,659,376
Unfinished products	1,933,999	2,545,108
Semi-finished products	1,827,344	1,154,260
Residual products	93,843	6,738
Commodities	808,006	634,233
Advances for purchases of inventory	252,281	28,374
Allowance for obsolete inventories	(1,848,283)	(1,715,929)
Total	30,951,095	29,963,708

The increase of stocks at December 31, 2023 is mainly due to the increase of value.

The Company conducted an impairment test for existing stocks and increased impairment allowances by lei 132,354.

19. TRADE AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	54,740,611	64,392,234
Allowances for doubtful clients	(1,128,895)	(1,178,100)
Taxes to recovered	1,404,241	425,361
Other receivables	372,607	9,518
Subsidies receivable	-	4,750
Total	55,388,563	63,653,763

The decrease of trade receivables is due to the decrease of sales and reduction of prices of pre-manufactured plastic products further to the reduction of costs of raw materials, but also the reduction of the outstanding receivables of affiliates. The Company conducted an impairment test for receivables and did not find any impairment indications apart from those mentioned above.

When determining the recoverability of a receivable, the Company takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and clients are not related to each other.

The Company records debt adjustment values in accordance with IFRS 9, as well as specific provisions for the clients in dispute.

Out of the total receivables older than 60 days (depending on the maturity date) at December 31, 2023, 94% are held by the Romcarbon Group companies. All related party transactions are detailed in note 31.

The analysis below was carried out strictly on the balance of the trade receivables (Customers) account, without uncertain receivables and those in litigation and Effects receivable.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

19. TRADE AND OTHER RECEIVABLES (continued)

31/12/2023	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.02%	0.04%	0.08%	0.08%	0.08%	0.08%	
Total estimated default gross carrying amount	28,320,805	5,313,085	6,170,970	4,972,210	3,033,156	3,923,465	51,733,691

31/12/2022	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0,00%	0,00%	0,01%	0,01%	0,02%	0,02%	
Total estimated default gross carrying amount	29,468,660	10,073,009	6,185,788	5,197,341	4,770,617	3,844,831	59,540,245

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

20. OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
Loans granted to related parties	3,000,000	3,000,000
Interest related to loans granted to related parties	399,651	159,651
Dividends receivable from related parties	-	39,579,200
Other current financial assets	2,529,566	-
Total	5,929,217	42,738,851

In June 2022, the loan granted in 2019 to subsidiary RC Energo Install SRL with a maximum ceiling of lei 1,231,700 was extended by 12 months.

In July 2022, an addendum was signed whereby the ceiling rose to lei 3,000,000. Related party transactions are presented in note 31.

On 16.12.2022, the Company received interim dividends in amount of RON 46,745,700 (EUR 9,500,000) in accordance with the GMS decision of RECYPLAT Ltd., further to Company's investment therein. EUR 1,500,000 was received in December 2022, and the remaining EUR 8,000,000 was received in January 2023.

In June 2023, an addendum was signed whereby the loan granted to subsidiary RC Energo Install SRL was extended by 12 months.

In July 2023, Romcarbon took part in the IPO of Hidroelectrica (H2O), purchasing a number of 28,086 shares, at a total acquisition cost of lei 2,841,816. At December 31, 2023, there were 25,000 outstanding shares. The Company keeps its financial investments at acquisition cost.

In November 2023, 3,086 Hidroelectrica shares (H2O) were sold at an average price of lei 119,939/share.

In January 2024, 20,000 Hidroelectrica shares (H2O) were sold at an average price of lei 119.31/share.

21. OTHER CURRENT NON-FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
Prepaid expenses	356,820	3,443,102
Advances to services suppliers	189,356	421,245
Total	546,177	3,864,347

22. CASH AND CASH EQUIVALENTS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts.

Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	December 31, 2023	December 31, 2022
Cash at banks	29,195,539	2,288,028
Cash on hand	18,616	22,152
Cash equivalents	168,342	462,530
Total	29,382,496	2,772,709



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

23. NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE OR AS HELD FOR DISTRIBUTION TO OWNERS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance as at January 1	3,760,155	3,760,155
Total additions, out of which:	-	-
Transfers from investment property and tangible assets	-	-
Increases from fair value valuation according to the accounting policy	-	-
Total disposals, of which:	3,760,155	-
Decreases from fair value valuation according to the accounting policy	-	-
Balance as at December 31	-	3,760,155

On 16.02.2023, the sale-purchase agreement with LIDL ROMANIA S.C.S. was signed, the subject matter of which is the sale of the land of 7,407 sqm, at a total price of lei 7,659,971. The accounting registration cost of such land was lei 3,689,310.

Initially, in December 2019, a sale-purchase undertaking with LIDL ROMANIA S.C.S. was signed, whereby a down payment of lei 2,419,280 was received in December 2021 (euro 488,862), transaction which was completed in February 2023, when the remainder of lei 5,240,691 was received.

24. ISSUED CAPITAL

	<u>Share capital</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
528,244,192 fully paid ordinary shares (2013: 264,122,096). The value of one share is lei 0.1	52,824,419	26,412,210
Total	52,824,419	26,412,210

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022 and is intended to support the Company's current activity.

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Number of shares</u>	<u>% ownership</u>	<u>Number of shares</u>	<u>% ownership</u>
Living Plastic Industry SA Joyful River Limited Loc. Nicosia CYP	173,549,016	32,85%	86,774,508	32,85%
Toderita Stefan Alexandru	108,390,178	20,52%	54,195,089	20,52%
Other legal persons	71,000,000	13,44%	32,700,000	12,38%
Other natural persons	7,342,627	1,39%	9,815,721	3,72%
	167,962,371	31,80%	80,636,778	30,53%
Total	528,244,192	100%	264,122,096	100%

The main characteristics of the securities issued by the company: 528,244,192 nominal shares, dematerialized, having a nominal value of lei 0.1.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

25. RETAINED EARNINGS

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	70,732,989	47,008,179
Net profit/(Net loss)	3,313,809	51,471,690
Transfer to legal reserves	(165,690)	(1,105,471)
Transfer to other reserves*	(3,148,119)	(862,410)
Transfers from revaluation reserves	1,479,062	633,211
Share capital increase	(26,412,209)	-
Dividend allocation	(13,206,105)	(26,412,210)
Balance at the end of the year	32,593,737	70,732,989

* Transfer of reinvested profit to Other reserves according to the Fiscal Code.

26. RESERVES

	December 31, 2023	December 31, 2022
Legal reserves	5,448,132	5,282,442
Other reserves	19,667,226	16,519,108
Revaluation reserves	38,100,345	39,093,925
Total	63,215,703	60,895,475

"Other reserves" include the allocations from the reinvested gross profit, corporate tax-free in accordance with the Tax Code, as well as transfers from gross profit related to other tax facilities in accordance with applicable tax legislation.

REVALUATION RESERVES

	December 31, 2023	December 31, 2022
Opening balance	39,093,925	38,708,541
Transfer of reserves to retained earnings	(1,479,062)	(633,211)
Setup of reserves from revaluation of fixed assets	-	745,263
Adjustment of deferred tax on fiscally non-deductible revaluation reserves	485,482	273,332
Closing balance	38,100,345	39,093,925

The legal reserve is used to transfer profits from retained earnings. According to Romanian legislation, it is necessary a transfer of the net profit of the Company. The transfer can be of up to 5% of the profit before tax, until the reserve reaches 20% of the share capital. The value as per the IFRS of reserves includes statutory legal reserves in amount of lei 5,448,132.

The reserve cannot be distributed to shareholders, but it can be used to cover operating losses.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**
(all amounts are expressed in lei, unless specified otherwise)

27. OTHER CURRENT FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Borrowings – short-term		
Credit line in Euro - Exim Banca Romaneasca SA	11,951,136	12,333,191
Credit line UniCredit Bank SA	23,008,050	25,973,635
UniCredit Bank SA – Investment loan CCE 2015	-	2,757,779
Investment loan IV - UniCredit Bank	765,249	686,604
Investment loan VII - UniCredit Bank	2,454,160	308,881
Loan for purchase of stock - UniCredit Bank	-	3,799,602
Total	38,178,595	45,859,692
	December 31, 2023	December 31, 2022
Borrowings – long-term		
Investment loan VI - UniCredit Bank	1,147,871	1,882,603
Investment loan VII - UniCredit Bank	6,135,402	2,162,161
Total	7,283,273	4,044,764

According to the existing loan contracts, the Company is subject to certain restrictive conditions. Such conditions require, inter alia, to maintain certain financial covenants including the DSCR ratio, total financial liabilities/ EBITDA, financial liabilities, current liquidity and net financial assets to equity.

According to the loan contracts, the Company met the financial covenants to a certain level, separately and/or jointly with LivingJumbo Industry SA.

As at December 31, 2023 according to its own estimates, the Company met covenants "total net financial liabilities/equity" and "Current liquidity" either separately, or jointly with LivingJumbo Industry SA. The Company complies with indicator "Total net financial liabilities/EBITDA" separately, but not jointly with LivingJumbo Industry SA.

As regards such matter, the covenants are reviewed based on the financial statements submitted. The Company communicated with the bank until the end of the financial year on the estimated situation, which review the bank confirmed based on the financial statements. The Company obtained a letter from the banking institutions communicating that the Company does not breach contractual provisions, as the conditions were calculated based on the submitted statements, and would not request the early repayment of the loans granted.

As at December 31, 2023, Romcarbon SA has contracts for the followings loans:

Such loans bear Euribor (1M) or Euribor (3M) and Robor (1M) + bank margin ranging from 1.50 to 3.50%.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

27. OTHER CURRENT FINANCIAL LIABILITIES (continued)

Bank	Type of facility	Initial value	Balance as at 31.12.2022		Balance at 31.12.2023		Due on	less than 1 year	more than 1 year
			in euro	in lei	in euro	in lei			
UniCredit Bank	Credit line ¹	8,000,000 €	5,249,957 €	25,973,635	4,625,105 €	23,008,050 lei	19/12/24	23,008,050 lei	- lei
Exim Banca Romaneasca SA	Credit line	2,550,000 €	2,492,863 €	12,333,191	2,402,432 €	11,951,136 lei	25/05/24	11,951,136 lei	- lei
UniCredit Bank	Investment loan VI	1,000,000 €	290,500 €	1,437,221	222,040 €	1,104,558 lei	08/06/26	441,824 lei	662.734 lei
UniCredit Bank	Investment loan VII	2,950,000 €	499,463 €	2,471,042	1,522,679 €	7,574,718 lei	08/06/27	2,164,205 lei	5.410.513 lei
UniCredit Bank	Investment loan - CCE 2015	3,042,240 €	557,420 €	2,757,779	- €	- lei	04/12/23	- lei	- lei
UniCredit Bank	Loan for purchase of stocks ²	3,000,000 €	768,000 €	3,799,602	- €	- lei	07/06/23	- lei	- lei
TOTAL loans in euro			9,858,203 €	48,772,470 lei	8,772,256 €	43,638,463 lei		37,565,216 lei	6,073,247 lei
UniCredit Bank	Investment loan VI			1,131,986		808,562 lei	08/06/26	323,424 lei	485.138 lei
UniCredit Bank	Investment loan VII			-		1,014,843 lei	08/06/27	289,955 lei	724.888 lei
Total loans in lei				1,131,986 lei		1,823,405 lei		613,379 lei	1,210,026 lei
Total exposure				49,904,456 lei		45,461,868 lei		38,178,595 lei	7,283,273 lei

Note:

¹ The debtors of the credit line contracted from UniCredit Bank SA with a ceiling of euro 8,000,000 are Romcarbon SA and Livingjumbo Industry SA. Euro 2,550,000 will be used by Livingjumbo Industry SA out of this loan.



Statement of changes in financing liabilities

	Changes not pertaining to cash flows					31-Dec-23	
	1 January 2023	Cash flows from financing activities	Acquisition of subsidiaries	Lease additions	Other changes		Unrealised gain/ (loss) on foreign exchange differences
Bank loans (Note 27)	49,904,456	(4,565,752)	-	-	-	123,165	45,461,868
Total financing liabilities	49,904,456	(4,442,588)	-	-	-	123,165	45,461,868



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)

28. OTHER NON-FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Subsidies		
Grants – project co-funded by European funds for 2011	1,534,076	2,392,946
Grants – project co-funded by European funds for 2015	5,126,448	6,305,217
Grants – project co-funded by European funds for 2022	814,663	891,003
Subtotal Subsidies	7,475,188	9,589,166

As at December 31, 2023, the Company registered investment subsidies and other amounts in the form of investment subsidies, not transferred to income, totalling lei 7,475,188. They are recognized as income on a monthly basis, in line with the depreciation of property, plant and equipment purchased throughout the useful life.

	December 31, 2023	December 31, 2022
Other Liabilities		
Liabilities to employees	1,476,664	1,206,400
Liabilities related to social contributions	1,406,992	1,222,304
Other tax liabilities	1,129,975	1,080,576
Subtotal other liabilities	4,013,631	3,509,280
Total Other non-current non-financial liabilities	11,488,819	13,098,446

Of which:

	December 31, 2023	December 31, 2022
Other liabilities		
Total Other short-term non-financial liabilities	5,361,210	7,475,188
Total Other long-term non-financial liabilities – investment subsidies	6,127,609	5,623,258
Total Other current non-financial liabilities	11,488,819	13,098,446

29. TRADE AND OTHER PAYABLES

	December 31, 2023	December 31, 2022
Trade liabilities	23,738,447	28,599,321
Other liabilities	109,165	15,855,291
Suppliers invoices not received	269,481	688,421
Advances from clients	655,631	2,917,867
Total	24,772,724	48,060,899

The decrease of trade payables at December 31, 2023 is mainly due to the decrease of the purchase price of raw materials. The Company conducted an analysis of trade payables, and they are current and represent primarily payables to suppliers of raw materials. Payables to related parties are detailed in Note 31.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)**

30. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that Company entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The Company's capital consists of liabilities, which include the borrowings presented in note 26, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 24, 25 and 26.

The management of the Company's risk also consists in a regular review of the capital structure. As part of this review, the management takes into account the cost of capital and risks associated with each class of capital. Based on the management's recommendations, the Company will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares, as well as by contracting new debts or settling existing debts.

(b) Main accounting policies

Details of the main accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

(c) Objectives of financial risk management

The Company's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Company's operations through reports on internal risks, analysing exposure by the degree and extent of risks. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Company's activities expose it firstly to financial risks regarding the fluctuation of the foreign exchange rate (see (e) below) and interest rate (see (f) below).

There has been no change in the Company's exposure to market risks or in the manner the Company manages and measures risks.

(e) Currency risk management

The Company undertakes transactions denominated in various foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policies.

(f) Interest rate risk management

The Company is exposed to interest rate risk given that Company entities borrow funds both at fixed and at variable interest. The risk is managed by the Company by maintaining a balance between fixed rate and variable rate borrowings.

The Company's exposures to interest rates over financial assets are presented in the section regarding liquidity risk management under this note.

(g) Other risks regarding prices

The Company is exposed to risks related to equity, arising from equity investments. Equity investments are held for strategic purposes rather than commercial purposes. The Company does not actively trade such investments.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

30. FINANCIAL INSTRUMENTS (continued)**(h) Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Company's exposure and the credit ratings of its contractual counterparties.

Trade receivables consist of a large number of clients from various industries and geographical areas. Credits are constantly assessed as regards the clients' financial status and, if applicable, credit insurance is concluded.

The Company does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Company defines counterparties as having similar characteristics when they are related entities. At no time during the year has the credit risk percentage exceeded 5% of the gross monetary assets.

(i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built a proper liquidity risk management framework regarding the Company funds' short, medium and long term insurance and the liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 26 includes a list of additional facilities not drawn, available to the Company in order to further mitigate liquidity risk.

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 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 including within the next financial year, however without identifying concrete elements at the date of preparation of these financial statements. 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.

(j) Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The financial statements include unlisted share holdings, measured at fair value. The best estimate for fair value is determined using the historical cost of shares.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short- and long-term borrowings and other liabilities. The estimated fair values of such instruments approximate their carrying values. The carrying values represent the Company's maximum exposure to credit risks related to existing receivables.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022

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

30. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Company's currencies expressed in monetary assets and liabilities as at the reporting date are as follows:

2023	EUR 1EUR = lei 4.9746	USD 1USD = lei 4.4958	lei 1 lei	December 31, 2023 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
Assets				
Cash and cash equivalents	10,019,144	128,525	19,234,827	29,382,496
Receivables and other current assets	3,873,972	-	51,514,591	55,388,563
Other current financial assets	-	-	5,929,217	5,929,217
Other assets	-	-	546,177	546,177
Liabilities				
Trade and other liabilities	7,369,118	935	17,402,671	24,772,724
Short and long-term borrowings	43,638,463	-	1,823,405	45,461,868
Short and long-term finance lease liabilities	-	-	6,127,609	6,127,609
Other liabilities				
2022	EUR 1EUR = lei 4.9474	USD 1USD = lei 4.6346	lei 1 lei	December 31, 2022 Total
	<i>lei</i>	<i>lei</i>	<i>lei</i>	<i>lei</i>
Assets				
Cash and cash equivalents	76,844	240,728	2,455,138	2,772,710
Receivables and other current assets	4,626,449	-	59,027,314	63,653,763
Other current financial assets	39,579,200	-	3,159,651	42,738,851
Other assets	-		3,864,347	3,864,347
Liabilities				
Trade and other liabilities	9,813,918	2,056	38,244,926	48,060,900
Short and long-term borrowings	48,772,470	-	1,131,986	49,904,456
Short and long-term finance lease liabilities	-	-	5,623,258	5,623,258
Other liabilities	-			

This is a free translation from the original Romanian version.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)

30. FINANCIAL INSTRUMENTS (continued)

The Company is mainly exposed to EUR and USD exchange rates. The following table details the Company's sensitivity to a 10% increase and decrease in the Leu against the EUR/USD.

10% is the sensitivity rate used when reporting foreign currency risk internally to top management and represents management's estimate of the reasonably possible changes in foreign exchange rates. The vulnerability analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In the following table, a negative number below indicates a decrease in profit, whereas the lei weaken 10% against the EUR/USD. For a 10% strengthening of the Leu against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	<u>31-Dec-2023</u>	<u>31-Dec-2022</u>
Profit/(Loss)	(3,698,687)	(1,406,522)

Tables regarding liquidity and interest rate risks

The following tables present the maturity terms of the Company's financial liabilities.

The tables have been prepared based on the cash flows, not current, of the financial liabilities on the nearest date when the Company is likely to be claimed payment. The table includes both interest and cash flows related to principal.

2023	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
Non-interest bearing				
Trade liabilities	24,772,724	-	-	24,772,724
Other current liabilities	6,127,609	-	-	6,127,609
Interest bearing instruments				
Short and long-term leases	-	-	-	-
Borrowings from financial institutions	38,058,223	5,815,448	1,588,196	45,461,868
Non-interest bearing				
Cash and cash equivalents	29,382,496	-	-	29,382,496
Receivables and other current assets	55,388,563	-	-	55,388,563
Interest bearing				
Other current financial assets	5,929,217	-	-	5,929,217



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022
(all amounts are expressed in lei, unless specified otherwise)

30. FINANCIAL INSTRUMENTS (continued)

Tables regarding liquidity and interest rate risks (continued)

2022	Less than 1 year	1-2 years	2-5 years	Total
<i>Non-interest bearing</i>				
Trade liabilities	48,060,900	-	-	48,060,900
Other current liabilities	5,623,258	-	-	5,623,258
<i>Interest bearing instruments</i>				
Short and long-term leases	-	-	-	-
Borrowings from financial institutions	45,859,692	2,741,605	1,303,158	49,904,456
<i>Non-interest bearing</i>				
Cash and cash equivalents	2,772,710	-	-	2,772,710
Receivables and other current assets	63,653,763	-	-	63,653,763
<i>Interest bearing</i>				
Other current financial assets	42,738,851	-	-	42,738,851

Interest sensitivity analysis

The sensitivity analysis below was determined based on the exposure to interest rates for loans received from financial institutions at the reporting date.

For floating rate bank debt, the analysis was performed assuming that the amount of the debt at the reporting date was similar for the entire year.

If interest rates had been 5% higher and all other variables had been kept constant, then the profit for the year ended on December 31, 2023 would decrease by about 90 thousand lei (2022: decrease by about 64 thousand lei).



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

31. RELATED PARTY TRANSACTIONS

The transactions among the Company and its subsidiaries – Company’s related parties - are presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party. In 2023 and 2022, the Company did not receive dividends from related parties.

	Sales of goods and services		Purchases of goods and services	
	2023	2022	2023	2022
Eco Pack Management SA	-	-	-	-
Info Tech Solution SRL	23,554	28,582	869,771	669,093
LivingJumbo Industry SA	43,217,462	58,149,628	1,689,705	1,572,332
RC Energo Install SRL	148,926	112,854	6,375,127	3,055,612
Yenki SRL Buzau	5,303	-	-	-
Total	43,395,245	58,291,064	8,934,603	5,297,037

	Receivables from related parties		Payables to related entities	
	2023	2022	2023	2022
Eco Pack Management SA	-	-	29,442	29,442
Info Tech Solution SRL	-	-	-	138,276
LivingJumbo Industry SA	30,162,922	35,300,097	316,719	247,770
RC Energo Install SRL	-	-	27,695	41,163
Yenki SRL Buzau	-	-	-	-
Total	30,162,922	35,300,097	373,856	456,651

At 31 December 2023, the Company has outstanding receivables in amount of lei 3,399,651 from RC Energo Install SRL representing a loan granted and interest due in June 2024.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

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

31. RELATED PARTY TRANSACTIONS (continued)

Transactions with companies where Romcarbon SA indirectly holds less than 25% of the shares:

	Sales of goods and services		Purchases of goods and services	
	2023	2022	2023	2022
Greenfiber International SA	-	-	-	-
Greentech SA	-	2,402,274	-	71,842
Greenweee International SA	-	31,045	-	1,530,631
Green Resources Management SA	-	-	-	16,290
Total	-	2,433,319	-	1,618,763

	Receivables from related parties		Payables to related entities	
	2023	2022	2023	2022
Greenfiber International SA	-	-	-	-
Greentech SA	-	168,621	-	8,444
Greenweee International SA	-	1,373	-	259,813
Green Resources Management SA	-	-	-	-
Total	-	169,994	-	268,257

On 01.12.2022 the merger between GREENFIBER INTERNATIONAL SA, absorbing company and GREENTECH SA, absorbed company was completed. The new entity is called GREENTECH SA.

The table presents the transactions that took place in 2022 with GREENFIBER INTERNATIONAL SA and GREENTECH SA aggregated to GREENTECH SA.

At 30.12.2022 Romcarbon SA sold its ownership in Green-Group. Therefore, for 2023, the companies mentioned above are no longer affiliates of the Group and the transactions with such companies are no longer presented.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)****31. COMMITMENTS AND CONTINGENCIES****Credit facilities not used at December 31, 2023**

The Company has credit facilities not used in amount of euro 972,463 (December 31, 2022: euro 257,181) and investment loans not used in amount of euro 988,772 (December 31, 2022: euro 2,857,496).

Guarantees for bank loans

At December 31, 2023, property, plant and equipment with a net carrying amount of lei 58,854,629 (December 31, 2022: lei 65,223,703) and investment property with a carrying amount of lei 3,585,933 (December 31, 2022: lei 3,090,315) are brought as guarantees for the loans and credit lines contracted from the following banks: UniCredit Bank SA and Exim Banca Romaneasca SA. For bank loans, the Company also pledged future and present cash in the accounts opened with lending banks, stocks of raw materials, materials and merchandise worth of minimum euro 4,600,000 and assigned future and present claims and accessories arising from present and future agreements with its customers, which act as assigned debtors.

The Company has also assigned rights under insurance policies issued for the real estate and movable goods brought as guarantee.

Guarantees for bank loans contracted by Group companies**Guarantees granted to LivingJumbo Industry SA for the following loans contracted from UniCredit Bank SA:**

- Non-binding loan – cash line – in amount of EUR 450,000 (due in 8 June 2027), contract BUZA/044/2016 secured by mortgage on inventories, having a minimum value of EUR 4,600,000;
- Credit line in amount of EUR 2.000.000 (due on December 12, 2024), ctr. BUZA/152021/CSC, secured by movable mortgage on 15 machinery with a net carrying amount of lei 1,994,809 at December 31, 2023.

Guarantees granted to Livingjumbo Industry SA for the credit line contracted from Exim Banca Romaneasca SA

- Credit line in amount of EUR 2,000,000 (due on May 24, 2024), Contract 9 - ABZ/28.05.2020, secured by a fidejussio contract concluded between the bank and Romcarbon SA.

Guarantees granted to RC Energo Install SRL for the following loans contracted from Exim Banca Romaneasca SA:

- Credit line in amount of lei 2,000,000 for financing the current activity (due on 24/05/2024), guaranteed by movable mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a net carrying amount of euro 587,078 at December 31, 2023.

The credit lines contracted by LivingJumbo Industry SA and RC Energo Install SRL with Exim Banca Romaneasca are to be extended for one year at maturity, the extension documentation being finalized.

Potential tax liabilities

In Romania, there are agencies authorized to conduct controls (audits). Such controls are to a great extent similar to those conducted in other countries by tax authorities, but may extend to other legal or regulatory fields in which the Romanian authorities may become interested. The Company is likely to continue to be subject to periodic controls for breaches or alleged breaches of new and existing laws and regulations. Although the Company may challenge the alleged breaches and penalties when the management considers that it is entitled to, the adoption or implementation of laws and regulations in Romania might have a significant effect on the Company.

The tax system in Romania is under continual development, being subject to constant interpretations and changes, often retroactive. In Romania, the fiscal year remains open for fiscal verification for 5 years.

The Company's administrators consider that the Company's tax liabilities have been calculated and recorded according to the legal provisions.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(all amounts are expressed in lei, unless specified otherwise)****31. COMMITMENTS AND CONTINGENCIES (continued)****Transfer pricing**

The Romanian fiscal legislation has provided rules on transfer prices between related parties ever since 2000. The current legislative framework defines "market value" for transactions between related parties, as well as the methods to establish transfer prices. Therefore, the fiscal authorities are expected to initiate thorough verifications of transfer prices, in order to make sure that the fiscal result and/or the customs value of imported assets are not distorted by the effect of prices practiced in connection to related parties. The Company may not quantify the outcome of such verification.

Environmental matters

The Company's core activity has inherent effects on the environment. The effects of the Company's activities on the environment are monitored by local authorities and the Company's management. Therefore, no provisions have been recorded for any obligations, not measurable at present, regarding the environment or the required remedy works.

32. SUBSEQUENT EVENTS

In January 2024, the Company completed the procedure for signing the Contract with the Ministry of Energy, for the financing of the project entitled "Implementation of an electricity production capacity from renewable solar energy sources within ROMCARBON SA", with a total value of lei 5,583,012.33, a project that will receive funding from the National Recovery and Resilience Plan, Component 6 Energy - Investment Measure I1, in amount of lei 2,315,700 (non-refundable funds), the rest of the funding in amount of lei 3,267,312.33 will be provided by Romcarbon S.A., both from its own resources and from attracted resources.

According to the decision of the Ordinary General Meeting of Shareholders dated 25.01.2024, the administrator mandates of Messrs. Huang Liang Neang, Wey Jiann-Shyang and Toderiță Ștefan Alexandru were extended for a period of 4 years, namely 02.04.2024 – 02.04.2028.

In January 2024, a number of 20,000 Hidroelectrica (H2O) shares were sold at an average price of lei 119.31/share.

In January 2024, a number of 2,062,500 Aquila Part Prod Com S.A. shares ("AQUILA") were purchased at a unit value of 0.96 lei/share. In the same month, a number of 1,062,500 shares were sold at an average price of lei 1.0188/share.

In the meeting of 09.02.2024, Romcarbon's Board of Administration approved the extension for 4 years of the mandate contract concluded by the Company with Mr. Huang Liang Neng, for the exercise of the position of General Manager. He will exercise the mandate of General Manager between 17.02.2024 and 17.02.2028.

At the date of this report, we have not identified any risks affecting significantly the revenues from the core activity. However, the geopolitical tensions that emerged further to the military intervention of the Russian Federation in Ukraine have generated and are generating economic uncertainties on the energy and capital markets, and global energy prices are expected to be extremely volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot rule out the adverse consequences on the business, operations and financial standing. Management considers that it is taking all the necessary measures to support the sustainability and growth of the Company's business given the current circumstances and that the professional judgment used in these financial statements is adequate.

The annual separate financial statements were authorised by the Board of Directors and were authorised for issuance on March 26, 2024.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**



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BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED DECEMBER 31, 2023

ROMCARBON S.A., a legal entity with headquarters in Buzau, str. Transilvaniei nr. 132, registered at the Buzau Trade Registry under no. J10/83/1991, recorded in the financial statements for the year ended December 31, 2021, the amount of 52,824,419.20 lei as subscribed and paid in share capital representing a number of 528,244,192 shares of 0.10 lei each share.

The regulated market for trading securities issued is the Bucharest Stock Exchange, Standard category, the main characteristics of which being: 528,244,192 ordinary shares, dematerialized, having a nominal value of lei 0.1.

Data and information from the following sources have been used for the present Report:

- the internal audit reports drawn up in 2023 in various audit missions made according to the Internal Audit Plan;
- the separate financial statements drawn for the year ended December 31, 2023 in accordance with applicable accounting regulations for the companies whose securities are admitted to trading on a regular market, i.e. International Financial Reporting Standards (IFRS) which comprise:
 - a) Statement of financial position
 - b) Statement of profit or loss
 - c) Statement of comprehensive income
 - d) Statement of changes in shareholders' equity
 - e) Statement of cash flows
 - f) Policies and explanatory notes to the annual financial statements.

Also, it had been used information resulting from internal controls implemented by the management of the company through specific procedures performed in order to draw up financial statements covering the occurrence of any error or fraud.

In preparing the separate financial statements at 2023, the Company complied with Accounting Law no. 82/1991, republished, Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, MoPFO no. 881/2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards - standards adopted under the procedure provided in art. 6 para. (2) of Regulation (EC) no. 1606 /2002 of the European Parliament and of the Council of 19 July 2002 on the application of international standards of accounting.

The Company will also issue for 2023 consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Annual financial statements prepared in accordance with Financial Reporting Standards present fairly the assets, liabilities, equity, financial position, income and expenses and cash flows of the company.

In the process of drawing the 2023 financial statements of Romcarbon SA Buzau it had been fully applied the principles and accounting policies, the evaluation methods, and the provisions of accounting regulations.



ASSESSMENT OF THE COMPANY'S ACTIVITY

- **The assessment of the technical level of the company**

The activity profile of Romcarbon SA Buzau is manufacturing of polymer products, filters and filter elements, protective materials, active carbon for the food, chemical and pharmaceutical industry, plastic waste recovery, regranulation and manufacture of compounds.

In 2023, the production activity was carried out in 7 profit centers as follows:

- **Profit Center no. 1 – Car and industrial filters.** In this center are manufactured air, oil and fuel filters for cars, trucks and tractors, railway equipment and also industrial and agriculture filter;
- **Profit Center no. 2 with 2 workshops:**
 - Respiratory Protective Equipment Workshop that produces personal respiratory protective equipment - masks and cartridges - for chemical industry, mining industry, for the Ministry of National Defense, civil defense and collective protective equipment;
 - Workshop of Active Carbon that manufactures charcoal - semi finished necessary for protective equipment, as well as coal used in the oil industry, food, chemical and pharmaceutical industries.
- **Profit Center no. 3** with Polyethylene workshop where are manufactured different sizes of polyethylene packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil and photopolymer clichés.
- **Profit Center no. 4 with two sectors:**
 - PVC pipes workshop is engaged in the production of PVC pipes as semi-finished products for domestic use.
 - PVC bases workshop is engaged in the production of PVC bases used as road traffic signs.
- **Profit Center no. 5** with extruded Polystyrene Workshop, consisting of extrusion and thermoforming sector, where packaging for the food industry – casseroles and products for constructions as XPS perforated plates and rolls are manufactured.
- **Profit Center no. 6** with 2 workshops - Polypropylene - where are manufactured polypropylene products: laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food and chemical industry.
- **Profit Center no. 7** with two activities:
 - Treating of plastic scraps resulting from the recycling of DEEE and from the car industry, by separating the polymeric recyclable fractions, grinding, extruding and filtering the separated fractions. The finished products are plastics regranulated products, compounds and composites plastic products.
 - Treating the post-industrial and post-consumption waste made of polypropylene foil and post-consumption waste made of polyethylene foil by densiometric sorting, extruding and filtering/separating. The finished products are PE and PP regranulated products and compounds.

The Company has a work point in Iasi, where the main activity is asset rental.



The main groups of products and their share in the total turnover:

Group of products	2022	2023
Total revenues from sales of finished products, of which:	69.75%	71.57%
CP1~ Car and industrial filters	1.29%	1.70%
CP2~ Respiratory protective equipment and Active Carbon	2.05%	1.06%
CP3~ Polyethylene products	13.75%	14.13%
CP4~ PVC products	0.27%	0.20%
CP5~ Polystyrene products	19.44%	21.85%
CP6~ Polypropylene products	15.26%	14.94%
CP7~Compounds	17.69%	17.69%

The difference up to 100% represents the sales of merchandises, services, rents and other sales.

New products developed in 2023

The technical and investment activity focused on new products and technologies while increasing the portfolio of offered products. In 2023 the range of industrial filters was enlarged with 24 new items, 16 automotive and 8 industrial items.

In the field of polyethylene processed goods, the production and intake of products with recyclable content continued, including bags intended for the separate collection of waste in a manual system or with the help of automatic collection devices, bags that can be recycled, thus ensuring a circular process.

In the polypropylene packaging sector (bags), products have been developed with a specific sliding coefficient that prevents sliding during stacking. As a result, the type-dimensional range of polypropylene woven packaging was expanded with 320 new products.

36 new compounds from recycled plastic were developed, which also included optimisation in order to cut costs and streamline the use of raw materials, totalling approximately 1,000 tons. The products were sent to beneficiaries for testing, validation and utilisation.

The assimilation of folded and laminated XPS boards with aluminium boPET film, intended for floor insulation both thermally and acoustically, and in terms of humidity, continued.

With the commissioning of the new line, boards were obtained that were tested in an external laboratory from the point of view of the characteristics provided in the EN 16354 standard, the products being of high quality, falling into higher classes according to the mentioned standard.

- **Assessment of procurement activity (domestic and import)**

The supply of raw materials, consumables and services is carried out according to the specific internal procedures. Further to the assessment of at least 3 commercial offers, the best alternative is selected, which then turns into an acquisition. The collaboration with these suppliers is based on the contracts signed with them or on confirmed spot orders. The portfolio of suppliers of raw materials for most of the production sectors includes 48% (43% in 2022) Romanian companies, and 52% (57% in 2022) companies in the foreign market. For the Compounds sector, the raw material supplied comes 95% from Romania, while the difference is ensured by the quantities offered by foreign collaborators.

The most important share (58%) in the total value of acquisitions of raw materials is represented by polymer granules (polypropylene, polyethylene, polystyrene) and regranulated materials, which represents the basic raw materials. They are provided by various companies with which Romcarbon SA has developed strong partnerships over the years.

In order to ensure the best price-to value products to its clients, Romcarbon is permanently involved in developing new projects and is open to new collaborations.



- **Assessment of sales**

The evolution of sales of finished products between 2022 and 2023 is presented in the following table:

Group of products	2022	2023	2023 vs. 2022		
CP1~ Auto and industrial filters	3,395,181	3,652,168	▲	256,986	8%
CP2~ Respiratory protective equipment and active carbon	5,396,649	2,278,627	▼	(3,118,023)	-58%
CP3~ Polyethylene products	36,123,918	30,273,457	▼	(5,850,462)	-16%
CP4~ PVC products	697,669	420,422	▼	(277,247)	-40%
CP5~ Polystyrene products	51,082,952	46,799,707	▼	(4,283,245)	-8%
CP6~ Polypropylene products	40,107,774	32,001,778	▼	(8,105,996)	-20%
CP7~Compounds	46,502,132	37,905,250	▼	(8,596,881)	-18%
Total	183,306,275	153,331,408	▼	(29,974,867)	-16%

The following table present the turnover from the sale of finished products, depending on its allocation to the domestic/foreign market:

Sales of finished products	2022		2023	
	Value	%	Value	%
Domestic	135,276,630	74%	120,583,759	79%
Foreign	48,029,646	26%	32,779,887	21%
Total	183,306,276	100%	153,363,647	100%

- **Assessment of aspects related to the personnel of the company**

The number of Romcarbon SA employees as at 31.12.2023 was 780, grouped according to the level of education as follows:

Total number of employees, of which:	780	%
· higher education*	97	12%
· post-high school education	12	2%
· technological foremen school	9	1%
· high school education	290	37%
· vocational education	215	28%
· 9 - 11 grades/apprenticeship	80	10%
· on-the-job qualification	2	0%
· secondary education	75	10%

*Out of the total higher education staff, 67 fill positions that require higher education.

The relationships between managers and employees are relations of subordination according to the Company's organizational chart, job descriptions and individual labor contract.

Each employee is directly subordinated to their superior. Superiors are responsible for the legality and validity of the instructions they issue, and the consequences of these instructions.

There were no conflicts in the relations between managers and employees.

Employees are not organized in a trade union.



- **Assessment of the R&D activity**

The technical and investment activity carried out by the Technical and Investment Department in collaboration with internal departments involved and with agreed service providers, included:

- Product certification and recertification according to the national and European regulations:

In 2022, the following certifications were extended

- The certifications of the Filter and Individual Protection Equipment Workshop for: air filters, oil filters, locomotive filters, motorailers (8 certifications), gas mask (1 certification) and filter cartridges (9 certifications);
- In the PS sector: extension of the technical approval and technical permit for XPS films to mount the parquet, in which the XPS rolls for floor heating were included;
- in the recycling sectors: extensions of EuCertPlast certification, whose aim is to acknowledge the Company as a recycler that complies with the standards in the field;
- obtaining annual health certificate required for extruded polystyrene packaging for export to non-EU countries;
- contracting of the new equipment in order to increase the company productivity and the products quality (plastic recycling line for LDPE and PP waste, XPS lamination boards production line and boards packaging equipment, sack conversion line);
- updating the technical documentation of the polystyrene, polyethylene, recycled plastic and protection equipment.

The cost of research and development activity in 2022 was 651,086 lei, while for 2023 the estimated cost is lei 866,640.

- **The assessment of the impact of the company's activity on the environment**

ROMCARBON S.A. holds the new environmental permit in accordance with the new NACE codes Classification of Activities of National Economy, Revised Edition, NACE Rev. 2 according to INS Order 337/2007, published in Official Gazette of Romania, Part I, no. 293 / 03.05.2007.

ROMCARBON S.A. complies with environmental protection legislation, not being involved in litigation regarding infringement legislation. The company periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality - environment - occupational health and safety management system as per ISO 9001: 2015; ISO 14001: 2005 and and ISO 45001:2023 standards, - certified by SRAC.

The evaluation/re-evaluation of environmental aspects is documented in the internal procedure entitled PS-03-Environment. This procedure documents the process whereby the organization establishes the environmental implications of its activities and products, which it can control and influence, as well as the related environmental impact on their life cycle.

The Company takes into account the following when it assesses environmental aspects: air emissions, leaks into the water, soil, use of raw materials or natural resources, use of energy, the energy discharged (heat, radiations, vibrations (noise), light), waste generations, use of space.

The Company takes into account the life stages that may be controlled or influenced by the organization.



The list of significant environmental aspects is updated annually or any time changes occur in the organization, the applicable legislation or other requirements to which the organization subscribes.

Depending on the significant environmental aspects, top management and the responsible with the environment and MCM (Quality and Environmental Management) Department lay down the strategic objectives (Level 1) and the tactic operational objectives (Level 2) documented in the *Annual Management Program*.

The objectives are set in accordance with the Quality, Environment and Occupational Health and Security Policy, with the commitments to prevent pollution and the compliance and improvement obligations.

Change and the development of new activities or products may invalidate aspects previously identified or require the introduction of new aspects in the list, in which cases the Company reassesses and revises the environmental aspects. Examples of such changes include:

- change of scope of SMI;
- development of new products/services;
- changes in processes/technology/introduction of new processes;
- significant extension or reduction of capacity;
- extension or relocation of an activity;
- changes in environmental compliance obligations;
- emergency situations.

At the beginning of 2024, the Company reassessed the environmental aspects and made the List of significant environmental aspects in normal conditions or in emergency situations.

The Company presents on an annual basis sustainability matters and topics in its sustainability report. For 2023, the sustainability report of Romcarbon Group will be published by 30 June 2024 and may be consulted.

- **Assessment of the Company's integrated management system**

SC ROMCARBON Buzau holds certifies for integrated management system assessment according to the following standards:

- Quality management system as per the requirements of SR EN ISO 9001:2015, whereby the entire organisation is engaged in a process of continuous improvement of organizational quality and implicitly the quality of the products and services offered;
- Environmental management system as per the requirements SR EN ISO 14001: 2015, whereby the entire organisation is engaged in a process of continuous improvement of environmental conditions and pollution prevention;
- The management of the organization's occupational health and safety SR EN ISO 45001:2023, the company is engaged in a process of continuous improvement in the workplace health and safety conditions and prevention of accidents and occupational diseases throughout the organization.

The Quality, Environment, Health and Occupational Safety Integrated Management System is certified by a RENAR accredited body, namely SRAC ROMANIA. The Quality Management System of ROMCARBON SA has been certified since 1994 and we maintain our certification as at present. The latest recertification audit was conducted in March 2021 and in March 2024 the SMI certification is to take place.



No recertification audits or supervision visits from the qualified company, which take place annually, or audits from our clients have registered non-conformities with the standards no observations; during these visits, only suggestions were made for improving the company's system.

We are permanently conducting internal audits, according to the annual plannings, our objectives being:

- Assessment of how the obligations arising from the Integrated Management System are met in terms of compliance and efficacy thereof with the requirements of the reference standards transposed in the documented procedures put in place;
- Assessment of the capacity of the Integrated Management System to further meet the legal, regulatory and contractual requirements in force;
- Assessment of continued operational control;
- Risk and opportunities management;
- Identification of potential improvement areas in the Integrated Management System.

Each identified process is internally audited and documented at least once a year, and improvement actions are established with responsible persons and deadlines. Following all internal and external evaluations, including evaluations regarding compliance with legal and regulatory requirements, action plans are established that are monitored at the set deadlines.

We constantly analyzed the risks identified within the processes / system and because we aligned ourselves with the new requirements regarding sustainability, we also carried out an analysis of the risks identified for corruption and technological security.

We have identified and prioritized all the stakeholders involved in the company and we have also identified their requirements and expectations from ROMCARBON SA.

Long-term and medium-term policies and objectives are established, which are analyzed and reviewed annually within a Management Analysis.

Starting 2022, we have documented the policies regarding the environment and human rights: Anti-retaliation Policy, Health and Safety at Work Policy, Human Rights Policy, Human Resources Policy, Remuneration Policy, Environmental Policy.

We have also documented the policies regarding the requirements on environmental and human rights protection by all our suppliers who must adhere to the supplier's Code of Ethics and Conduct.

The top-level management aims to develop the Integrated Management System in line with the requirements of the reference standards: ISO 9001: 2015, ISO 14001-2015 and ISO 45001:2023 and to continuously improve its effectiveness and increase the satisfaction of customers and all stakeholders.

- **Assessment of the company's activity related to risk management**

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes risk assessment techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Given the global financial and economic crisis, SC Romcarbon SA had to adapt to new conditions and constraints coming from the market facing with these risks:

Market risk

In 2023, the company recorded a decrease of total turnover by 18%, reaching a total of lei 216,420,862 (2022: lei 265,048,638). Sales of finished products decreased by 16% (2022: lei 183,306,275).

Romcarbon's main selling market is the domestic one, with a share in turnover resulting from the core activity (Income from sale of finished products) of 77% in 2023 (71% in 2022). The client portfolio for the company's production activity is diversified, there is no clear dependence on certain clients. However,



for the activity of sales of goods, Romcarbon SA has two clients (Kasakrom Chemiclas SRL and Livingjumbo Industry SA) that in 2023 had a turnover represented 8% and 14% of total turnover. The sales to Livingjumbo Industry SA in 2023 included the sales of finished products, rents and income from other activities, which accounted for 6% of turnover.

For 2023, the main issue which the Company faced was the significant drop of demand on its markets, further to the change of consumers' behaviour but also to the domestic and European economic crisis.

Exchange rate risk

Currency exposure of Romcarbon SA is generated mainly by the loans denominated in euro. As at 31.12.2023 the balance of this loan was EUR 8,772,256 (EUR 9,858,202 at December 31, 2022).

In 2023, the financial result generated by the fluctuation of foreign currencies rate was lei -455,106 (2022: lei +229,121).

Liquidity risk

Current liquidity of SC Romcarbon SA (calculated as the ratio between current assets and current debts) registered an increase in 2023, reaching 1.77 compared to 1.47 in 2022.

Cash flow risk

Romcarbon SA is not exposed to a high risk in terms of cash flow as the company cash management is very rigorous; by forecasting cash inflows and outflows over a period of three months and daily tracking performance of this projection, surplus cash is placed in term deposits, aiming at getting the best interest rates on the market. Regarding loans to finance production activity, they are contracted for a period of 12 months with the possibility of extending the due date for a similar period, and in this sense are not anticipated higher cash outflow during 2024.

9) Internal control of the company - aims at ensuring a rigorous and effective management of the entity's activity through the management's adoption of policies and procedures which ensure consistency of objectives, identify the key factors of success and communicate to the entity's managers in real-time information on performance and perspectives.

Internal control is organized so as to comply not only with financial-accounting regulations, but with all regulations, such as Environmental, Occupational Health and Safety, Emergency Situations, applicable to products, the Civil Code.

The Company's organization chart establishes the hierarchical levels of responsibility and authority existing and allows knowledge of functional and managerial aspects of the organization.

The Board of Directors is independent of management at the organization and its members are involved in management activities, which they supervise carefully. The Board of Directors delegates to the managers the responsibilities regarding internal control and makes systematic and independent assessments of the internal control system established by management.

Internal audit has an assistance function that must ensure management that internal procedures are implemented and adhered to by all departments involved.

Regular or permanent check and assessment according to the Program approved by the Company's management of the quality operation of internal control is performed to determine whether internal controls are applied according to the procedures and if they are modified appropriately when the situation requires.

Internal control establishes methods by which employees are assessed, trained, promoted and rewarded as staff represents an essential component of internal control. The organizational chart, the internal regulations (IR), job descriptions are updated according to the modifications.



The organization's management has taken action *in order to remove or reduce incentives that could cause employees to engage in dishonest, illegal or immoral activities*. They are found in the Internal Regulations and other regulations issued but also in personal examples.

Management is in charge of the filling of specific positions by *competent personnel* who has the knowledge and skills to perform the tasks characteristic of each function.

The organization *faces various risks* arising from the external or the internal environment that must be managed appropriately by management. Risk identification and analysis is an ongoing process and a critical component of an effective internal control. Some of the *examples* are the company's inability to achieve the set objectives, staff quality, importance and complexity of basic economic processes, introduction of new information technologies, entry of new competitors on the market etc.

Management identifies and assesses these risks and formulates specific measures to reduce the risk at an acceptable level.

For an adequate split of the responsibilities (tasks) in order to prevent significant frauds and errors, the Company applies:

- a) The division of the administration of assets to avoid the risk of theft;
- b) The division of the authorization of the operations of assets administration;
- c) The separation of the IT tasks from the tasks of the persons outside the IT system (the tasks related to the design and control of accounting software are separated from the ones related to the update of information)

Inside the organization, there are three different functions, whose separation (their aggregation is not admitted) represents the grounds for mutual control between departments and performers, namely:

- achievement of the objectives of the organization
- preservation of the assets of the organization
- the accounting function.

For an efficient internal control, the same person cannot fulfill all such roles. If any two of such roles are fulfilled by the same person, the risk of error and fraud is higher.

Most of the operations and transactions involve at least two of the presented roles; as result, errors and frauds can be easily detected, because they result in a lack of correlation between the statements, between the departments or performers.

The internal accounting and financial control is a major element of internal control inside the entity and it relates to the entire processes of obtaining and communicating the accounting and financial information in order to obtain reliable information and in accordance with legal requirements.

The internal accounting and financial control focuses on providing:

- d) compliance of the accounting and financial information with the applicable rules;
- e) application of the management instructions according to this information;
- f) protection of the assets;
- g) prevention and detection of accounting and financial frauds and irregularities;
- h) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- i) reliability of the annual published financial statements and other information communicated to the market.

All intern control activities seek to perform a permanent and periodical review of activities, in order for the management to identify the best solutions for its decisions for increasing the performance of the company and become more competitive on the market.



REVIEWING THE ECONOMIC AND FINANCIAL SITUATION OF THE COMPANY
1) Statement of financial position

The statement of financial position for the years 2022 and 2023 is shown in the following table.

Items	2022	2023	2023 vs. 2022	
Property, plant and equipment	102,490,667	106,808,714	4,318,047	▲ 4.21%
Investment property	9,883,738	10,857,912	974,174	▲ 9.86%
Intangible assets	330,920	809,485	478,565	▲ 144.62%
Financial assets	20,608,560	460,594	-20,147,966	▼ -97.77%
Total non-current assets	133,313,884	118,936,705	14,377,179	▼ -10.78%
Inventories	29,963,707	30,951,095	987,388	▲ 3.30%
Trade and other receivables	63,653,763	55,388,563	-8,265,200	▼ -12.98%
Other current financial assets	42,738,851	5,929,217	-36,809,634	▼ -86.13%
Other current non-financial assets	3,864,347	546,177	-3,318,170	▼ -85.87%
Cash and bank balances	2,772,710	29,382,496	26,609,786	▲ 959.70%
Non-current assets held for sale	3,760,155	-	-3,760,155	▼ -100.00%
Total current assets	146,753,533	122,197,548	24,555,985	▼ -16.73%
Total assets	280,067,417	241,134,253	38,933,164	▼ -13.90%
Issued capital	26,412,210	52,824,419	26,412,209	▲ 100.00%
Share premium	2,182,283	2,182,283	0	— 0.00%
Reserves	60,895,475	63,215,703	2,320,228	▲ 3.81%
Retained earnings	70,732,989	32,593,737	-38,139,252	▼ -53.92%
Total equity	160,222,957	150,816,142	-9,406,815	▼ -5.87%
Other provisions	1,000,000	1,117,000	117,000	▲ 11.70%
Deferred tax liabilities	7,780,659	7,477,700	-302,959	▼ -3.89%
Other non-current financial liabilities	4,044,764	7,283,273	3,238,509	▲ 80.07%
Other non-current non-financial liabilities	7,475,188	5,361,210	-2,113,978	▼ -28.28%
Total non-current liabilities	20,300,610	21,239,183	938,573	▲ 4.62%
Trade and other payables	48,060,900	24,772,724	-23,288,176	▼ -48.46%
Other current financial liabilities	45,859,692	38,178,595	-7,681,097	▼ -16.75%
Other current non-financial liabilities	5,623,258	6,127,609	504,351	▲ 8.97%
Total current liabilities	99,543,850	69,078,928	30,464,922	▼ -30.60%
Total liabilities	119,844,460	90,318,111	29,526,349	▼ -24.64%
Total equity and liabilities	280,067,417	241,134,253	38,933,164	▼ -13.90%

At December 31, 2023, non-current assets hold 49.32% of the company's assets, decreasing by lei 14,377,179, namely 10.78% compared to the beginning of the year.



The structure of non-current assets is presented in the below table:

Non-current assets (NCA)	2023	% in total NCA	% in total asset	2023 vs. 2022
Property, plant and equipment	106,808,714	89.80%	44.29%	4.21%
Investment property	10,857,912	9.13%	4.50%	9.86%
Intangible assets	809,485	0.68%	0.34%	144.62%
Financial assets	460,594	0.39%	0.19%	-97.77%
Total non-current assets	118,936,705	100.00%	49.32%	-10.78%

Additions of "Property, plant and equipment" (except advances and non-current assets in progress) during the reporting period had the following structure:

· Constructions (including developments and upgrades)	1,898,259 lei	1,320,580 lei
· Equipment and machinery	6,769,812 lei	2,352,741 lei

Additions of fixed assets in 2023 had the following destinations: processed plastics: lei 5,694,647; recycled polymers & compounds: lei 1,947,399 and administrative and other sectors: lei 1,026,026.

The disposals of property, plant and equipment in 2023 were in amount of lei 468,040 representing scraps.

As at December 31, 2023, the Company performed the revaluation of the investment property and it resulted an increase of net carrying amount of lei 974,174, which was charged to the 2023 profit or loss.

Financial assets account for 0.19% out of total assets, and 0.39% out of total non-current assets.

As at December 31, 2023, Romcarbon SA held direct ownership in other companies worth lei 10,192,233, as follows:

Company	Total shares	Nominal value (lei)	Share capital (lei)	Share capital held (lei)	No. of shares held	Acquisition/ investment value	Holdin g (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	113,154	100.00 %
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00 %
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	199	1,990	99.50%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571 %
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993	-	-	-	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
VIITORUL INCEPE AZI (NGO)	7,000					1,000	14.29%
TOTAL						10,192,233	

*On 07.06.2023, the amount of EUR 4,648,100 was collected from Recyplat Limited, resulting from the reduction of share capital with a number of 10,000 ordinary shares with a value of EUR 1.00 per share, issued by a share premium, thus the share premium account of Recyplat Limited, being reduced from EUR 4,648,100 to EUR 0.00.

This is a free translation from the original Romanian version.



The impairment of financial investments is presented in the following table:

Company	Interest quota	Adjustment
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
LIVINGJUMBO INDUSTRY SA	99.86%	6,477,632
Total		9,731,638

At December 31, 2023, the **current assets** account for 50.68% of total assets recording a decrease of lei 24,555,985, i.e. 16.73% as compared with the beginning of the year.

Current assets	31.12.2023	% out of total current assets	% out of total assets	31.12.2023 vs. 31.12.2022
Inventories	30,951,095	25.33%	12.84%	3.30%
Trade and other receivables	55,388,563	45.33%	22.97%	-12.98%
Other current financial assets ¹	5,929,217	4.85%	2.46%	-86.13%
Other current non-financial assets	546,177	0.45%	0.23%	-85.87%
Cash and cash equivalents	29,382,496	24.05%	12.19%	959.70%
Non-current assets held for sale ²	0	0.00%	0.00%	-100.00%
Total current assets	122,197,548	100.00%	50.68%	-16.73%

¹In January 2023, the Company received lei 39,579,200 (equivalent of EUR 8,000,000) from Recyplat LTD representing dividends receivable registered in December 2022.

²In June 2022, the loan granted in 2019 to subsidiary RC Energo Install SRL with a maximum ceiling of lei 1,231,700 was extended by 12 months. In July 2022, an addendum was signed, whereby the ceiling increased to lei 3,000,000..

In June 2023, an addendum was signed whereby the loan was extended by 12 months.

Loans from Group companies	Contract value	Loan balance at December 31, 2023	Interest	Total	Due on
RC Energo Install SRL	3,000,000 lei	3,000,000 lei	399,651 lei	3,399,651 lei	03/06/2024
Total	3,000,000 lei	3,000,000 lei	399,651 lei	3,399.651 lei	

Shares held in the short term

The Current Financial Assets indicator also registers the counter value of a number of 25,000 Hidroelectrica (H2O) shares at a purchase value of 101.18 lei/share, shares remaining in the balance on 31.12.2023 from the total of 28,086 shares acquired during the Hidroelectrica IPO from June-July 2023.

Subsequent events

In January 2024, a number of 20,000 Hidroelectrica (H2O) shares were sold at an average price of 119.31 lei/share.

In January 2024, a number of 2,062,500 Aquila Part Prod Com S.A. shares ("AQUILA") were purchased at a unit value of 0.96 lei/share. In the same month, a number of 1,062,500 shares were sold at an average price of 1.0188 lei/share.



³ Non-current assets held for sale

On February 16, 2023 the Company signed the sale agreement with LIDL ROMANIA S.C.S. for the sale of a land of 7,407 sq m, for a total price of lei 7,659,971. Such land was accounted for at a cost of lei 3,689,310.

Initially, in December 2019 a sale-purchase agreement was signed with Lidl Romania according to which a down payment of lei 2,419,280 (EUR 488,862) was collected in December 2021, however, the transaction was finalised on February 16, 2023, when the remainder of lei 5,240,691.

Total liabilities hold 37,46% of the company's total Equity and liabilities recording a decrease of lei 29,526,349 compared to the beginning of the year of -24.64%.

Borrowings

At December 31, 2023 the bank loans committed by ROMCARBON SA are as follows:

Type of facility	Balance at 31.12.2023		< 1 year	>1 year
	in euro	in lei		
Credit lines in euro ⁴	€ 7,027,537	34,959,186 lei	34,959,186 lei	- lei
Investment loans in euro	€ 1,744,718	8,679,277 lei	2,606,030 lei	6,073,247 lei
Total loans in euro	€ 8,772,256	43,638,463 lei	37,565,216 lei	6,073,247 lei
Investment loan in lei		1,823,405 lei	613,379 lei	1,210,026 lei
Total loans in lei		1,823,405 lei	613,379 lei	1,210,026 lei
Total exposure		45,461,868 lei	38,178,595 lei	7,283,273 lei

⁴In December 2022, the ceiling of the credit line contracted from UniCredit Bank SA was increased from EUR 5,450,000 to EUR 8,000,000. The EUR 2,550,000 limit was used by Livingjumbo Industry SA. In December 2023, the credit line was extended for 12 months.

The Company's current liabilities, accounting for 76.23% of Total Liabilities and 28.65% of Total Equity and Liabilities, registered a decrease of lei 30,464,921, i.e. -30.60%, compared to December 31, 2022.

Current liabilities	31.12.2023	% in total liabilities	% in Total current liabilities	% in Total equity and liabilities	31.12.2023 vs. 31.12.2022
Trade liabilities	24,772,724	27.34%	35.86%	10.27%	-48.46%
Other current financial liabilities	38,178,595	42.13%	55.27%	15.83%	-16.75%
Other current non-financial liabilities	6,127,609	6.76%	8.87%	2.54%	8.97%
Total current liabilities	69,078,928	76.23%	100.00%	28.65%	-30.60%



Non-current liabilities of the Company, representing 8.81% of Total equity and liabilities, have increased by lei 938,572 as compared with 31.12.2022, i.e. 4.62%.

Non-current liabilities	31.12.2023	% in total liabilities	% in Total non-current liabilities	% in Total equity and liabilities	31.12.2023 vs. 31.12.2022
Other provisions	1,117,000	1.24%	5.26%	0.46%	11.70%
Deferred tax liabilities	7,477,700	8.28%	35.21%	3.10%	-3.89%
Other long-term financial liabilities	7,283,273	8.06%	34.29%	3.02%	80.07%
Other non-current non-financial liabilities	5,361,210	5.94%	25.24%	2.22%	-28.28%
Total non-current liabilities	21,239,183	23.52%	100.00%	8.81%	4.62%

Total Equity holds 62.54% out of Total Equity and Liabilities and registered an decrease of lei 9,406,815, compared with the beginning of the year.

Equity	31.12.2023	% of Total equity and liabilities
Subscribed and paid in share capital (representing the counter value of 528,244,192 shares at a nominal value of lei 0.1/share)	52,824,419	21.91%
Share premium	2,182,283	0.91%
Reserves	63,215,703	26.22%
Retained earnings	32,593,737	13.52%
Total equity	150,816,142	62.54%

On 30.06.2023 the registration of the Company's share capital increase at the Trade Register by lei 26,412,209.60, from lei 26,412,209.60 to lei 52,824,419.20 was completed, by the issuance of 264,122,096 new shares with a nominal value of lei 0.10/share, according to the EGMS resolution of 27.04.2023. The capital increase was made by including in the company's share capital the amount of lei 26,412,209.60, representing a share of the net profit registered in 2022 and is intended to support the Company's current activity.

The subscribed and paid in capital of the company amounting to lei 52,824,419.20 in 2022 is divided into 528,244,192 registered shares, dematerialized, with a nominal value of 0.10 lei per share.

As at 31.12.2023 the structure of the company shareholding according to Depozitarul Central SA is the following:

Shareholder	No. of shares	% ownership
Living Plastic Industry S.R.L., Buzau county	173,549,016	32.8539%
Joyful River Limited, Nicosia, Cyprus	108,390,178	20.5190%
TODERITA STEFAN ALEXANDRU	71,000,000	13.4408%
Other individuals	167,962,371	31.7963%
Other legal entities	7,342,627	1.3900%
Total	528,244,192	100.0000%



2) Statement of profit and loss and comprehensive income statement' items

Income statement	12-month 2022	12-month 2023	2023 vs. 2022	
Revenue	262,801,054	214,230,854	▼	(48,570,200) -18%
Other income ⁵	4,454,249	4,303,986	▼	(150,263) -3%
Changes in inventories of finished goods and work in progress	7,447,653	485,526	▼	(6,962,127) -93%
Raw materials, consumables, merchandise and utilities used	(199,065,784)	(148,776,840)	▼	50,288,944 -25%
Salaries and employee benefits	(42,312,860)	(47,111,543)	▲	(4,798,683) 11%
Depreciation and amortisation expenses	(9,609,158)	(9,392,805)	▼	216,353 -2%
Operating expenses	(18,863,785)	(16,469,733)	▼	2,394,052 -13%
Other gains or losses	1,769,859	4,863,752	▲	3,093,893 175%
Profit (loss) on operations	6,621,228	2,133,197	▼	(4,488,031) -68%
Financial income ⁶	47,336,583	3,444,434	▼	(43,892,149) -93%
Financial expenses	(1,574,050)	(2,081,299)	▲	(507,249) 32%
Gain (loss) on impairment of financial assets	-	-	—	-
Profit/(Loss) before tax	52,383,761	3,496,332	▼	(48,887,429) -93%
Income tax	(912,071)	(182,523)	▼	729,548 -80%
Net profit (loss)	51,471,690	3,313,809	▼	(48,157,881) -94%
Gain/Loss on revaluation of property, plant and equipment	745,264	-	▼	(745,264) -100%
Deferred tax adjustment related to the re-valuation reserves fiscal unallowable	273,332	485,482	▲	212,150 78%
Total comprehensive income	52,490,286	3,799,291	▼	(48,690,995) -93%
Operational EBITDA	15,025,300	4,873,276	▼	(10,152,024) -68%

Note: operating EBITDA only takes into account the operating activity, excluding expenses with amortization/depreciation, sales of assets, non-recurrent elements or the financial activity.

In accordance with MoPFO no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to commercial companies whose securities are admitted to trading on a regulated market, the available funds, the assets and liabilities in foreign currency are evaluated monthly at the exchange rate of the market communicated by the NBR on the last banking day of the month. From the revaluation of available funds, the assets and liabilities in foreign currency in 2023, the Company registered favorable differences of lei 1,094,197 lei (financial income from exchange rate differences) and unfavorable differences of lei 1,549,303 (financial expenses from exchange rate differences), thus resulting a net loss of lei 455,106.

In 2022, a gain of lei 229,121 was recorded from the evaluation of available funds, assets and liabilities in foreign currency at the exchange rate of the market communicated by the NBR on the last banking day of the month.

⁵ The item "Other income" has the following structure:

Indicator	12-month 2022	12-month 2023	2023 v 2022	
Rental income	2,247,585	2,190,008	▼	(57,577) -3%
Income for investment subsidies	2,206,664	2,113,978	▼	(92,686) -4%
Total	4,454,249	4,303,986	▼	(150,263) -3%

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⁶ The item "Financial income" has the following structure:

Caption	12-month	12-month	2023 vs 2022		
	2022	2023			
Interest income	316,730	983,890	▲	667,160	211%
Income from financial investments	0	57,882	▲	57,882	n/a
Dividend income - Recyclat LTD	46,745,700*	0	▼	(46,745,700)	-100%
Net gains from FX differences	274,153	2,402,662	▲	2,128,509	776%
Total	47,336,583	3,444,434	▼	(43,892,149)	-93%

*Equivalent of EUR 9,500,000.

"Net sales" had the following trend in the reporting period:

	12-month	12-month	2023 vs. 2022		
	2022	2023			
Total sales of finished goods, of which	183,306,275	153,331,408	▼	(29,974,867)	-16%
CP1~ Auto and industrial filters,	3,395,181	3,652,168	▲	256,986	8%
CP2~ Respiratory protective equipment and Active Carbon	5,396,649	2,278,627	▼	(3,118,023)	-58%
CP3~ Polyethylene products	36,123,918	30,273,457	▼	(5,850,462)	-16%
CP4~ PVC products	697,669	420,422	▼	(277,247)	-40%
CP5~ Polystyrene products	51,082,952	46,799,707	▼	(4,283,245)	-8%
CP6~ Polypropylene products	40,107,774	32,001,778	▼	(8,105,996)	-20%
CP7~Compounds	46,502,132	37,905,250	▼	(8,596,881)	-18%
- Sales of intermediary goods	68,499	4,378	▼	(64,122)	-94%
- Services rendered	721,836	425,122	▼	(296,714)	-41%
- Sale of goods purchased for resale	71,556,260	53,057,503	▼	(18,498,757)	-26%
- Revenues from sundry services	7,148,184	7,412,444	▲	264,260	4%
Total, of which:	262,801,054	214,230,854	▼	(48,570,200)	-18%

Caption	31.12.2022	31.12.2023	31.12.2023 vs.31.12.2022		
Net sales	262,801,054	214,230,854	▼	(48,570,200)	-18%
Rental income	2,247,585	2,190,008	▼	(57,577)	-3%
Total turnover, of which:	265,048,639	216,420,862	▼	(48,627,777)	-18%
- Domestic market	211,389,473	181,914,762	▼	(29,474,712)	-14%
- Foreign market	53,659,166	34,506,100	▼	(19,153,066)	-36%

Note: Turnover includes "Net sales" in the Statement of comprehensive income, plus "Rental income" generated by investment property.

3) **Statement of cash flows**

Cash and cash equivalents at the end of 2023 have increased by lei 26,609,787 compared to the beginning of the year (December 31, 2023: lei 29,382,497; December 31, 2022: 2,772,710).



4) **Financial ratios**

In the reporting period the main financial indicators and ratios had the following evolution:

Ratio	Formula	2022	2023
EBIT	Gross profit + interest expenses	53,670,160	5,303,794
EBITDA	EBIT + amortization – income from subsidies	61,072,654	12,582,621
Turnover	Net sales + Rental income	265,048,639	216,420,862
EBITDA in total sales	EBITDA/Turnover	23.04%	5.81%
EBITDA in equity	EBITDA/Equity	38.12%	8.34%
Gross profit	Gross profit /turnover	19.76%	1.62%
Current liquidity ratio	Current assets/current liabilities	1.47	1.77
Immediate liquidity ratio (acid test)	(Current assets -Inventories)/Current liabilities	1.17	1.32
Gearing ratio (1)	Long-term liabilities/Equity	13%	14%
Gearing ratio (2)	Total liabilities/Total assets	43%	37%
Gearing ratio (3)	Capital borrowed on the long-term/Total equity	3%	5%
Gearing ratio (4)	Capital borrowed on the long-term/Capital employed	2%	5%
Interest coverage ratio	EBIT/Interest expenses	41.72	2.93
Turnover of trade receivables	Average balance of trade receivables /Turnover	83	99
Turnover of trade liabilities	Average balance of trade liabilities /Turnover	58	61
Turnover of trade liabilities	Turnover/Non-current assets	1.99	1.82
Return on assets (ROA)	Net result /Total assets	18.38%	1.37%
Return on equity (ROE)	Net result/Equity	32.13%	2.20%
Return on sales (ROS)	Net result/Turnover	19.42%	1.53%

SECURITIES MARKET ISSUED BY THE COMPANY

Company shares are traded on the Bucharest Stock Exchange SA, Equities Section, Standard category.

In order to ensure transparency in the capital market and a permanent information both for shareholders and potential investors in the Extraordinary General Meeting of Shareholders dated 20.11.2007, the shareholders decided admission to trading of the company on BSE, Equities Section, Category II. At the hearing dated 11.03.2008, National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market administered by SC Bucharest Stock Exchange S. A. of the shares issued by SC ROMCARBON S.A.

The main characteristics of the securities issued by the company: 528,244,192 shares, dematerialized, at a nominal value of 0.1 lei.

CORPORATE GOVERNANCE CONSIDERATIONS

This chapter summarizes the Company's Corporate Governance main rules, structures, procedures and decision-making practices within the company, governance standards that ensure the general principles of management and effective control of the activities of the company according to the object of activity, for the benefit of shareholders and for increase investor confidence. The entire set of standards of corporate governance provides the structure through which the company objectives are set, the means of



achieving them and to monitor the performance and aims to promote fairness, transparency and accountability in the society.

ROMCARBON SA is a legal Romanian entity that operates as a joint stock company, in accordance with legal provisions in force. It operates in accordance with the Romanian laws and the company's Articles of incorporation.

The company was founded in 1952, originally under the name "Intreprinderea de mase plastice". The company is headquartered in Romania, Buzau, Transilvania Street no. 132, is organized as a joint-stock company and is subject to Romanian law.

The main activity domain of the company is: 222 - Manufacture of plastic and the main activity, according to the encoding - 2221 Manufacture of plates, sheets, tubes and profiles in plastic.

In 2005, the company implemented a modern ERP system for enterprise resource planning (ERP - Enterprise Resource Planning), in order to optimize the decision process.

Investments made by the company targeted expansion of production activities by land acquisition, modernization and acquisition of equipment, expansion and introduction of new products in line with the regulations in force (including alignment with EU norms).

In the meeting of 11.03.2008, the National Securities Commission decided, by Decision no. 469 / 11.03.2008, the approval of the Prospectus prepared for admission to trading on the regulated market of BURSA DE VALORI BUCURESTI S.A. of the shares issued by ROMCARBON S.A.

Thus, starting from 30.05.2008 until 05.01.2015 the shares of ROMCARBON S.A. were traded on the regulated market of the Bucharest Stock Exchange, Equities Section, Second category of Shares.

Starting 05.01.2015 the shares of ROMCARBON S.A. are traded on the regulated market of the Bucharest Stock Exchange, Equity Sector, Standard category, according to the new market segmentation introduced by Bucharest Stock Exchange.

Prior to the trading on the Bucharest Stock Exchange, the company was listed on Second category of the RASDAQ market.

The main features of the shares issued by ROMCARBON S.A. are:

- Number of shares – 528,244,192
- a) nominal value – lei 0,1
- b) ISIN code: ROROCEACNOR1
- c) symbol: ROCE

Although new on the Bucharest Stock Exchange regulated market, ROMCARBON S.A. has planned to implement both a policy oriented towards profit for shareholders and one of corporate social responsibility, ethics and the environment, with significant impact on the environment and consequently the community.

In this respect, the management of ROMCARBON S.A. states that voluntarily adopts the Bucharest Stock Exchange Code of Corporate Governance, as adopted by the Board of Bucharest Stock Exchange in December 2007, as amended, with the sole purpose of its implementation in the company, by assuming its corporate governance policies.

A first step in implementing a corporate governance policy was to adopt and implement the Code of Corporate Governance of Bucharest Stock Exchange, at company level, which can be accessed in Romanian language and English on Bucharest Stock Exchange site - www.bvb.ro. Implementation of the Code in ROMCARBON S.A. consisted primarily in the adoption by the Board of Directors of Corporate Governance Regulation, Regulation that can be accessed on the company's website www.romcarbon.com.

The regulations which we comply with in the preparation of this chapter of Corporate Governance: **Law no. 31/1990 on companies**, republished in 2004, as amended and supplemented, **Law no. 297/2004**

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on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations, as amended and supplemented, the regulations issued by FSA to regulate the capital market (Regulation no. 5 of 21/06/2018 on issuers of financial instruments and market operations, Regulation no. 10/2016 on the organization and operation of the Financial Supervisory Authority, etc.), accounting regulations, regulations on Audit, Law no. 82/1991 for Accounting, republished with subsequent modifications, Corporate Governance Code of the Bucharest Stock Exchange adopted by the Council of the Bucharest Stock Exchange in December 2007, the Articles of incorporation of ROMCARBON SA, the Collective Labour Agreement and the Internal Regulation, concluded at the level of the company and the Code of Ethics hereinafter generically referred to as "Legal provisions".

II. STRUCTURE AND CORPORATE GOVERNANCE

1. The General Meeting of Shareholders

The General Meeting of Shareholders (GMS) includes all shareholders and meets in ordinary meetings (OGMS) and extraordinary meetings (EGM), each with competencies established by law/the company's articles of incorporation.

The call, organization and conduct of works for GMS are in strict accordance with the law, ensuring materials presentation, recording the works and decisions taken.

2. Board of Directors

Members of the Board of Directors (BoD) ensure an effective capacity to monitor, analyze and evaluate the work of directors and fair treatment of shareholders. The election of members of the Board of Directors is done between the persons appointed by the shareholders. In appointing members of the Board of Directors, the General Meeting has sought a balanced structure of the BoD according to the structure and activity of ROMCARBON S.A. as well as the personal experience and qualifications of board members.

The Board of Directors meets at the company's headquarters or elsewhere, monthly and whenever necessary, convoked by the Chairman at the grounded request of at least 2 of its members or the CEO. The Chairman must honor such request.

The Board of Directors is chaired by the Chairman and in his absence, by the Deputy Chairman. The calls for the meetings of the Board of Directors are sent at least 5 days before the date of the meeting, by any means of remote communication (post, e-mail, fax) that ensures acknowledgment of receipt, in writing, by the addressee/member to the convened Board of Directors. These calls include the date, and the location where the meeting of the Board of Directors will be held, as well as the agenda, no decision can be taken on other issues, except in case of urgency and with the condition they are ratified in the next meeting by the absent members. In exceptional cases, justified by the urgency of the situation and the interest of the company, the decisions of the Board of Directors can be taken by the unanimous vote expressed in writing by the members, including by e-mail, without the need for a meeting of such body.

For the validity of the decisions it is required the presence/vote of at least half of the members of the Board and decisions are taken by a simple majority of the members present. In the case of parity of votes, the Chairman of the Board of Directors (who is not at the same time officer of the company) will have the decisive vote. If the Chairman in office of the Board of Directors cannot or is not allowed to vote, the other members of the Board of Directors may elect a chairman of the meeting, having the same rights as the chairman in office. In case of parity of votes and if the president does not have a decisive vote, the voted proposal is considered rejected.

The meetings of the Board of Directors take place in the presence of the directors or by correspondence (post, e-mail, etc.). The members of the Board of Directors express their vote regarding the issues listed on the agenda during the meeting, as well as through any means of remote communication (mail, e-mail, fax) that ensures confirmation of the receipt of the vote expressed in writing, by the secretary the Board of Directors, at the latest until the end of the meeting for which they were convened.

Decision-making process remains a collective responsibility of board members they are held jointly responsible for all decisions adopted in exercise of the powers. The Board of Directors' debates are recorded in the minutes of the meeting, which are entered in a register. The meetings of the Board of



Directors can be audio-video recorded. The minutes of the meeting are signed by the chairman of the meeting and by at least one other director.

The chairman of the Board of Director, the Board members, the Company's managers, executive officers are liable individually or jointly, as appropriate, to the company for damages resulting from criminal offenses or violations of legal provisions for deviations from the article of association, as well as mistakes in administrating and management of the company. In such situations, they may be revoked by the decision of the General Meeting of Shareholders respectively the decision of the Board of Directors.

At the date of this report, the Board of Directors of Romcarbon SA consists of the following directors elected in the ordinary General Meeting of January 25, 2024 for a 4-year mandate that expires on February 4, 2028:

- **Huang Liang - Chairman**, appointed based on the Resolution of the Ordinary General Meeting of ROMCARBON S.A. from 25.01.2024 for a 4-year term, which expires on February 4, 2028;
- **Wang Yi Hao - Vice Chairman**, appointed on the basis of the resolution of the Ordinary General Meeting of Romcarbon SA from 25.01.2024 for a 4-year term, which expires on February 4, 2028;
- **Toderita Stefan Alexandru** - appointed on the basis of the Decision of the Ordinary General Meeting of ROMCARBON SA from 25.01.2024 for a 4-year term, which expires on February 4, 2028.

Currently, the remuneration of the administrators is made in accordance with the provisions of the constitutive act and of the Decision of the Ordinary General Meeting no. 1 of 23.01.2020.

The exercise of the mandate entrusted to the new members of the Board of Directors will be done free of charge, in accordance with the vote expressed by shareholders within the Ordinary General Meeting of Shareholders of 23.01.2020.

Compliance with the provisions of art. 138² of Law 31/1990 of Principle VI (CGC) respectively with the recommendation no.16 from the Implementation Guide Corporate Governance Code, we mention that, among the administrators of the company, only Mr. WEY JIANN SHYANG meets the condition of independence, him being independent non-executive administrator.

Within the Company's Board of Directors, an Audit Committee has been established, as modified based on Resolution no. 11 of the BoD of 07.12.2021, composed of the following directors: WEY JIANN SHYANG si TODERITA STEFAN ALEXANDRU.

Regarding the existence of a **Remuneration Committee**, the company does not intend to establish such advisory committee, the competence for establishing and application of the remuneration policy in the company belongs exclusively to the General Meeting of Shareholders (pay/fee for the board members) or the Board of Directors (remuneration of executive management staff respectively), within legal limitations conferred by the Act of incorporation and companies legislation referring to these bodies.

Currently, the directors are remunerated in accordance with the provisions of the articles of incorporation and Resolution no. 1 dated 23.01.2020 of the Ordinary General Meeting.

In 2023, the Board of Directors met in 20 meetings, decisions being taken either with the vote of the majority of those present, or by unanimity and in accordance with the legal provisions regarding the convocation and quorum for conducting the meetings and legally adopt decisions.

3. Executive management

The executive management of ROMCARBON S.A. is provided by the following persons, whom have been delegated the powers for the management of the company:

- Huang Liang Neng - Chief Executive Officer starting on 17.02.2020
- Manaila Carmen – Administrative Deputy General Manager starting 17.02.2020
- Dobrota Cristinel – Development Deputy General Manager, starting 17.02.2020
- Cretu Victor - Polypropylene Profit Center Manager, starting 17.02.2020

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- Constantinescu Gabriel – Filters, EIP and Active Charcoal Profit Center Manager, starting 17.02.2020
- Ungureanu Ion – Expanded Polystyrene Profit Center Manager, starting 17.02.2020
- Ungureanu Ion - Chief of Operations PSE Section starting 01.10.2017
- Titi Mihai - Technical Deputy General Manager starting on 01.06.2010
- Zainescu Viorica Ioana - Chief Financial Officer starting on 15.01.2010

The Board of Directors delegates the company's management to the General Manager, who acts independently and is liable to take all the adequate measures for the Company's management, within the limits of the Company's scope and in compliance with the exclusive duties provided by law or the Constitutive Act, to the Board of Directors or the General Meeting of Shareholders.

In this regard, in its relations with third parties, the company is represented by the General Manager under the provisions of art. 143 para. 4 in conjunction with Art. 143² para. 4 of Law 31/1990, who act independently within the limit of the mandate entrusted to them.

The General Manager of the Company is appointed or removed from office by the Board of Directors, which establishes its attributions, responsibilities and powers, the attributions of representing the Company may be delegated by the General Manager of the Company to a third party only with the prior written consent of the Board of Directors. The company's officers are appointed or revoked by the Board of Directors, which sets their duties, responsibilities and powers, the company's officers being able to delegate the powers to represent the Company to a third party only with the written consent of the Board of Directors.

Remuneration of directors of the company is in accordance with the articles of association.

The remuneration policy of the Company, based solely on professional and ethically irreproachable profile of the administrators or directors, consisted of the following gross compensation - total 2023:

- a) Directors – lei 0
- b) CEO – lei 180,000
- c) Executive management – lei 2,270,764.

Starting 2021, the company adopted a remuneration policy, which may be consulted at the following link: <https://www.romcarbon.com/remuneration-reports/>

For 2023, the company issued, according to the legal provisions, the Directors' and Officers' Remuneration Report, available at the following link: <https://www.romcarbon.com/wp-content/uploads/2024/04/2023-Remuneration-Report.pdf>

4. Internal auditor

The company organizes its internal audit in accordance with the legal provisions, which are also included in the company's constitutive act. In 2023, internal audit is provided to the company by "Stefanoiu Vasile - Financial Auditor Practice".

The internal auditor attends meetings of the Board and General Meetings of Shareholders and notifies management irregularities, and if applicable, breaches of the legal provisions and of the provisions of the constitutive act.

The mission, powers and responsibilities of the internal audit are defined in an Internal Audit Charter approved by the Board of Directors of the Company; the Internal Audit Charter sets out the internal audit position in the company, determines how to access the company documents for the proper performance of audits, defines the scope of internal audit.

5. Risk management

Risk factors include general matters (emerging markets present a higher risk than countries with developed economies and mature political and legal systems), a potential political instability, risks arising from a temporary instability of the legislative, fluctuation of interest rate and inflation rate, and risks related to capital market and its liquidity.



SC ROMCARBON S.A. approaches risk prudently, in accordance with its long-term strategy. Prudent risk management becomes more important in the context of an extension of the economic and financial uncertainties and obvious market volatility. Strategic vision on risk management is determined by the Board of Directors and is applied through actions taken by the executive management of the company.

SC ROMCARBON SA implemented the risk management in accordance with the requirements of Standard SR EN ISO 31010 – Risk Management, which includes risk assessment techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Given the world economic and financial crisis, Romcarbon SA had to adapt to the new conditions and constraints of the market.

Control and risk management are ensured through a number of specific structures governed by the provisions of the capital market, the company's constitutive act, the collective labour contract and organizational structure of the company, as follows:

- financial auditor;
- internal auditor;
- configuration of the organisational and functional structure.

The financial statements of the company are, by law, audited by an external auditor (legal entity), member of the Chamber of Financial Auditors of Romania, appointed by the Ordinary General Meeting of Shareholders, which operates under a services supply contract approved by the Board of Directors of the company.

Currently, the external financial auditor of ROMCARBON SA is DELOITTE AUDIT SRL and was appointed for a period of 1 year based on the OGMS Decision of 27.04.2023.

CORPORATE RIGHTS OF SHAREHOLDERS

The company' shareholders are natural or legal persons who have acquired or will acquire ownership of one or more shares in the company and who have registered the acquired right in the shareholder register kept by the company named in the contract, according to the law S.C. DEPOZITARUL CENTRAL S.A. The acquisition, in any form, of the company's shares, involves from shareholders an unreserved adherence to all provisions of the articles of association in force at the date of acquisition.

SC ROMCARBON S.A. respects the rights of securities holders and ensures an equal treatment for all holders of securities of the same type and class, providing all relevant information so that they may exercise all rights. Securities holders must exercise the rights conferred by them in good faith, respecting the rights and legitimate interests of other shareholders and the priority interest of the company, otherwise being liable for damages.

Each share subscribed and paid by shareholders gives them the right to one vote at the general meeting of shareholders, the right to vote and to be elected to the governing bodies of the company, the right to participate in profit sharing, according to the articles of association of the Company and social asset to dissolve the company and other rights provided by law.

All holders of shares issued by ROMCARBON S.A. are treated fairly. All issued shares confer equal rights to holders.

SC ROMCARBON S.A. facilitates and encourages: participation of shareholders at the General Meetings of Shareholders (AGA), the full realization of their rights, the dialogue between shareholders and members of the Board and / or management. At the General Meeting of Shareholders are entitled to attend and vote shareholders registered in the Register of Shareholders (issued by the Central Depository) at the reference date established/ approved by the Board of Directors.

To make available to shareholders relevant information in real-time, ROMCARBON S.A. created on www.romcarbon.com a special section called Shareholders, Investor Relations, accessible and constantly updated. This section is structured to contain all information necessary to securities holders: Board of



directors' meeting information, the general meetings of shareholders, financial calendar, periodic and current reports, dividends, corporate governance etc.

Also, ROMCARBON S.A. has internal structures specialized for investor relations and relationship with their shareholders. Persons appointed to stay in contact with investors and shareholders will attend periodically training courses.

Regarding the ***relationship with shareholders and investors***, ROMCARBON S.A. is subject to corporate discipline by making suitable ongoing periodic reporting on all major events, including the financial situation, performance, ownership and management.

For purposes of capital adequacy to corporate governance rules and discipline, the Company set up the Investor Relations Department, which ensures compliance with corporate rules according to the Corporate Governance Code of the Bucharest Stock Exchange.

Above mentioned reports are transmitted Bucharest Stock Exchange, the Financial Supervisory Authority, published in a national and local newspaper and posted on the Company's website at www.romcarbon.com.

ROMCARBON S.A. develops and disseminates relevant information periodic and continuous, in accordance with International Financial Reporting Standards (IFRS) and other reporting standards or environmental, social and leadership (ESG - Environment, Social and Governance).

In terms of managing conflict of interest in case of transactions with parties, corporate behavior of board members is: avoid any conflict of interest directly or indirectly with the company or any subsidiary controlled by it, by informing the Board of Directors on conflicts of interest occurred, in which case it will refrain from discussions and voting on such matters.

SOCIAL RESPONSIBILITY

The company's strategy in terms of environment, corporate governance and social responsibility is based on a set of principles that define its relationship with its partners - employees, creditors, suppliers, customers, investors, local authorities and members of the community (stakeholders).

In accordance with this strategy, ROMCARBON S.A. developed in 2022 its first Sustainability Report for 2021, out of the belief that the inclusion of sustainability principles in the strategies of the Romcarbon Group, in communication and even in the business model, can contribute to improving its reputation among its customers, suppliers and investors and can play an important role in increasing employee involvement and reducing staff turnover. In drawing up this report, the principles established in the GRI Standards regarding Materiality, Inclusiveness, Sustainability Context and Exhaustiveness were taken into account. The quality of the report was ensured by observing the principles of the GRI Standards regarding Balance, Comparability, Accuracy, Regularity, Clarity and Reliability. More details can be found in our Sustainability Report available on Romcarbon SA's website: <https://www.romcarbon.com/sustainability-reports/>

For the 2021 Sustainability Report, Romcarbon was awarded the 3rd place in the top sustainability reports, by a specialized jury made up of representatives of the capital market, in a competition of the best sustainability reports, organized by ARIR (Association for Investor Relations from Romania). The 5 judges analyzed all competing reports based on 8 criteria and appreciated the concrete data presented by Romcarbon in its Sustainability Report for 2021 and also appreciated the inclusion of clear indicators and targets for Romcarbon's ESG activity.

The management team of ROMCARBON SA believes that development is not possible without the contribution of each employee and the company as a whole.



The company aims, through an active policy of **CSR**:

* **to support and respect the human rights of its employees in particular.** In this respect, the employees benefit from various specialized programs / professional training and a constant awareness of the evolution of the company (presentation by the representatives of the employees, i.e. periodic review of the financial statements of the Company). In the framework of their responsibilities, the company took the steps necessary to protect the safety and health of employees, including occupational risk prevention activities and training information, as well as the implementation of labor protection and means of organizing it. (e.g. periodic training, provision of personal protective equipment, working equipment, sanitary materials, periodic medical examination, etc.). ROMCARBON SA does not use child labor, does not engage in trafficking and does not in any way encourage these ideas. The company has zero tolerance under any circumstances for corporal punishment or mental pressure, physical or verbal or any form of inhuman treatment.

* **to support freedom of association.** The Company respects the legal right of all staff to appoint representatives who negotiate on behalf and for them in regular negotiations collective bargaining agreement at company level. Employee representatives to ensure their protection of the law against all forms of conditioning, constraint or limitation of exercising their functions.

* **Contribute to the elimination of discrimination in employment jobs, profession, and the wage determination.** Any direct or indirect discrimination against an employee based on sex, sexual orientation, genetic characteristics, age, national origin, race, color, ethnicity, religion, social origin, handicap, family status or responsibility, trade union membership or activity is prohibited in the Company.

* **to combat any form of corruption**

* **to support educational activities**

* **to support different social categories** (deserving young people, sick or disabled people) through humanitarian actions that include sponsorships/patronages but also assistance in extreme cases as well as to give help to disadvantaged people or people in difficulty. As part of this active CSR policy, ROMCARBON SA granted during the financial year 2023 material aid, in the amount of 40,500 lei, to its own employees affected by various events with a strong social and human impact (birth of children, deaths of some family members, fires, floods, etc.). In 2023, sponsorships totalling 37,500 lei were granted in various fields (social, sports, education);

* **to support sport activities in the city of Buzau, by financial aids**

In the local community in which it operates, the company takes an active role by supporting community initiatives through financial and human resources.

* **proactively address environmental issues and promote responsibility towards the environment**

ROMCARBON SA values and protects life. As of 2018, the Company has been constantly organising blood donation campaigns together with the Buzau Transfusion Center at the company's premises. ROMCARBON SA employees have donated more than 2,400 blood units so far. These campaigns will continue.

In this regard, ROMCARBON S.A. aims to improve the quality of environmental factors and biodiversity conservation by promoting awareness of environmental issues and health issues.

ROMCARBON S.A. complies with environmental protection legislation. The company is not involved in litigation regarding the infringement of the environmental legislation. It periodically evaluates compliance with laws, regulations and other requirements to which the organization subscribes.

ROMCARBON S.A. has implemented and certified an integrated quality management system - environment-occupational health and safety standards ISO 9001 :2015, ISO 14001 : 2015 and ISO 45001:2023 standards, - certified by SRAC.

ROMCARBON S.A. identifies all actual and potential environmental issues, including positive and negative aspects arising from indirect and companies that operate at the company and may affect environmental performance. Identification of environmental issues is based on systematic analysis of each process / sub-process (including their inputs and outputs) according to the procedure of system "PS 03 Environmental aspects" in situations of normal operation, abnormal (including starting and stopping) and emergency, accident.

In normal operating conditions, the company's activity does not cause significant environmental impacts. Following the identification and evaluation of environmental aspects were developed management programs to improve the environmental performance of the company.

For a better quality of life, ROMCARBON S.A. has developed in recent years a number of social responsibility actions and punctual sponsorship were directed to different areas: education, health, social issues, environmental protection, such as participating in various events / campaigns / contests on the



Environmental International Day celebrated on the 5th of June under the title "for a cleaner world!" / "We have only one Earth. Let's give it priority!"

Partners of these events are constantly the Environmental Protection Agency in Buzau, Buzau Prefect's Office and Municipality of Buzau.

In fact, **environmental protection is an key priority**, as ROMCARBON S.A. supports, in a decisive way, the development in Buzau of "an industry" which proves more and more that the economy and the environment can survive together without compromise - "Green Industry".

Since 2012 in Profit Center no. 7 - Compounds there are activities of waste plastics recycling by separating recyclable fractions and milling, extrusion, filtration, these separated fractions to obtain composite materials.

Starting September 4, 2014, Romcarbon SA became a member of the Romanian Association of Sanitation, which became in the meantime the Romanian Association for Waste Management – A.R.M.D.; as final waste recycling body, Romcarbon supports the actions of this entity:

- a) Sustained promotion of its members' interests;
- b) Permanent involvement in the process of preparing the legislation in the waste management field in Romania;
- c) Dynamic involvement of the Association in the waste management in Romania, by studies and market researches;
- d) Initiation of contracts with the organizations in order to attract funds and grants, both for members and for sustainable development of the association's activities;

Regarding the social involvement actions aimed at contributing to the development of the local community, it is worth mentioning the participation of ROMCARBON SA, in 2023, as a sponsor in actions of cultural promotion and reading among youngsters and children.

Thus, Romcarbon was among the sponsors that supported the organization in Buzau of the 35th edition of the "TOP T" Rock Festival for young people, the oldest rock festival in Romania which proved to be a success, being appreciated by both the public and by the artists who took the stage. In this way, we have contributed to keeping the rock spirit alive in Buzau, the city with the oldest festival in Romania and one of the best audiences in the country, we actively participated in supporting original and valuable artistic creation in the field of rock music, in educating the young people of Buzau in the spirit of raising awareness of true cultural values, promoting real talents and fighting kitsch and copied music, promoting live performances and fighting playback, as well as raising awareness of the importance of music in educating the population by organizing art exhibitions alongside recitals photography, musical instruments, magazines and specialized books.

We sponsored the organization of the launch event of the first English language auxiliary manual written by the pupils of the 5th grade C of 11 Secondary School in Buzau, entitled "A Christmas Wish" through which the children practiced their writing skills and thus came to the support of other children to develop their communication skills in English.

Romcarbon SA donated to the Secondary School in Potoceni Locality, Maracineni Commune, Buzau County a number of 406 books, of which 106 were new, sponsored by the company and the rest represented the contribution of the company's employees who responded positively and in large numbers to the company's initiative to contribute to the re-stocking of the School Library in Potoceni, with new and attractive books for the new generations of children.

In addition to this initiative, the Company also contributed to the endowment of the FLOARE DE BUJOR folk ensemble, of the Potoceni Secondary School, founded in the fall of 2023, with traditional Romanian footwear, so that all the children, members of the ensemble, can complete their traditional Romanian outfit with this important accessory, a very important part of the traditional Romanian cultural identity.

Last but not least, during the winter holidays, we gave the children from the schools and kindergartens that operate in the Maracineni Municipality, Buzau County, a number of 240 packages with sweets specific to the Christmas season and thus brought the spirit of the holidays into the little ones' hearts.

2023 was the year in which books and reading were brought back to the fore, thus, at the initiative of some colleagues, starting with July 2023, the "Bookshelf" project took place. With a book closer to the others». Romcarbon supported and financed the purchase of new books to increase the available fund so that the employees who are passionate about reading can satisfy their pleasure and others can discover it.



As a **socially responsible company**, ROMCARBON SA aims not only at increasing the satisfaction of employees, commercial partners and own shareholders, but also at increasing the involvement in the community, with a view to raising the quality of life at local level and also to incentivizing the labor market by enhancing the level of professional competence of the human resources.

THE ACTIVITY OF THE COMPANY IN THE FUTURE

In 2024, the management will continue to take all measures to ensure the development of the company's activity in safe conditions for all stakeholders, in the current context of the raw materials and consumables market, where the availability and price of raw materials has represented a continuous challenge, the cost of plastic granules increasing again since the first months of the year, the utility market with prices that are still high, in the context of the geopolitical climate created by the war in Ukraine, and last but not least the labor market, which shows a continuously growing volatility.

The company completed at the end of December 2022 the sale transaction of the shares indirectly owned in Green-Group, thus generating important cash flows of around EUR 14 million, amount intended for investments and remuneration of shareholders in the form of dividends in 2022 and 2023, but also for the share capital increase that was made by contributing lei 26,412,209.60 to the company's share capital, representing a share of the net profit registered in 2022.

For 2024, the Company aims at consolidating its position on the markets where it operates, streamlining the investments implemented in previous years, and at making new investments in the field of circular economy and recycling by accessing grants under the investment programs led by the Minister of Energy, as reform and/or investment lead in the National Recovery and Resilience Plan (PNRR).

2024 resumes the main objectives of 2023, namely the manufacturing of diverse and high-quality products and investing important resources in technologies that will ensure the growth of the company in the next years.

For 2024, the company budgeted the following financial indicators:

- a total turnover of lei 281,916,040 (up by 30% as compared with 2023) of which the turnover related to the sales of finished products is budgeted at the level of lei 199,010,432 (29% higher as compared with 2023);
- a gross operating profit in amount of lei 5,421,393, up by 55% compared to 2023.

The activity of the company is not affected by the restrictions on external financing, it has the ability to control its cash flows and mitigate risks of non-collection. We have not identified any premises for the exposure to major risks in terms of cash flows. There will be pressure on the RON / EUR exchange rate, but we cannot estimate the extent.

At the date of this report, we have not identified any risks affecting significantly the revenues from the core activity. Starting February 2022, the geopolitical tensions have escalated significantly further to the military intervention of the Russian Federation in Ukraine. Further to such escalations, the economic uncertainties on the energy and capital markets have grown, and global energy prices are expected to be extremely volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot rule out the adverse consequences on the business, operations and financial standing. Management considers that it is taking all the necessary measures to support the sustainability and growth of the Company's business given the current circumstances and that the professional judgment used in these financial statements is adequate.

As at the date of preparation of this report, the Company's management is not aware of other events, economic changes or other uncertainties that might affect significantly the company's income or liquidities.

For signatures, please refer to the original Romanian version.

**ADMINISTRATOR
HUANG LIANG NENG**

**FINANCIAL MANAGER
VIORICA ZAINESCU**

**DEPUTY
ADMINISTRATIVE
GENERAL MANAGER,
CARMEN MANAILA**

Date: March 26, 2024

This is a free translation from the original Romanian version.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Romcarbon SA

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Romcarbon SA and its subsidiaries ("the Group"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. The consolidated financial statements as at December 31, 2023 are identified as follows:

• Net assets/Total equity	lei 152,044,804
• Net loss for the financial year	lei -5,135,847
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated 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, with subsequent amendments.

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 (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017 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 consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Group. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the clients' businesses, there is a risk that sale is not properly and accurately recognised. That is, revenue may not be recognised in the correct accounting year, taking into account the transfer of main risks and rewards associated with the product, or may represent fictitious sales for which the delivery has not taken place, or sales towards bad debtors, that are insolvent or bankrupt.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>The Group's revenue disclosures are presented in Note 3 of the consolidated financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in "Key audit matters" regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period; - checking the completeness and accuracy of disclosures regarding revenues in the consolidated financial statements.

Other information – Administrators' Consolidated Report

6. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators' consolidated report, which also includes the non-financial information declaration and the Remuneration Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements for the year ended December 31, 2023, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other reporting responsibilities with respect to other information – Administrators' consolidated report

With respect to the Administrators' consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

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

- a) the information included in the Administrators' consolidated report and the Remuneration Report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- b) the Administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions of 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;



Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2023, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

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 consolidated financial statements 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 and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group'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 Group'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 Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient and adequate audit evidence regarding the financial information of the Group entities or business lines in order to express an opinion on the consolidated financial statements. We are responsible for the coordination, supervision and performance of the group audit. We are solely responsible for our audit opinion.
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.
 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 were appointed by the General Meeting of Shareholders on July 27, 2023 to audit the consolidated financial statements of Romcarbon SA for the financial year ended December 31, 2023. The uninterrupted total duration of our commitment is 16 years, covering the financial year ended December 31, 2008 until the financial year ended December 31, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued on the same date we issued this audit report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Group the prohibited non-audit services referred to in Article 5(1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Ana-Corina Dimitriu.

Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and 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 Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the consolidated financial statements included in the annual financial report of Romcarbon SA ("the Group") as presented in the digital files which contain the unique LEI code 315700RJSU856JJMHO64 ("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;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated 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 consolidated 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.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 Group's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Group 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 all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

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

In our opinion, the consolidated financial statements for the year ended December 31, 2023 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 consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Group for the year ended December 31, 2023 is set out in the "Report on the audit of the consolidated financial statements" section above.

Ana-Corina Dimitriu, 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 3677

On behalf of:

DELOITTE AUDIT SRL

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 29, 2024





DECLARATION OF THE MANAGEMENT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Undersigners

Huang Liang Neng, Chairman of the Board and General Manager
Manaila Carmen, Deputy General Manager for Administrative Operations,
Zainescu Viorica Ioana, Financial Manager

Declare that the Consolidated Financial Statements for the year ended December 31, 2023 prepared in accordance with IFRS, as far as we know, give a true and fair view of the assets, liabilities, financial position, of the incomes and expenses of S.C. Romcarbon S.A. and its subsidiaries and the Directors' report prepared in accordance with ASF requirements, gives a true and fair view of the performance of the business together with a description of the principals risks associated with the company's activity.

HUANG LIANG NENG

MĂNĂILĂ CARMEN

ZĂINESCU VIORICA IOANA

For signatures, please refer to the original Romanian version.



ROMCARBON S.A. AND SUBSIDIARIES

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Prepared 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, with subsequent amendments**



CONTENTS**PAGE**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3 - 4
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5 - 6
CONSOLIDATED STATEMENT OF CASH FLOWS	7 - 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 54
ADMINISTRATORS' REPORT	1 - 18



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

	Note	Year ended December 31, 2023	Year ended December 31, 2022
		RON	RON
Revenue from Contracts with Customers	3	304,683,985	381,985,677
Other income	4	4,103,607	4,287,141
Increase (decrease) in inventories of finished goods and work in progress		2,516,172	11,496,807
Raw materials and consumables used	5	(191,297,563)	(263,732,961)
Employee benefits expense	6	(84,574,383)	(78,261,063)
Depreciation and amortisation expenses	7	(14,320,887)	(14,538,409)
Other expenses	8	(27,713,730)	(30,646,145)
Other gains (losses)	9	5,068,419	2,276,748
Profit (loss) from operating activities		(1,534,380)	12,867,795
Finance income	10	944,878	290,047
Finance costs	11	(4,303,354)	(2,894,705)
Net gain/(loss) on disposal of financial investments		0	44,525,895
Share of profit (loss) of associates and joint ventures accounted for using equity method		0	2,402,565
Profit (loss) before tax		(4,892,856)	57,191,597
Tax income (expense)	12	(242,991)	(1,066,842)
Profit (loss) from continuing operations		(5,135,847)	56,124,755
Profit (loss) from discontinued operations		0	0
Profit (loss) for the year		(5,135,847)	56,124,755
Attributable to:			
Equity holders of the parent		(5,128,782)	56,119,419
Non-controlling interests		(7,065)	5,336

The accompanying notes are integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.



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

Note	Year ended December 31, 2023 RON	Year ended December 31, 2022 RON
	(5,135,847)	56,124,755
Profit (loss)		
Components of other comprehensive income that will not be reclassified to profit or loss, before tax		
Other comprehensive income, before tax, gains (losses) on revaluation	0	745,264
Total OCI that will not be reclassified to profit or loss, before tax	0	745,264
Components of other comprehensive income that will be reclassified to profit or loss, before tax		
Gains (losses) on exchange differences on translation, before tax	64,719	0
Total OCI that will be reclassified to profit or loss, before tax	64,719	0
Total other comprehensive income, before tax	64,719	745,264
Income tax relating to changes in revaluation surplus included in other comprehensive income	12 485,482	273,332
Total other comprehensive income	550,201	1,018,596
Total comprehensive income	(4,585,646)	57,143,351
Comprehensive income attributable to		
Comprehensive income, attributable to owners of parent	(4,578,581)	57,138,015
Comprehensive income, attributable to non-controlling interests	(7,065)	5,336

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 26, 2024.

PREPARED BY,

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HUANG LIANG NENG,
Chairman of the Board
And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ROMCARBON SA

	Not e	December 31, 2023	December 31, 2022
		RON	RON
ASSETS			
Non-current assets			
Property, plant and equipment	13	122,672,069	123,886,765
Investment property	14	10,857,912	9,883,738
Goodwill	15	143,461	143,461
Intangible assets other than goodwill	16	802,899	329,100
Investments accounted for using equity method	17	0	0
Investments in subsidiaries, joint ventures and associates		297,974	297,974
Other financial non-current assets		0	1,898
Total non-current assets		134,774,315	134,542,936
Current assets			
Current inventories	18	59,716,567	65,899,751
Trade and other current receivables	19	60,437,183	60,979,526
Other current financial assets	20	2,833,298	263,414
Other current non-financial assets	21	1,093,312	4,796,687
Cash and cash equivalents	22	33,716,158	73,869,061
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners		157,796,518	205,808,439
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	23	0	3,760,155
Total current assets		157,796,518	209,568,594
TOTAL ASSETS		292,570,833	344,111,530
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	24	52,824,419	26,412,210
Retained earnings	25	30,821,626	77,247,165
Share premium		2,182,283	2,182,283
Other reserves	26	65,302,625	62,917,677
Total equity attributable to owners of parent		151,130,953	168,759,335
Non-controlling interests	27	913,851	920,916
Total equity		152,044,804	169,680,251
Non-current liabilities			
Other non-current provisions		1,803,188	1,429,017
Total non-current provisions		1,803,188	1,429,017
Deferred tax liabilities		7,477,700	7,780,659
Other non-current financial liabilities	28	7,409,934	4,044,764
Other non-current non-financial liabilities	30	9,784,375	13,384,594
Total non-current liabilities		26,475,197	26,639,034
Current liabilities			
Trade and other current payables	29	39,045,876	63,161,506
Other current financial liabilities	28	65,128,044	74,737,029
Other current non-financial liabilities	30	9,876,912	9,893,710
Total current liabilities other than liabilities included in disposal groups classified as held for sale		114,050,832	147,792,245
Liabilities included in disposal groups classified as held for sale		0	0
Total current liabilities		114,050,832	147,792,245
Total liabilities		140,526,029	174,431,279
Total equity and liabilities		292,570,833	344,111,530

The accompanying notes are integral part of these consolidated financial statements.
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The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 26, 2024.

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**HUANG LIANG NENG,
Chairman of the Board
And General Manager**

**VIORICA ZAINESCU,
Financial Manager**

**CARMEN MANAILA,
Deputy General Manager for
Administrative Operations**

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

ROMCARBON SA

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

2023	Issued capital	Share premium	Revaluation surplus	Legal & Other reserves	Reserve of exchange differences on translation	Retained earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
Equity at beginning of period	26,412,210	2,182,283	39,201,199	24,778,341	(1,061,863)	77,247,165	168,759,335	920,916	169,680,251
Profit (loss)	0	0	0	0	0	(5,128,782)	(5,128,782)	(7,065)	(5,135,847)
Other comprehensive income	0	0	485,482	0	64,719	0	550,201	0	550,201
Total comprehensive income	0	0	485,482	0	64,719	(5,128,782)	(4,578,581)	(7,065)	(4,585,646)
Issue of equity	26,412,209	0	0	0	0	(26,412,209)	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	(13,206,105)	(13,206,105)	0	(13,206,105)
Increase (decrease) through other changes, equity	0	0	(1,476,884)	3,313,809	(2,178)	(1,678,443)	156,304	0	156,304
Equity at end of period	52,824,419	2,182,283	38,209,797	28,092,150	(999,322)	30,821,626	151,130,953	913,851	152,044,804

The resolution of the General Meeting of Shareholders of 27.04.2023 approved the dividend allocation in amount of Lei 13,206,104.80. The amount, less the dividend tax, was transferred to the Central Depository in order to pay the dividends owed to the shareholders.

On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.

In 2023 the dividend per share was in amount of 0.05 lei/share (2022: 0.10 lei /share).

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

ROMCARBON SA

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

2022	Issued capital	Share premium	Revaluation surplus	Legal & Other reserves	Reserve of exchange differences on translation	Retained earnings	Equity attributable to owners of parent	Non-controlling interests	Equity
Equity at beginning of period	26,412,210	2,182,283	38,652,619	22,636,604	(1,061,863)	49,182,732	138,004,585	915,581	138,920,166
Profit (loss)	0	0	0	0	0	56,119,419	56,119,419	5,336	56,124,755
Other comprehensive income	0	0	1,018,596	0	0	0	1,018,596	0	1,018,596
Total comprehensive income	0	0	1,018,596	0	0	56,119,419	57,138,015	5,336	57,143,351
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	(26,412,210)	(26,412,210)	0	(26,412,210)
Increase (decrease) through other changes, equity	0	0	(470,016)	2,141,737	0	(1,642,776)	28,945	(1)	28,944
Equity at end of period	26,412,210	2,182,283	39,201,199	24,778,341	(1,061,863)	77,247,165	168,759,335	920,916	169,680,251

The resolution of the General Meeting of Shareholders of 08.06.2022 approved the dividend allocation in amount of Lei 2,641,221. The amount, less the dividend tax, was transferred to the Central Depository in order to pay the dividends owed to the shareholders.

The resolution of the General Meeting of Shareholders of 22.11.2022 approved the dividend allocation in amount of Lei 23,770,989. In December 2022 the amount of Lei 7,471,865 was transferred to the Central Depository to partial pay dividends owed to shareholders. The remaining amount was transferred to the Central Depository at the beginning of January 2023.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ROMCARBON SA

	31-dec-23	31-dec-22
Cash flows from (used in) operating activities		
Profit (loss)	(5,135,847)	56,124,755
Adjustments to reconcile profit (loss)		
Adjustments for income tax expense	242,991	1,066,842
Interest expenses and bank fees	3,620,436	2,810,679
(Gain) / Loss on sale or disposal of fixed assets	(9,603)	(915,742)
(Gain) / Loss on sale or disposal of investment property	0	(1,191,307)
(Gain) / Loss on sale or disposal of assets held for sale	(3,992,451)	0
(Gain) / Loss on sale or disposal of financial investments	0	(44,525,895)
Production of the immobilization	(873,355)	(1,880,995)
Interest income	(886,996)	(218,712)
Loss on impairment of stocks	451,898	151,615
Loss on impairment of trade receivables	(404,004)	(54,640)
Loss on time-barred receivables	790,821	54,270
Amortization / Depreciation of non-current assets	14,320,887	14,538,409
Net (gain) / loss on foreign exchange	633,143	(71,335)
(Gain) / Loss on revaluation of fixed assets	0	1,370,104
(Gain) / Loss on revaluation of investment property	(974,174)	(170,996)
(Gain) / Loss on share of profit of associates	0	(2,402,565)
Increase / Decrease in provisions	374,171	769,394
Increases /(decreases) in subsidies	(3,600,219)	(3,692,905)
Movement in working capital		
(Increase) / Decrease in trade and other receivables	(573,073)	(8,802,444)
(Increase) / Decrease in inventories	5,731,286	(11,193,067)
(Increase) / Decrease in other assets	3,664,955	177,455
Increase / (Decrease) in trade and other payables	(8,370,281)	7,936,850
Increase / (Decrease) in other payables	(521,956)	(12,762,862)
Total adjustments to reconcile profit (loss)	9,624,476	(59,007,847)
Interest paid	(3,121,846)	(2,364,092)
Income taxes refund (paid)	(40,792)	(1,044,691)
Bank commissions paid	(498,589)	(446,587)
Net cash flows from (used in) operating activities	827,402	(6,738,462)
Cash flows from (used in) investing activities		
Payments for property, plant and equipment	(11,406,931)	(4,346,068)
Payments for intangible assets	(597,591)	(154,390)
Proceeds from disposal of property, plant and equipment	14,000	915,736
Payments for short-term financial investment	(2,529,566)	0
Proceeds from disposal of assets held for sale	7,752,606	0
Proceeds from subsidiaries	0	912,179
Proceeds from selling the financial investments	0	70,253,078
Proceeds from sale of investment property	0	2,373,151
Interest received	886,988	218,702
Net cash flows from (used in) investing activities	(5,880,494)	70,172,388
Cash flows from (used in) financing activities		
Proceeds from borrowing	11,400,105	14,609,909
Repayment of borrowing	(17,548,464)	(11,104,805)
Dividends paid	(28,951,452)	(10,666,862)
Net cash flows from (used in) financing activities	(35,099,811)	(7,161,758)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(40,152,903)	56,272,168
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(40,152,903)	56,272,168
Cash and cash equivalents at beginning of period	73,869,061	17,596,893
Cash and cash equivalents at end of period	33,716,158	73,869,061

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And General Manager**

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Administrative Operations**

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

1. GENERAL INFORMATION

ROMCARBON S.A. (the "Parent") has its main office in Romania and the address in Buzău, Str. Transilvaniei, nr. 132 and is organised as a joint-stock company with the following identification details: registered with the Registry of Commerce under no. J10/83/1991, Fiscal Code RO1158050. Country of incorporation is Romania. As at December 31, 2023 the Parent's shares were traded on the BSE and its main shareholders were Living Plastic Industry S.R.L., Joyful River Limited Loc. Nicosia CYP, Toderiță Ștefan Alexandru. The reporting entity of the Group is Romcarbon SA.

The Parent's main activity is the manufacture of plastic packaging, NACE code 2222. In the reporting period it wasn't changed the name of the parent company nor the field of activity.

As at December 31, 2023 the parent company was holding directly or through other subsidiaries, participating interest in the following entities, forming ROMCARBON GROUP („GROUP”):

RC ENERGO INSTALL S.R.L. is a company established in 2005, fully owned by S.C. Romcarbon S.A. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of heating, water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

LIVINGJUMBO INDUSTRY S.A. is a company established in 2002, where S.C. Romcarbon S.A. holds 99.86% of the shares and the remaining shares are held by Romanian legal persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

INFO TECH SOLUTIONS S.R.L. is a company established in 2005, where S.C. Romcarbon S.A. holds 99.50% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Other information technology and computer service activities (NACE code 6209).

YENKI S.R.L. is a company established in 2007, where S.C. Romcarbon S.A. holds 33.34% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

GRINFILD LLC UKRAINE is a company established in 2007, where SC Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale. The company ceased its activity in 2012.

GRINRUH LLC UKRAINE is a company established in 2007, where SC Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale. The company ceased its activity in 2012.

ECO PACK MANAGEMENT SA is a company established in 2010, where SC Romcarbon SA directly holds 25.36% and 74.62% indirectly. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzau, 132 Transilvaniei street, Granules Hall, room no.7, 2nd floor. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299). Starting with 10.12.2021, the company suspended his activity for a period of 3 years.

RECYPLAT LTD is a company established in 2011, wholly owned by SC Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus.

The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.



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

1. GENERAL INFORMATION (continued)

Name	Field of business	Place of business	Interest held	31-dec-23	31-dec-22
			%	RON	RON
RECYPLAT LTD CYPRUS ¹⁾	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	100.00%	113,154	20,261,120
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,990	1,990
LIVINGJUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222)	Buzau	99.86%	6,477,632	6,477,632
GRINFILD LTD ²⁾	Activity is wholesale	Odessa	62.62%	2,687,755	2,687,755
GRINRUH LTD ²⁾	Activity is construction and wholesale	Odessa	62.62%	4,426,809	4,426,809
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	99.88%	2,619,254	2,619,254
YENKI SRL	Operation of sports facilities (NACE code 9311)	Buzau	33.34%	100,000	100,000
KANG YANG BIOTECHNOLOGY CO. LTD ³⁾	Manufacture of products beneficial to human health	Taiwan	4.81%	203,963	203,963
Registrul Miorita SA ³⁾	Other financial service activities, except insurance and pension funding n.e.c.(NACE code 6499)	Cluj	3.79%	5,000	5,000
NGO "Viitorul in cepe azi" ³⁾		Buzau	14.29%	1,000	1,000

¹⁾ On 07.06.2023, the amount of EUR 4,648,100 was collected from Recyplat LTD, resulting from the operation of reducing the share capital with a number of 10,000 ordinary shares with a value of EUR 1.00 per share, issued with a premium of issue, thus the issue premium account of Recyplat Limited, being reduced from EUR 4,648,100 to EUR 0.00.

²⁾ The company ceased its activity in 2012.

³⁾ Entity associated with the group.



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

1. GENERAL INFORMATION (continued)

Indirect holdings through Recyplat LTD until December 30, 2022

Name	Field of business	Place of business	Interest held
ROMGREEN UNIVERSAL LTD ¹⁾	Activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise	Nicosia	17.59%
GREENTECH SA ²⁾	Recovery of sorted materials (NACE code 3832)	Buzau	17.59%
GREENFIBER INTERNATIONAL SA ²⁾	Manufacture of man-made fibres (NACE code 2060)	Buzau	17.59%
GREENWEEE INTERNATIONAL SA	Dismantling of wrecks for materials recovery (NACE code 3831)	Buzau	17.59%
GREENGLASS RECYCLING SA	Recovery of sorted materials (NACE code 3832)	Ilfov	12.31%
GREEN RESOURCES MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	11.73%
GREENTECH BALTIC UAB LITUANIA	Commercial, economic, financial and industrial activity	Lituania	17.59%
GREENTECH SLOVAKIA S.R.O.	Collection of non-hazardous waste (NACE code 3811)	Slovakia	14.07%
ELTEX RECYCLING SRL	Treatment and disposal of non-hazardous waste (NACE code 3821)	Oradea	17.59%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)	The association's purpose is to represent, promote and support the employer and professional interests of its members in the relationship with public authorities	Buzau	17.59%
CIRCULAR VENTURES SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	17.59%
SENEX SIGAD S.R.L.	Custom software creation activities (customer-oriented software)) (NACE CODE 6201)	Bucuresti	12.35%

¹⁾ On 30 December 2022 Recyplat LTD sold the stake of 17.59% held in Romgreen Universal LTD (Green-Group), for the price of EUR 14,200,000. Cost of Recyplat investment in Romgreen Universal LTD was at the date of sale EUR 4,631,525.

²⁾ In December 2022, the merger process between GREENFIBER INTERNATIONAL SA, the absorbing company, and GREENTECH SA, the absorbed company was completed. The new entity operates under the name of GREENTECH SA.



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

2. MAIN ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") effective on the Company's reporting date, i.e. December 31, 2023 and in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 approving the Accounting regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. Such provisions are consistent with the requirements of the International Financial Reporting Standards adopted by the European Union.

Bases of preparation

The consolidated financial statements were prepared on a going concern basis, at historical cost, adjusted to hyperinflation as at December 31, 2003 for fixed assets, share capital and reserves.

The financial statements are prepared based on the statutory accounts kept in accordance with Romanian accounting principles, adjusted for compliance with IFRS

Going concern

These financial statements have been prepared under the going concern basis, which implies that the Group will continue its activity also in the foreseeable future.

To assess the applicability of this presumption, management reviews forecasts of future cash inflows. On December 31, 2023, the Group's current assets exceed current liabilities by 43,745,686 RON. In 2023, the Group recorded a loss of - 5,135,847 RON (2022: 56,124,755 RON) and a cash flows of - 40,152,903 RON, out of which from Operating activities 827,402 RON, from investing activities (5.880.494) RON, and from financing activities (35.099.811) RON (2022: 56.272.168 RON, out of which from Operating activities (6.738.461) RON, from investing activities 70.172.387 RON, and from financing activities (7.161.758) RON).

Based on the budgets of the companies in the Group proposed for the year 2024 and the positive growth trend recorded in the last months of 2023, the management believes that the Group will be able to continue its activity in the foreseeable future and, therefore, the application of the principle of going concern in the preparation of financial statements is justified.

Bases of consolidation

The consolidated financial statements include the financial statements of the Parent, of its subsidiaries and joint ventures. Control is obtained when the Parent has the power to govern the financing and operating policies of an entity to acquire benefits from the latter's activities.

In view of the Commission Delegated Regulation (EU) 2018/815 (hereinafter referred to as the ESEF RTS) which specifies the single electronic reporting format (ESEF) in which all financial statements are prepared, the Group considered it necessary to align the presentation of the overall result with the financial position. compliance with ESEF taxonomy.

The profit of the subsidiary acquired during the year is included in the consolidated income statement as at the acquisition date.

Where required, the subsidiary's financial statements are corrected to adjust its accounting policies in accordance with the policies used by the Parent.

All group transactions, balances, income and expenses are completely eliminated from the consolidation.

Non-controlling interests in net assets (excluding goodwill) of the subsidiary are disclosed separately from the Group's equity. Non-controlling interests consist in the sum of interests as at the date of the original business combination (see below) and the non-controlling share in changes in equity starting from the combination date. Losses corresponding to the minority, which exceed the non-controlling interest held in the subsidiary's equity are allocated as compared to the Group's interests, except if the minority holds an obligation and can make additional investments to cover losses.



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

2. MAIN ACCOUNTING POLICY (continued)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IFRS 17	New standard IFRS 17 "Insurance Contracts" including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

* exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024



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

2. MAIN ACCOUNTING POLICY (continued)

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at 31 December 2023:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 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 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

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.

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS

- **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IFRS 16 "Leases" - Lease Liability in a Sale and Leaseback** issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.



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

2. MAIN ACCOUNTING POLICY (continued)

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS (continued)

- **Amendments to IFRS 17 “Insurance contracts” - Initial Application of IFRS 17 and IFRS 9 – Comparative Information** issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure of Accounting Policies** issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.
- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates** issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction** issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 “Income Taxes” - International Tax Reform – Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **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** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.



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

2. MAIN ACCOUNTING POLICY (continued)

Revenue recognition

According to IFRS 15, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services. Income is recognized at the fair value of the services rendered or the goods delivered, net of VAT, excise duties and other sales taxes.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 "Revenue from contracts with customers" introduces a comprehensive model for the recognition and measurement of income. The standard replaces the income recognition criteria, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when or as the customer acquires control of the goods or services at the value that reflects the price that the Company expects to be entitled to receive in exchange for those goods and services.

Being permitted by the standard, the Company adopted IFRS 15 as of January 1, 2018 using the revised retrospective method with cumulative adjustments from the initial application recognized as at 1 January 2018 in equity and without altering the figures for prior periods. Initial application has no impact on the Company's retained earnings.

Income is measured at the fair value of amounts received or receivable. Income is reduced by the value of returns, commercial rebates and other similar costs

Sale of goods

Income from sale of goods is recognized when the following conditions are met:

- i. The Group has transferred to the buyer all the significant risks and rewards of ownership of the goods;
- ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The value of the income can be measured reliably.

Dividend and interest income

Income from dividends related to investments is recognized when the shareholders' right to receive them is established.

Revenues from services delivered

Revenues from services delivered are recognized if they can be reliably measured.

The revenue associated with the transaction must be recognized according to the stage of execution of the transaction at the balance sheet date. The outcome of a transaction can be reliably estimated when all of the following conditions are met:

- a. the amount of revenue can be reliably assessed;
- b. it is likely that the economic benefits associated with the transaction will be generated for the Company;
- c. the stage of completion of the transaction at the end of the reporting period can be reliably assessed; and
- d. the costs incurred for the transaction and the costs of completing the transaction can be reliably measured.

When the outcome of a transaction involving the revenues from services delivered cannot be reliably estimated, revenue should be recognized only to the extent of recognized recoverable expenses.



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

2. MAIN ACCOUNTING POLICY (continued)

Foreign currency transactions

The Group operates in Romania and its functional currency is the Romanian leu.

When preparing the financial statements of individual entities and the Group, transactions in currencies other than the functional currency (foreign currencies) are registered at the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Foreign exchange differences are recognized in the profit and loss as they arise.

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

-	December 31, 2017:	3.8915 LEI/USD	and	4.6597 LEI/EUR
-	December 31, 2018:	4.0736 LEI/USD	and	4.6639 LEI/EUR
-	December 31, 2019:	4.2608 LEI/USD	and	4.7793 LEI/EUR
-	December 31, 2020:	3.9660 LEI/USD	and	4.8694 LEI/EUR
-	December 31, 2021:	4.3707 LEI/USD	and	4.9481 LEI/EUR
-	December 31, 2022:	4.6346 LEI/USD	and	4.9474 LEI/EUR
-	December 31, 2023:	4.4958 LEI/USD	and	4.9746 LEI/EUR

Costs related to long-term borrowings

Costs related to long-term borrowings directly attributable to the acquisition, construction or production of assets, which require a substantial amount of time to be used or for sale are added to the cost of such assets, until such assets are ready to be used according to their purpose or for sale.

All the other borrowing costs are recognized in the income statement as incurred.

Government subsidies

Government subsidies are not recognized until there is reasonable assurance that the Group will comply with the conditions of such subsidies and the subsidies are received.

Government subsidies whose main condition is that the Group acquire, build or otherwise obtain non-current assets are recognized as deferred income in the balance sheet and are transferred to the income statement systematically and rationally throughout the useful life of such assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.



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

2. MAIN ACCOUNTING POLICY (continued)

Taxation (continued)

Provisions for taxes

As at December 31, 2023 the Group's financial statements include revaluation reserves. Based on the latest provisions of current legislation, such reserves may become taxable if their destination changed, by using them to cover accounting losses or by the Group's winding up. The Group's management considers that there is no intention to use such reserves to cover accounting losses. Nevertheless, if such reserves are used to cover losses, the Group must register an income tax liability in connection with such reserves.

Deferred tax

Deferred tax is recognized on the difference between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that sufficient taxable profits will be available against which the benefits of the temporary differences can be utilized and are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that there will be sufficient taxable profits to allow full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the tax rates estimated to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) in force or substantially enacted by the date of the balance sheet. The measurement of deferred tax assets and liabilities reflects the tax consequences of how the Group estimates, at the reporting date, that it will recover or settle the book value of its assets and liabilities.

Current and deferred tax for the period

Current and deferred taxes are recognized as expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered when calculating goodwill or when determining the excess of the acquirer's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company on cost.



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

2. MAIN ACCOUNTING POLICY (continued)

Property, plant and equipment

Land and buildings held to be used in the production or delivery of goods or services or for administrative purposes are recorded in the balance sheet at fair value less the subsequently accumulated depreciation and other losses of value.

The Group conducts the revaluation of land and buildings based on a valuation report issued by a professional valuer, in order to determine the fair value thereof as at the balance sheet date. Revaluations are conducted with enough regularity so as to ensure that the carrying amount does not differ significantly from the amount that would have been determined by using fair value at the end of the reporting period. The increases in the book values of tangible assets further to revaluation were credited to Revaluation reserves under Equity. Revaluation reserves established after 2004 are not fiscally deductible.

Gains and losses on the sale or disposal of an asset are determined as difference between income from the asset sale and their net book value. Gains and losses are recognized in the Income Statement.

The buildings' depreciation is charged to the income statement.

Assets under construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost. Depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready for their intended use.

Plant and equipment are recorded in the balance sheet at historical cost adjusted to the effect of hyperinflation as at December 31, 2003, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies less the subsequently accumulated depreciation and impairment losses.

Depreciation is registered so as to diminish the cost other than the cost of land and buildings under construction, throughout their estimated useful life, on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held in financial leasing are amortized over the useful life, similarly to the assets held or, if the lease term is shorter, over the term of the respective leasing contract.

Losses or gains from selling or disposing a tangible asset are computed as difference between sale revenues and the net book value of the asset and are recognized in the income statement.

The following useful lives are used in the depreciation calculation:

	<u>Years</u>
Buildings	5 – 45 years
Plant and equipment	3 – 20 years
Other installations, office equipment	3 – 30 years
Vehicles in finance lease	5 – 6 years



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

2. MAIN ACCOUNTING POLICY (continued)

Investment property

Investment property are properties held to earn rentals and/or for future capital appreciation. They are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortization. Amortization is calculated on a straight line basis throughout their useful life. The estimated useful life and method of amortization are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The calculation of amortization uses the following useful lives:

	Years
Licences	1 – 5

Impairment of tangible and intangible assets, goodwill exclusively

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Group estimates the recoverable amount of the asset in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, tangible assets are allocated to the smallest group of cash-generating units for which a consistent and reasonable allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are 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 asset for which the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



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

2. MAIN ACCOUNTING POLICY (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a portion corresponding to indirect fixed and variable expenses are allocated to inventories held according to the most suitable method to that class of inventory, most of them being measured using the weighted average. The net realizable value represents the estimated selling price for inventories less all estimated completion costs and costs necessary to make the sale.

Assets held for sale

Assets held for sale are represented by real estate held by the Company, which forms the object of a selling plan as at the date of the consolidated financial statements. Such assets are not depreciated and are carried at the lower of carrying amount and fair value, less costs to sell and are presented separately in the consolidated financial statements. Resulting gains and losses are included in profit or loss as they arise.

Provisions

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

The amount recognized as provision is the best estimate of the required amount to settle the obligation at the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle the current obligation, then the carrying value is the current value of such cash flows.

Fair value measurement IFRS 13

A number of assets and liabilities included in the Company's financial statements require measurement and / or presentation at fair value.

IFRS 13 Defines fair value as the price at which it would be collected for the sale of an asset or paid for the transfer of a debt in a regulated transaction between market participants at the measurement date (ie an exit price). The definition of fair value emphasizes that fair value is a market-based valuation, not a Company-specific value.

IFRS 13 applies when another IFRS provides or permits fair value measurements or disclosures about fair value measurements except in the following cases:

- a) Share-based payment transactions falling under IFRS 2
- b) Leasing transactions that fall under IFRS 16
- c) Measurements that are similar to fair value but do not represent fair value, such as net realizable value under IAS 2
- d) Plan assets valued at fair value in accordance with IAS 19
- e) Assets whose recoverable amount is fair value less costs associated with disposal under IAS 36

Fair Value Hierarchy - In order to improve the consistency and comparability of fair value measurements and related disclosures, this hierarchy is classified into 3 levels:

1. Level 1 inputs – quoted prices (not adjusted) on active markets for identical assets or liabilities, to which the Company has access at the measurement date
2. Level 2 inputs – inputs other than the quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly
3. Level 3 inputs– inputs for assets or liabilities that are not based on observable inputs



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

2. MAIN ACCOUNTING POLICY (continued)

Financial assets and liabilities

The group applies IFRS 9 – Financial instruments which entered into force on January 1, 2018 and which uses for the classification of financial assets, the business model of the entity and the cash flow characteristics of the financial asset according to the contract.

Classification of the financial assets

According to IFRS 9 Financial instruments, financial assets are classified in:

1. financial asset valued at amortized cost if both conditions below are met:
 - the financial asset is held within a business model whose objective is to hold the financial assets to collect contractual cash flows and
 - the contractual terms of the financial asset generate, on certain dates, cash flows that are exclusively payments of the principal and the interest related to the principal owed.
2. financial asset valued at fair value through other elements of the overall result if both conditions below are met
 - the financial asset is held within a business model whose objective is fulfilled both by collecting the contractual treasury flows and by selling the financial assets and
 - the contractual terms of the financial asset generate, on certain dates, cash flows that are exclusively payments of the principal and the interest related to the principal owed
3. financial asset valued at fair value through profit or loss, unless it is valued at amortized cost in accordance with point 1 or at fair value through other elements of the comprehensive result in accordance with point 2.

With the exception of trade receivables that fall under the scope of IFRS 15, a financial asset or a financial liability is initially evaluated at fair value, and in the case of a financial asset or a financial liability that is not at fair value through profit or loss, it is added or decrease the costs of the transaction that are directly attributable to the purchase or issue of the financial asset or financial debt.

After the initial recognition, the subsequent evaluation of the financial assets is done at:

- amortized cost
- the fair value through other elements of the global result or
- fair value through profit or loss

Financial assets include shares held in subsidiaries, associated entities and jointly controlled entities, loans granted to these entities, other investments held as fixed assets and other loans.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operational policy decisions of the investee, but there is no joint control or control over these policies.

The Group's investment in its associates is accounted for using the equity method. According to the equity method, the investment in a partner is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the share of the associated group's net assets at the acquisition date. Goodwill related to the associate is included in the carrying amount of the investment and is not tested separately for impairment



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

2. MAIN ACCOUNTING POLICY (continued)

Financial assets and liabilities (continued)

Investments in associates (continued)

The profit or loss statement reflects the Group's share of the associate's results of operations. Any change in the OCI of those holdings is presented as part of the Group's OCI. In addition, when there has been a directly recognized change in equity, the Group recognizes its share of any change, when applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the profit or loss share of an associate of the Group is presented in the statement of profit or loss other than operating profit and represents profit or loss after taxes and non-controlling interests in the associate's subsidiaries.

The financial statements of the associate are prepared for the same reporting period as the group. When necessary, adjustments are made to align the accounting policies with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its association. At each reporting date, the Group determines whether there is objective evidence that the investment in the association is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and then recognizes the loss in "Share of profit of an associate" in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any investment retained at its fair value. Any difference between the carrying amount of the associate at the loss of significant influence and the value of the retained investment and the income from disposal are recognized to profit or loss.

The Group's financial assets include cash and cash equivalents, trade receivables and long-term investments. Financial liabilities include finance lease obligations, interest-bearing bank loans, overdrafts, trade payables and other liabilities. For each item, the accounting policies for recognition and measurement are presented in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

The impairment model in IFRS 9 requires that impairment allowances be recognized in accordance with expected credit losses and not in accordance with the model of actual credit losses provided for in IAS 39. IFRS 9 requires the Group to record an allowance for expected credit losses on all loans and financial assets attached to liabilities that are not held at fair value through profit or loss. Financial assets measured at amortized cost will be subject to impairment allowances in accordance with IFRS 9. In general, the application of the model for expected credit losses will involve the earlier recording of credit losses and will lead to an increase in the impairment allowance for the relevant items.

For some financial instruments, such as trade receivables, impairment losses are estimated based on a simplified approach, recognizing lifetime expected credit losses. The Group has established a matrix of provisions based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to borrowers and the business environment.

Borrowings are initially recognized at fair value less costs incurred with such operation. Subsequently, they are registered at amortized cost. Any difference between the entry value and the repayment value is recognized in the income statement over the borrowing term, using the effective interest method.



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

2. MAIN ACCOUNTING POLICY (continued)

Financial assets and liabilities (continued)

Financial liabilities

The Group classifies financial liabilities into one of the categories presented below, depending on the purpose for which they were acquired.

- *Measured at fair value through profit or loss* - only for the categories of derivative financial instruments held for sale. These are recognized in the balance sheet at fair value, and changes in value are recognized in the income statement.
- *Other financial liabilities*: this category includes the following:

Bank loans, which are initially recognized at amortized cost, less transaction costs directly attributable to obtaining the loans.

Debts and other short-term monetary liabilities, which are initially recognized at amortized cost, subsequently presented at cost using the market interest method.

Financial liabilities are classified as liabilities or equity according to the substance of the contractual arrangements. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or income. Distributions to equity holders are directly recorded to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on net basis, or to realize the asset and simultaneously write off the obligation.

The classification of investments depends on their nature and scope and is determined on the initial recognition date.

Financial assets available for sale (AFS)

Shares held in an unlisted capital instruments are classified as AFS and are registered at fair value. Gains and losses arising from changes in fair value are directly recognized in equity, in investment revaluation reserves, except for impairment losses, interest calculated using the effective interest method and gains and losses from the exchange rate of monetary assets, which are recognized directly in profit and loss. If the investment is sold or it is found impaired, then the gain or loss previously cumulated previous recognized in the investment revaluation reserve, is included in the profit and loss of the period.

Dividends from AFS capital instruments are recognized in profit and loss when the Group's right to receive them is established.

Impairment of financial assets

Financial assets, other than the ones recognized at fair value through the profit and loss account, are measured for impairment on each balance sheet date.

Financial assets are impaired when there is objective evidence that one or more of the events occurring after initial recognition have affected future cash flows related to the investment.

For shares available for sale, a significant or extended decline of the fair value of the security below its cost is considered objective evidence of impairment.

Certain categories of financial assets, such as receivables, assets evaluated as individually non-impaired, are subsequently evaluated for impairment collectively. Objective evidence for the impairment of a portfolio of receivables may include the Group's past experience in collective payments, an increase of delayed payments beyond the credit period, as well as visible changes of national and local economic conditions correlated with payment incidents regarding receivables.



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

2. MAIN ACCOUNTING POLICY (continued)

Impairment of financial assets (continued)

The accounting value of the financial asset is reduced by the impairment loss, directly for all financial assets, except for trade receivables, in which case the accounting value is reduced by using a provision account. If a receivable is considered to be irrecoverable, it is eliminated and deducted from the provision. Subsequent recoveries of amounts previously written off are credited to the provision account. Changes in the accounting value of the provision account are recognized in the profit and loss account.

Derecognition of financial assets and liabilities

The Group derecognizes financial assets only when the contractual rights over cash flows related to the assets expire; or when it transfers the financial asset and substantially all risks and rewards related to the asset to another entity.

The Group derecognizes financial liabilities when and only when the Company's liabilities have been paid, written off or expired.

Segment reporting

Reporting by activity segments is based on the management's analysis of the group's activity considering production processes, sales markets, the relevance of the resulting information. Thus, the Management has identified four activity segments: Plastics processing, Recycled Polymers and compounds, Other productive sectors and Other activities.

The "Plastics processing" segment includes the income obtained by the Group from the sale of polyethylene products (agricultural films and heat-shrinkable films, polyethylene bags of various thicknesses and sizes, covers), polypropylene (polypropylene bags for the milling and bakery industry, chemistry, the sugar industry, etc. and large-sized bags - big-bags), polystyrene products (extruded polystyrene trays - standard, extruded polystyrene boards for floor insulation), PET products (PET trays and foils and films multilayer (lamination, sealing, thermoforming), PVC pipes, etc. The activities of this segment are carried out in Romcarbon SA and Livingjumbo Industry SA.

The segment "Recycled polymers & compounds" includes sales of regranulates from recycled polymers and plastic compounds from virgin polymers used by processors of plastics that produce articles for various applications in the automotive industry, the electrical and household appliances industry, furniture, construction, pipes, packaging, etc. The activity of this sector is carried out in Romcarbon SA.

In the "Other Productive Sectors" segment are included "Individual respiratory protection equipment and active carbon" which includes - respiratory protection equipment used by the large chemical and petrochemical plants in the country as well as activated carbon intended for various gas purification activities methane resulting from the process of biodegradation of household waste, greening of landfills, retention of toxic gases from incinerators, etc., the "Filters" category, which includes sales of oil, fuel and air filters for vehicles, vacuum cleaners, agriculture as well as industrial filters and "processed PVC" includes products made from recycled material intended for obtaining road signs.

Each business segment is allocated revenues and profits, assets and liabilities, depreciation and amortization expenses, and inputs of property, plant and equipment.



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

2. MAIN ACCOUNTING POLICY (continued)

Earnings per share

IAS 33 - Earnings per share provides that, if an entity presents consolidated financial statements and separate financial statements, the presentation of earnings per share is based on consolidated disclosures only. If it chooses to disclose earnings per share based on its separate financial statements, it must disclose such information on earnings per share only in the statement of comprehensive income.

The Group has chosen to disclose earnings per share in the separate financial statements, based on the separate comprehensive income.

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 period.

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenues for the reporting period is presented below:

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Revenues from sale of finished products ¹	249,100,439	313,728,863
Revenues from sale of commodities	32,316,563	37,641,933
Revenues from services delivered	4,167,180	3,141,708
Other revenues (revenues from sale of semi-finished goods, residual goods, other income)	19,099,803	27,473,173
Total	304,683,985	381,985,677

Segment reporting	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Sales on domestic market (Romania)	220,329,430	267,602,809
Sales on foreign market (Europe)	84,026,942	114,235,017
Others (China, Israel, Turkey)	327,612	147,851
Total	304,683,985	381,985,677



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

3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

	SEGMENT : REVENUES		SEGMENT : PROFIT	
	Fiscal year ended December 31,	Fiscal year ended December 31,	Fiscal year ended December 31,	Fiscal year ended December 31,
	2023	2022	2023	2022
	RON	RON	RON	RON
Plastics processing	221,742,967	288,065,682	21,059,225	28,189,525
Regenerated polymers & Compounds	39,128,957	51,224,339	(2,544,318)	5,925,723
Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC. etc)	6,388,942	9,569,410	1,000,677	3,039,222
Revenues from sale of goods, sale of utilities, provision of services, other revenues	37,423,119	33,126,246	1,871,156	1,656,312
Total from operations	304,683,985	381,985,677	21,386,740	38,810,782
Other income			4,103,607	4,287,141
Other gains and losses, salaries and administrative expenses			(27,024,727)	(27,827,563)
Finance expenses			(6,706,016)	(2,894,705)
Net gain/(loss) on disposal of financial investments			-	44,525,895
Finance income			3,347,540	290,047
Profit before taxation			(4,892,856)	57,191,597

“**Plastics processing**” segment include income obtained by the Group from selling polyethylene products (agriculture foils and thermo-contractible foils, polyethylene bags of different thicknesses and sizes, covers), polypropylene products (polypropylene bags for the milling and bakery industry, the chemical industry, sugar industry, etc. and big-bags), polystyrene products (extruded polystyrene trays, extruded polystyrene boards for floor insulation), PET products (PET trays and multilayer films (lamination, sealing, thermoforming), PVC tubes, etc.

“**Regenerated Polymers & Compounds** ” segment includes income from sale of compounds and re-granulated materials made of recycled polymers and plastics compounds made of virgin polymers used by the processors of plastics products that manufacture items for various uses in the automotive industry, the electrical and household industry, furniture, constructions, pipes, packaging, etc.

Other productive sectors include the following groups of products:

- “**Materials for respiratory protection and active carbon**” include respiratory protection equipment used by the big chemical and petrochemical plants in the country as well as activated coal applied in different actions of purification of methane in the biodegradation of household waste, pit soil reclamation, retention of toxic gas from incinerators, etc.
- “**Filters**” include sales of oil, fuel and air filters for both motor vehicles and industrial use.
- “**Processed PVC**” includes products made of recycled materials used to produce traffic signs.



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

3. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

		SEGMENT : ASSETS		SEGMENT : LIABILITIES	
		31-dec 2023	31-dec 2022	31-dec 2023	31-dec 2022
		RON	RON	RON	RON
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	130,656,168	115,217,017	86,328,534	92,928,865
Romcarbon	Regenerated polymers & Compounds	62,507,285	48,745,757	15,486,466	18,647,978
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	6,507,893	5,307,606	1,856,108	2,699,423
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	92,899,487	174,841,151	36,854,921	60,155,014
Total Assets / Liabilities		292,570,833	344,111,530	140,526,029	174,431,279
		SEGMENT : DEPRECIATION		Segment of non-current assets additions *	
		31-dec 2023	31-dec 2022	31-dec 2023	31-dec 2022
		RON	RON	RON	RON
Romcarbon, LivingJumbo Industry	Plastics processing (Polypropylene, Polystyrene, Polyethylene, PET)	7,697,800	7,556,484	5,952,736	2,293,951
Romcarbon	Regenerated polymers & Compounds	5,128,315	5,615,091	1,947,399	22,554
Romcarbon	Other productive sectors (protection materials, Active carbon, car and industrial filters, processed PVC, etc)	325,239	312,537	-	73,102
Romcarbon, RC Energo Install, Info Tech Solutions, etc	Revenues from sale of goods, sale of utilities, provision of services, other revenues	1,169,533	1,054,298	1,368,055	2,504,151
Total		14,320,887	14,538,409	9,268,190	4,893,758

* Non-current assets additions represent inflows of fixed assets during the year and do not include inflows from purchases of subsidiaries.
In "Other activities" segment, the Group has one client (Kasakrom Chemicals SRL) whose turnover represents 6% (4% in 2022) of the Group's sale.



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

4. OTHER INCOME

	Fiscal year ended December 31, 2023 <u>RON</u>	Fiscal year ended December 31, 2022 <u>RON</u>
Income from lease of investment property	503,388	594,236
Income from subsidies	3,600,219	3,692,905
Total	<u>4,103,607</u>	<u>4,287,141</u>

5. RAW MATERIALS AND CONSUMABLES USED

	Fiscal year ended December 31, 2023 <u>RON</u>	Fiscal year ended December 31, 2022 <u>RON</u>
Raw materials	124,614,636	189,658,392
Commodities sold	13,928,036	12,796,779
Energy expenses	29,555,451	33,683,638
Goods sold	21,197,025	25,098,983
Packaging cost	2,002,415	2,495,169
Total	<u>191,297,563</u>	<u>263,732,961</u>

6. EMPLOYEE BENEFITS EXPENSES

	Fiscal year ended December 31, 2023 <u>RON</u>	Fiscal year ended December 31, 2022 <u>RON</u>
Salaries expenses	78,086,785	72,543,133
Social contributions	1,844,704	1,747,394
Meal tickets	4,642,894	3,970,536
Total	<u>84,574,383</u>	<u>78,261,063</u>

The increase in salary expenses is mainly due to the increase of the minimum wage in the economy in 2023 compared with 2022 and the value of the meal tickets offered to the employees.

7. DEPRECIATION AND AMORTIZATION EXPENSES

	Fiscal year ended December 31, 2023 <u>RON</u>	Fiscal year ended December 31, 2022 <u>RON</u>
Amortization/depreciation , out of which:	<u>14,320,887</u>	<u>14,538,409</u>
Depreciation of property, plant and equipment (Note 13)	14,152,270	14,372,685
Amortization of intangible assets (Note 16)	168,616	165,724



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

8. OTHER EXPENSES

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Expenses with repairs	1,177,926	1,218,415
Expenses with rents	857,033	4,721,072
Expenses with insurance premiums	650,417	622,788
Research expenses	-	1,000
Other expenses with commissions	137,542	265,387
Protocol, advertising and publicity expenses	206,229	193,268
Transport	7,108,545	8,016,868
Expenses with travels	299,466	178,340
Expenses with postal charges and telecommunications	168,914	172,006
Expenses with third party services ¹	13,690,918	10,895,191
Other taxes and levies	1,825,611	1,640,436
Losses on receivables and sundry debtors	790,821	54,270
Expenses with indemnifications, fines and penalties	62,379	41,459
Other expenses ²	737,929	2,625,646
Total	27,713,730	30,646,145

¹ The indicator "Expenses with third party services" includes the cost of financial audit services performed by Deloitte Audit SRL. For the year 2023, the cost of financial audit services, according to the contract, was 83,600 Euros (2022: 79,700 Euros).

² In Other expenses in 2022, the amount of 1,241,521 lei is included, representing differences from the revaluation of Romcarbon SA constructions carried out on 31 December 2022.

9. OTHER GAINS (LOSSES)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
	RON	RON
Compensations, fines and penalties income	12,750	51,586
Gain/(loss) on disposal of property, plant and equipment	4,002,054	915,742
Gains / Losses on fair value adjustments related to investment property *	974,174	170,996
Gains / (Losses) from disposal of investment property	-	1,191,307
Net income / (expense) from provisions	(47,894)	(96,975)
Other losses	-	(128,583)
Other gains	127,335	172,675
Total	5,068,419	2,276,748

(**)On December 31, 2023, the Group revalued the investment properties held at the end of the financial year, resulting in an increase in the net value of Lei 974,174 (2021 : Lei 170,996), an amount that was recorded in the Profit of the year - see note 14.



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

10. FINANCE INCOME

	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Interests	(886,996)	(218,712)
Income from short-term financial investments	(57,882)	-
Net foreign exchange gain	-	(71,335)
Total	(944,878)	(290,047)

11. FINANCE COST

	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Interest expense*	3,121,845	2,364,092
Net foreign exchange losses	633,143	-
Bank commissions and assimilated charges	498,590	446,587
Discounts allowed	49,775	84,027
Total	4,303,354	2,894,705

* The interest expense increased in 2023 as a result of the increase in the reference rates, Euribor and Robor, and withdrawals from investment loans.

12. INCOME TAX (EXPENSES)

Income tax expenses

	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Current income tax expense	60,468	1,025,425
Deferred tax income expense / (income)	182,523	41,417
Total expense (income) with income tax	242,991	1,066,842

The tax rate applied for the reconciliation above related to 2023 and 2022 is 16% and is due by all Romanian legal entities.



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

12. INCOME TAX (EXPENSES) (continued)

The total expense of the year may be reconciled with the accounting profit as follows:

	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Gross profit	(4,892,856)	57,191,597
Tax calculated according to the 16% rate	(631,571)	9,150,656
Effect of non-taxable income	158,725	(9,667,766)
Sponsorship deductions	-	
Exemption of reinvested profit	571,261	318,914
Tax loss from previous years	-	
Effect of deferred tax	(182,523)	41,417
Effect of non-deductible expenses	(158,883)	(910,062)
Expense with income tax recognized in income statement	(242,991)	(1,066,842)
Components of deferred tax liabilities		
	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Property, plant and equipment	7,473,276	7,314,812
Investment property	426,586	872,343
Inventories	(295,725)	(274,549)
Trade and other receivables	(126,436)	(131,947)
	-	-
Recognized deferred income tax liabilities	7,477,700	7,780,659
of which: deferred tax on revaluation reserves from comprehensive income	7,477,700	7,780,659
	Fiscal year ended December 31, 2023 RON	Fiscal year ended December 31, 2022 RON
Opening balance as at January 1	7,780,659	8,012,574
(Expense) / Income during the year		
- movement from revaluation reserves	(485,482)	(273,332)
- recognized in income statement	182,523	41,417
- from acquisition of subsidiaries	-	-
Closing balance as at December 31	7,477,700	7,780,659



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

13. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
COST						
Balance as at January 1, 2023	43,625,862	21,617,686	182,952,996	1,036,724	4,394,731	253,627,999
Additions, of which:	-	1,896,208	7,291,559	80,423	13,988,059	23,256,249
- Transfers	-	1,898,259	6,943,021	43,426	-	8,884,706
- Revaluation	-	-	-	-	-	-
Disposals, of which:	-	-	666,410	17,138	10,265,450	10,948,998
- Transfers	-	-	-	-	8,884,706	8,884,706
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
Balance as at December 31, 2023	43,625,862	23,513,896	189,578,142	1,100,009	8,117,339	265,935,248

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
COST						
Balance as at January 1, 2022	44,784,188	23,511,706	183,827,727	907,477	2,800,045	255,831,143
Additions, of which:	-	3,376,956	3,274,441	136,327	5,187,258	11,974,982
- Transfers	-	1,482,990	3,274,441	114,419	-	4,871,851
- Revaluation	-	1,893,966	-	-	-	1,893,966
Disposals, of which:	1,158,326	5,270,976	4,149,172	7,080	3,592,572	14,178,126
- Transfers	-	-	-	-	4,871,851	4,871,851
- Transfers to investment property	-	-	-	-	-	-
- Revaluation	1,158,326	5,217,502	-	-	-	6,375,828
Balance as at December 31, 2022	43,625,862	21,617,686	182,952,996	1,036,724	4,394,731	253,627,999



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

13. PROPERTY, PLANT AND EQUIPMENT (continued)

PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
ACUMULATED DEPRECIATION						
Balance as at January 1, 2023	36,537	1,984,951	125,920,582	613,338	-	128,555,408
Depreciation charge	3,231	1,611,153	12,466,854	71,032	-	14,152,270
Disposals from sale of assets	-	-	613,186	17,138	-	630,324
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2023	39,769	3,596,104	137,774,249	667,232		142,077,354
IMPAIRMENT						
Balance as at January 1, 2023	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2023	-	-	-	-	1,185,825	1,185,825
PROPERTY, PLANT AND EQUIPMENT	Land	Constructions	Plant and equipment	Other fixtures, plant and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
ACUMULATED DEPRECIATION						
Balance as at January 1, 2023	33,306	4,351,455	117,204,666	557,976	-	122,147,404
Depreciation charge	3,231	1,516,361	12,793,503	59,591	-	14,372,687
Disposals from sale of assets	-	3,882,865	4,077,587	4,230	-	7,964,682
Revaluation decrease	-	-	-	-	-	-
Balance as at December 31, 2023	36,537	1,984,951	125,920,582	613,338		128,555,408
IMPAIRMENT						
Balance as at January 1, 2022	-	-	-	-	1,185,825	1,185,825
Balance as at December 31, 2022	-	-	-	-	1,185,825	1,185,825
NET BOOK VALUE						
Balance as at January 1, 2023	43,589,325	19,632,735	57,032,414	423,387	3,208,905	123,886,765
Balance as at December 31, 2023	43,586,093	19,917,792	51,803,893	432,777	6,931,514	122,672,069



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

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged and restricted tangible assets ROMCARBON S.A.

Tangible fixed assets having a net book value at 31.12.2023 of LEI 58,854,629 (31.12.2022 : LEI 65,223,703) and investment properties with a book value at 31.12.2023 of LEI 3,585,933 (31.12.2022 : LEI 3,090,315) are established as a guarantee for loans and credit lines contracted from the following banks: UniCredit Bank SA and EXIMBANK SA.

LIVINGJUMBO INDUSTRY S.A.

Tangible assets with a net book value of Lei 17,682,321 as of December 31, 2022 (December 31, 2022: Lei 21,880,693) consisting of technical installations and equipment represent security for loans and credit lines contracted from BRD GSG and UniCredit Bank SA.

RC Energo Install SRL

Tangible assets with a net book value of Lei 0 at December 31, 2023 (31.12.2022: Lei 10,122) consisting of technical installations and equipment represent security for loans and credit lines contracted from Eximbank SA.

14. INVESTMENT PROPERTIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance as at 1st of January	9,883,738	10,894,586
Total additions, out of which:	974,174	707,837
Increases from revaluation at fair value according to accounting policy	974,174	702,518
Total disposal, out of which:	-	(1,718,685)
Decreases from revaluation at fair value according to accounting policy	-	(531,522)
Balance as at 31st of December	10,857,912	9,883,738

As at December 31, 2023, the Group owns in its locations in Iasi and Buzau non-current assets that are not used for its core activity. They are held to acquire future appreciation and to be partly rented to third parties. Based on such criteria, in accordance with IAS 40 "Investment Property", the Group decided to classify such non-current assets as investment property.

In July 2022 was sold a land having a total surface of 504 sq m, located in Iasi, Calea Chisinaului no. 29, for which it was cashed the price of Lei 249,299 (equivalent of Eur 50,400).

In November 2022 was sold a land having a total surface of 2,732 sq m, located in Iasi, Calea Chisinaului no. 29, for which it was cashed the price of Lei 2,123,852 (equivalent of Eur 432,257).

On December 31, 2023, the Company revaluated the investment property held at the end of the financial year, resulting in an increase in the net value of LEI 974,174, the amount was recorded in the Profit of the year

The income related to Investment properties obtained in 2023 amounts to 503,388 lei and covers the expenses incurred by the property (the value of the income recorded during 2022 was 594,236 lei).



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

15. GOODWILL

COST	December 31, 2023 RON	December 31, 2022 RON
Balance at the beginning of the year	143,461	143,461
Additions from acquisition of subsidiaries	-	-
Impairment of goodwill	-	-
Disposals from sale of subsidiaries	-	-
Balance at the end of the year	143,461	143,461

According to International Financial Reporting Standards, goodwill is reviewed at the end of each reporting period for any impairment.

16. OTHER INTANGIBLE ASSETS

	Licenses	Other intangible assets	Intangible assets in progress	Total
COST	RON	RON	RON	RON
Balance as at January 1, 2023	1,456,321	845,455	140,646	2,442,421
Additions	54,082	20,259	568,075	642,416
Disposals	-	-	-	-
Correction	(1,604)	1,605	(1)	-
Balance as at December 31, 2023	1,508,798	867,319	708,720	3,084,836
	Licenses	Other intangible assets	Intangible assets in progress	Total
COST	RON	RON	RON	RON
Balance as at January 1, 2022	1,484,912	1,030,967	-	2,515,879
Additions	36,093	19,619	140,646	196,358
Disposals	269,816	-	-	269,816
Correction	205,131	(205,131)	-	-
Balance as at December 31, 2022	1,456,321	845,455	140,646	2,442,421
	Licenses	Other intangible assets	Intangible assets in progress	Total
CUMULATED AMORTIZATION				
Balance as at January 1, 2023	1,329,248	784,073	-	2,113,321
Additions	117,128	51,488	-	168,616
Disposals	-	-	-	-
Correction	5,242	(5,242)	-	-
Balance as at December 31, 2023	1,441,135	840,802	-	2,281,937
BOOK NET VALUE				
Balance as at January 1, 2023	127,072	61,382	140,646	329,100
Balance as at December 31, 2023	67,663	26,516	708,720	802,899



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

17. OTHER FINANCIAL INVESTMENTS

Changes of investment regarding associates and financial assets

	December 31, 2023	December 31, 2022
	RON	RON
As at January 01	-	23,324,617
Share of profit / loss of associates (Romgreen)	-	2,402,566
Additions	-	-
Transfer to other comprehensive income	-	-
Sale of the financial investment in Romgreen*	-	(25,727,183)
Net loss on the reduction of partial holdings in Romgreen	-	-
Others	-	-
As at December 31	-	-

* On 30 December 2022 Recyplat LTD sold the stake of 17,59% held in Romgreen Universal LTD (Green-Group), for the price of RON 70,253,080 (EUR 14,200,000). Cost of Recyplat investment in Romgreen Universal LTD was at the date of sale RON 25,727,183.

18. CURRENT INVENTORIES

	December 31, 2023	December 31, 2022
	RON	RON
Raw materials	22,143,281	27,725,603
Consumables	7,671,723	5,784,577
Items of inventory	288,556	116,525
Packaging	608,715	639,801
Finished products	13,847,741	15,599,417
Production in progress	3,963,651	3,173,535
Semi-finished products	9,606,038	8,153,700
Residual products	119,346	43,463
Commodities	4,008,035	6,894,254
Advances for inventories	252,281	109,775
Impairment allowances for inventories	(2,792,800)	(2,340,901)
Total	59,716,567	65,899,751

In 2023, the Group's average rotation of the inventrie was **74 days**, as compared to **57 days** in 2022.



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

19. TRADE AND OTHER CURRENT RECEIVABLES

	December 31, 2023	December 31, 2022
	RON	RON
Trade receivables	57,727,195	59,556,063
Allowances for doubtful clients	(1,642,321)	(2,046,324)
Taxes recoverable	2,016,081	2,131,900
Other receivables	1,247,405	889,066
Other non-trade receivables	1,088,824	448,821
Total	60,437,183	60,979,526

	Year ended December 31, 2023	Year ended December 31, 2022
	RON	RON
Changes of allowance for doubtful clients		
Balance at the beginning of the year	2,046,324	2,100,964
Receivables transferred to expenses during the year		-
Decrease of allowance recognized in profit and loss	(404,003)	(54,640)
Balance at the end of the year	1,642,321	2,046,324



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

19. TRADE AND OTHER CURRENT RECEIVABLES (continued)

When determining the recoverability of a receivable, the Group takes into account any change in the receivable's crediting capacity from the date the loan was granted, until the reporting date. The level of credit risk is limited given that the client basis is large and the client portfolio is diverse and clients are independent from each other.

The analysis was made strictly on the balance of the trade receivables account, less uncertain and disputable receivables.

The Group registers adjustments of receivables as per IFRS 9, and specific allowances for doubtful clients.

Therefore, the Group's management considers that there is no need for an additional provision exceeding the allowance for doubtful debts.

31/12/2023	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.01%	0.02%	0.08%	0.08%	0.08%	0.08%	
Total gross carrying amount of specific un-provisioned receivables	42,816,688	3,829,879	681,962	157,494	41,063	1,007,172	48,534,259

31/12/2022	Not past due	Trade receivables – days past due					Total
		<30	31-60	61-90	91-120	>120	
Expected loss rate	0.09%	0.16%	0.59%	0.63%	0.81%	1.84%	
Total gross carrying amount of specific un-provisioned receivables	44,222,112	6,592,670	535,849	172,581	263,751	883,713	52,670,675



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

20. OTHER CURRENT FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
	RON	RON
Short-term financial investments*	2,833,298	263,414
Total	2,833,298	263,414

*On 31.12.2023, this indicator also includes a number of 25,000 Hidroelectrica (H2O) shares worth 2,529,566 lei.

21. OTHER CURRENT NON - FINANCIAL ASSETS

	December 31, 2023	December 31, 2022
	RON	RON
Suppliers-debtors for services	388,785	560,044
Pre-paid amounts	704,526	4,236,642
Total	1,093,312	4,796,687

22. CASH ON HAND AND AT BANKS

Within the meaning of statement of cash flows, cash and cash equivalent include petty cash and bank accounts. Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, may be reconciled with the corresponding elements of balance sheet, as follows:

	December 31, 2023	December 31, 2022
	RON	RON
Cash at banks	33,506,459	73,370,121
Cash on hand	31,818	36,410
Cash equivalents	177,881	462,530
Total	33,716,158	73,869,061



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

23. ASSETS HELD FOR SALE

The assets held for sale have the following geographical distribution:

Assets held for sale	December 31, 2023	December 31, 2022
	RON	RON
Iasi	-	70,845
Buzau	-	3,689,310
Total	-	3,760,155

On 16.02.2023, it was signed the sale and purchase contract with LIDL ROMANIA S.C.S. the object of which is the sale of the land area of 7,407 sqm, the total price being Lei 7,659,971. The registration cost of this land is Lei 3,689,310. Initially, in December 2019, a sales-purchase antecontract was signed with LIDL ROMANIA S.C.S. on the basis of which an advance of Lei 2,419,280 (Eur 488,862) was collected in December 2021, the transaction being completed in February 2023 when the difference of Lei 5,240,691 was collected.

24. ISSUED CAPITAL

	Issued capital	
	December 31, 2023	December 31, 2022
	RON	RON
528,244,192 fully paid ordinary shares (2022: 264,122,096). The value of one share is LEI 0.1 Inflation effect according to IAS 29	52,824,419	26,412,210
	-	-
Total	52,824,419	26,412,210

	December31, 2023*		December31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Living Plastic Industry SRL	173,549,016	32.85%	86,774,508	32.85%
Joyful River Limited Loc, Nicosia	108,390,178	20.52%	54,195,089	20.52%
Toderita Stefan Alexandru	71,000,000	13.44%	32,700,000	12.38%
Alte persoane juridice	7,342,627	1.39%	9,815,721	3.72%
Alte persoane fizice	167,962,371	31.80%	80,636,778	30.53%
Total	528,244,192	100%	264,122,096	100%

The main characteristics of the securities issued by the parent company: 528,244,192 nominal shares, dematerialized, at nominal value of LEI 0.1.

*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.



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

25. RETAINED EARNINGS

	December 31, 2023	December 31, 2022
	RON	RON
Balance at the beginning of the year	<u>77,247,165</u>	<u>49,182,732</u>
Net profit / (net loss) attributable to parent	(5,128,782)	56,119,419
Reclassification of revaluation reserve to retained earnings	1,479,062	470,016
Transfers to reserves	(3,313,809)	(2,141,737)
Transfers to capital	(26,412,210)	-
Distributed dividends	(13,206,105)	(26,412,210)
Other	156,304	28,945
Balance at the end of the year	<u>30,821,626</u>	<u>77,247,165</u>

26. OTHER RESERVES

	December 31, 2023	December 31, 2022
	RON	RON
Revaluation reserves	38,100,345	39,093,925
Legal reserves	5,454,218	5,288,528
Other reserves	22,637,933	19,489,813
Translation differences	(889,870)	(954,589)
Total	<u>65,302,625</u>	<u>62,917,677</u>

27. NON-CONTROLLING INTERESTS

	December 31, 2023	December 31, 2022
	RON	RON
Balance at the beginning of the year	<u>920,916</u>	<u>915,581</u>
Share of profit / (loss) for the year	(7,065)	5,335
Distribution of other capital items	-	-
Decrease of minority holding further to the increase of parent's holding	-	-
Corrections at dissolution of subsidiaries	-	-
Balance at the end of the year	<u>913,851</u>	<u>920,916</u>



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

28. OTHER FINANCIAL LIABILITIES

Secured loans - at amortized cost	OTHER CURRENT FINANCIAL LIABILITIES		OTHER NON - CURRENT FINANCIAL LIABILITIES	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	RON	RON	RON	RON
Borrowings (Overdraft and Investment loans)	65,055,832	74,737,029	7,283,273	4,044,764
Lease liabilities	72,213	-	126,661	-
Total	65,128,044	74,737,029	7,409,934	4,044,764

Short-term bank loans	Entity	31-dec-23 RON	31-dec-22 RON
Credit line in Euro – EximBank SA	Romcarbon	11,951,136	12,333,191
Credit line in Euro – UniCredit Bank SA*	Romcarbon	23,008,050	25,973,635
Credit facility for acquisitions of inventory - UniCredit Bank SA - RCB&LJI	Romcarbon	-	3,799,602
Investment loan VI in euro - UniCredit Bank	Romcarbon	765,249	686,604
Investment loan VII in euro - UniCredit Bank	Romcarbon	2,454,160	308,880
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	-	2,757,779
Credit line in Euro – UniCredit Bank SA	LivingJumbo Industry	17,129,187	5,027,641
Facilitate Euro - achizitii stocuri - UniCredit Bank SA - RCB&LJI	LivingJumbo Industry	-	11,042,597
Credit line in Euro – EximBank SA	LivingJumbo Industry	7,825,043	6,336,349
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	-	2,918,043
Multiproduct credit facility (factoring) in lei - Eximbank SA	LivingJumbo Industry	-	2,865,207
Credit for current activity in lei - Eximbank SA	EnergoInstall	1,923,006	687,500
Total		65,055,831	74,737,029

The credit line contracted with UniCredit Bank SA has a ceiling of 8,000,000 Euro, the borrowers are Romcarbon SA and Livingjumbo Industry SA. The limit that can be used by Livingjumbo Industry SA is 2,550,000 Euros.



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

28. OTHER FINANCIAL LIABILITIES (continued)

Long-term bank loans	Entity	31-dec-23 RON	31-dec-22 RON
Investment loan VI in euro- UniCredit Bank	Romcarbon	1,147,871	1,882,602
Investment loan VII in euro- UniCredit Bank	Romcarbon	6,135,402	2,162,161
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	Romcarbon	-	-
Investment loan Euro - UniCredit Bank SA - CCE 2015 project	LivingJumbo Industry	-	-
Credit for current activity in lei - Eximbank SA	Energoinstall	-	-
Total		7,283,273	4,044,764

29. TRADE AND OTHER CURRENT PAYABLES

	December 31, 2023 RON	December 31, 2022 RON
Trade liabilities	31,500,565	42,006,642
Suppliers invoices not received	5,152,844	1,821,294
Advances to clients	899,052	2,094,029
Sundry creditors (a) ¹	1,493,415	17,239,540
Miscellaneous payable	-	-
Total	39,045,876	63,161,506

¹ Sundry creditors (a), as of december 31, 2022 the amount of 15,745,347 lei represents dividends to be paid. Their payment was made in January 2023.

30. OTHER NON-FINANCIAL LIABILITIES

	OTHER CURRENT NON - FINANCIAL LIABILITIES		OTHER NON-CURRENT NON - FINANCIAL LIABILITIES	
	31 decembrie 2023 RON	31 decembrie 2022 RON	31 decembrie 2023 RON	31 decembrie 2022 RON
Subvenții	3,600,219	3,600,219	9,784,375	13,384,594
Alte datorii curente	6,276,693	6,293,491	-	-
Total	9,876,912	9,893,710	9,784,375	13,384,594



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

30. OTHER NON-FINANCIAL LIABILITIES (continued) SUBSIDIES

As at December 31, 2023 the value of investment subsidies received from the Group amounts to 13,384,594 lei, as follows:

Romcarbon SA:	7,475,188 lei
Livingjumbo Industry SA:	5,909,406 lei

As at December 31, 2022 the value of investment subsidies received from the Group amounts to 16,984,813 lei, as follows:

Romcarbon SA:	9,589,166 lei
Livingjumbo Industry SA:	7,395,647 lei

31. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that Group entities will be able to continue as a going concern while maximizing revenues for shareholders, by optimizing the debt and equity balance.

The Group's capital consists of liabilities, which include the borrowings presented in note 28, cash and cash equivalent and equity attributable to the company. Equity comprises the share capital, reserves and retained earnings as presented in notes 24, 25 and 26.

The management of the Group's risk also consists of a regular review of the capital structure. As part of this review, the management considers the cost of capital and risks associated with each class of capital. Based on the management's recommendations, the Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares, as well as by contracting new debts or settling existing debts.

Transmission ratio

	December 31, 2023	December 31, 2022
	RON	RON
Borrowings	72.537.978	78.781.793
Cash and cash equivalents	33.716.158	73.869.061
Net debt	38.821.820	4.912.732
Equity at the end of the period	152.044.804	169.680.251
Net debt to equity	26%	3%

(b) Main accounting policies

Details of the main accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Objectives of financial risk management

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analyzing exposure by the degree and extent of risks. Such risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it firstly to financial risks regarding the fluctuation of the foreign exchange rate (see (e) below) and interest rate (see (f) below). There has been no change in the Group's exposure to market risks or in the manner the Group manages and measures risks.



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

31. FINANCIAL INSTRUMENTS (continued)

(e) Currency risk management

The Group undertakes transactions denominated in various foreign currencies. Hence, exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policies.

(f) Interest rate risk management

The Group is exposed to interest rate risk given that Group entities borrow funds both at fixed and at variable interest. The risk is managed by the Group by maintaining a balance between fixed rate and variable rate borrowings.

The Group's exposures to interest rates over financial assets are presented in the section regarding liquidity risk management under this note.

(g) Other risks regarding prices

The Group is exposed to risks related to equity, arising from equity investments. Equity investments are held for strategic purposes rather than commercial purposes. The Group does not actively trade such investments.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Trade receivables consist of a large number of clients from various industries and geographical areas. Credit is constantly assessed as regards the clients' financial status and, if applicable, credit insurance is concluded.

The Group does not have any significant credit risk exposure towards any counterparty or any group of similar counterparties. The Group defines counterparties as having similar characteristics when they are related entities. At no time during the year has the credit risk percentage exceeded 5% of the gross monetary assets.

(i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. Note 32 includes a list of additional facilities not drawn, available to the Group in order to further mitigate liquidity risk.

(j) Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The financial statements include unlisted share holdings, measured at fair value. The best estimate for fair value is determined using the historical cost of shares.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of such instruments approximate their carrying values. The carrying values represent the Group's maximum exposure to credit risks related to existing receivables.



(toate sumele sunt exprimate în "RON", dacă nu este specificat altfel)

31. FINANCIAL INSTRUMENTS (continued)

The carrying values of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are as follows:

	EUR 1 EUR = 4.9746	USD 1 USD = 4.4958	Leu 1	31 Decembrie 2023 Total
2023	lei	lei	lei	RON
ASSETS	RON	RON	RON	RON
Cash and cash equivalents	10,338,945	135,659	23,241,553	33,716,158
Receivables and other current assets	9,467,543	-	50,969,641	60,437,183
Other current financial assets	-	-	2,833,298	2,833,298
Other current non-financial assets	130,362	-	962,950	1,093,312
LIABILITIES				
Trade and other liabilities	10,839,833	935	28,205,108	39,045,876
Short and long-term borrowings	68,592,693	-	3,746,411	72,339,104
Short and long-term finance lease liabilities	198,874	-	-	198,874
Other current non-financial liabilities	208	-	9,876,703	9,876,912
	EUR 1 EUR = 4.9474	USD 1 USD = 4.6346	Leu 1	31 Decembrie 2022 Total
2022	lei	lei	lei	RON
ASSETS	RON	RON	RON	RON
Cash and cash equivalents	66,005,701	256,117	7,607,243	73,869,061
Receivables and other current assets	13,285,565	-	47,693,961	60,979,526
Other current financial assets	-	-	263,414	263,414
Other current non-financial assets	130,362	-	4,666,325	4,796,687
LIABILITIES				
Trade and other liabilities	17,627,848	2,056	45,531,601	63,161,505
Short and long-term borrowings	74,097,100	-	4,684,692	78,781,793
Short and long-term finance lease liabilities	-	-	-	-
Other current non-financial liabilities	208	-	9,893,501	9,893,710
	-	-	-	-



(toate sumele sunt exprimate în "RON", dacă nu este specificat altfel)

31. FINANCIAL INSTRUMENTS (continued)**The situation of changes in liabilities from financing activities**

	1 ian-23	Cash from financing activities	Acquisitions of subsidiaries	Entries from leasing	Other changes	Unrealised (gain) / loss on foreign exchange	31-Dec-23
Borrowings (Note 28)	78.781.793	(6.148.358)	0	0	0	(95.456)	72.537.979
Total liabilities from financing activities	78.781.793	(6.148.358)	0	0	0	(95.456)	72.537.979



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

31. FINANCIAL INSTRUMENTS (continued)

The Group is mainly exposed to EUR and USD exchange rates. The following table details the Group's sensitivity to a 10% increase and decrease in the LEI against the USD/EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to top management and represents management's estimate of the reasonably possible changes in foreign exchange rates. The vulnerability analysis includes only outstanding foreign currency denominated in monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. In the following table, a negative number below indicates a decrease in profit, whereas the LEI weaken 10% against the EUR/USD. For a 10% strengthening of the LEI against the EUR/USD, there would be an equal and opposite impact on the profit and other equity, and the balances below will be positive. Changes will be attributable to the exposure related to EUR borrowings at the end of the year.

	December 31, 2023	December 31, 2022
	RON	RON
LOSS	(5,956,003)	(1,204,947)

Tables regarding liquidity and interest rate risks

The following tables present the maturity terms of the Group's financial liabilities.

The tables have been prepared based on the cash flows, not current, of the financial liabilities on the nearest date when the Group is likely to be claimed payment. The table includes both interest and cash flows related to principal

2023	Less than 1 year	1-2 years	2-5 years	Total
	RON	RON	RON	RON
Non-interest bearing				
Trade liabilities	39,045,876	-	-	39,045,876
Other current liabilities	9,876,912	-	-	9,876,912
Interest bearing instruments				
Short and long-term borrowings	64,935,459	5,815,448	1,588,196	72,339,104
Short and long-term leases	72,213	126,661	-	198,874
Non-interest bearing				
Cash and cash equivalents	33,716,158	-	-	33,716,158
Receivables and other current assets	60,437,183	-	-	60,437,183
Interest bearing				
Other current financial assets	2,833,298	-	-	2,833,298
2022				
	Less than 1 year	1-2 years	2-5 years	Total
	RON	RON	RON	RON
Non-interest bearing				
Trade liabilities	63,161,505	-	-	63,161,505
Other current liabilities	9,893,710	-	-	9,893,710
Interest bearing instruments				
Short and long-term borrowings	74,737,029	2,741,605	1,303,158	78,781,793
Short and long-term leases	-	-	-	-
Non-interest bearing				
Cash and cash equivalents	73,869,061	-	-	73,869,061
Receivables and other current assets	60,979,526	-	-	60,979,526
Interest bearing				
Other current financial assets	263,414	-	-	263,414



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

31. FINANCIAL INSTRUMENTS (continued)

Interest sensitivity analysis

The sensitivity analysis below was determined based on the exposure to interest rates for loans received from financial institutions at the reporting date.

For floating rate bank debt, the analysis was performed assuming that the amount of the debt at the reporting date was similar for the entire year.

If interest rates had been 5 percent higher/lower and all other variables held constant:

- The profit for the year ended December 31, 2023 would decrease/increase by 156,092 RON (2022: decrease/increase by 118,205 RON).

32. RELATED PARTY TRANSACTIONS

The transactions among the Parent and its subsidiaries – Group's related parties – were eliminated from the consolidation and are not presented under this note. Companies and individuals may be deemed related parties if one party holds control or exercises significant influence over the other party.

Indemnities granted to top management

The remuneration of managers and other top management members was the following:

	Year ended December 31, 2023	Year ended December 31, 2022
	RON	RON
Executive management salaries	4,653,575	4,927,345
Benefits for Board of Administration	45,138	43,731
Total	4,698,713	4,971,076

The remuneration of the General Director is established by the Board of Directors, based on the mandate contract, and that of the staff with executive functions is determined by the General Director, based on the individual employment contract, in compliance with the remuneration policy approved by the SGM, depending on the performance of individuals and market conditions.

Shareholder borrowings	December 31, 2023	December 31, 2022
	RON	RON
WU HUI TZU (Livingjumbo Industry SA)	18,417	18,417
WINPACK INDUSTRY (Eco Pack Management SA)	255,647	255,647
Total	274,064	274,064



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

32. RELATED PARTY TRANSACTIONS (continued)

Related party transactions

	Sales of goods and services (w/o VAT)		Purchase of goods and services (w/o VAT)		Receivables from related parties		Payables from related parties	
	12 Months 2023	12 Months 2022	12 Months 2023	12 Months 2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
GREENTEH DOO SERBIA	0	0	0	0	0	0	0	0
GRINTEH D.O.O MACEDONIA	0	0	0	0	0	0	0	0
GREENGLASS RECYCLING SA	0	0	0	0	0	0	0	0
GREENTECH SA	0	5,439,816	0	95,148	0	267,856	0	8,444
TOTAL WASTE MANAGEMENT	0	0	0	0	0	0	0	0
GREENWEEE INTERNATIONAL SA	0	684,985	0	1,530,631	0	1,373	0	259,813
GREEN RESOURCES MANAGEMENT S.A.	0	0	0	216,374	0	0	0	24,466
ELTEX RECYCLING SRL	0	4,330	0	0	0	0	0	0
TOTAL	0	6,129,131	0	1,842,153	0	269,229	0	292,723

On 30.12.2022 the Group disposed its holding in Green-Group, consequently for the year 2023 the above mentioned companies are no longer related parties of the Group and the transactions with them are no longer presented.



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

33. ACQUISITION OF SUBSIDIARIES

In 2023 the Group did not purchase new subsidiaries.

34. DISPOSAL OF SUBSIDIARIES

In 2023 the Group did not dispose any subsidiaries

35. COMMITMENTS AND CONTINGENCIES

ROMCARBON SA

Unused credit facilities as at December 31, 2023

The company has unused credit lines in amount of Eur 972,463 (31 December 2022: Eur 257,181) and investment loans in amount of Eur 988,772 (31 December 2022: Eur 2,857,496)

Guarantees for bank loans

Tangible fixed assets having a net book value at 31.12.2023 of LEI 58,854,629 (31.12.2022 : LEI 65,223,703) and investment properties with a book value at 31.12.2023 of LEI 3,585,933 (31.12.2022 : LEI 3,090,315) are established as a guarantee for loans and credit lines contracted from the following banks: UniCredit Bank SA and EXIMBANK SA. For the loans from the banks, the Company also guaranteed with the present and future cash availability from the accounts opened with creditor banks, with inventories of raw materials, materials and goods for sales having a minimum value of Eur 4,600,000, assigned the present and future receivables, as well as their accessories, coming from the present and future contracts with specific clients, these having the status of assigned debtors. Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

Guarantees granted for loans contracted by Group companies

Guarantees granted to LivingJumbo Industry SA for the following loans contracted from UniCredit Bank SA:

- Non-binding loan – cash line – in amount of Eur 450,000 (due in 08.06.2027), contract BUZA/044/2016 secured by mortgage on inventories, having a value of Eur 4,600,000;
- Credit line having a ceiling of Eur 2,000,000 (due in 12.12.2024), contract no. BUZA/152021/CSC, secured by mortgage on 15 equipment having a book net value of Lei 1,994,809 as at December 31, 2023

Guarantees granted to Livingjumbo Industry SA for the credit line contracted from EximBank SA

- Credit line in amount of EUR 2,000,000 (due on May 24, 2024), Contract 9 - ABZ/28.05.2020, secured by a fidejussio contract concluded between the bank and Romcarbon SA.

Guarantees granted to RC Energo Install SRL for the credit line contracted from EximBank SA

- Credit line in amount of Lei 2,000,000 for financing the current activity (due on May 24, 2024), guaranteed by **movable** mortgage of subsequent rank over the movable asset Coperion line (line for filtering, regrinding and production of compounds in the form of ZSK 70 mc 18 grains), inventory no. 24781, having a net book value of Lei 587,078 as at December 31, 2023;



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

35. COMMITMENTS AND CONTINGENCIES (continued) LIVINGJUMBO INDUSTRY SA

Unused credit facilities as at December 31, 2023

The company has unused credit facilities in amount of Eur 1,533,671 (31 December 2022: Eur 4,253,038 and Lei 2,134,793).

Guarantees for bank loans

At 31 December 2023, tangible assets consist in equipment and machineries having a net book value of Lei 17,682,321 (31 December 2022: Lei 21,880,693) constitute collateral for loans and credit lines contracted by the company with UniCredit Bank SA and EximBank SA.

For the loans from the banks, the Company also guaranteed with the mortgage over inventories, with present and future cash availability from the accounts opened with creditor banks, assigned the present and future receivables, as well as their accessories, coming from the present and future contracts with specific clients, these having the status of assigned debtors.

Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

RC ENERGO INSTALL SRL

Unused credit facilities as at December 31, 2023

The company has unused credit facilities in amount of Lei 76,994 (31 December 2021: Lei 1,000,000).

Guarantees for bank loans

At 31 December 2023, tangible assets consist in equipment and machineries having a net book value of Lei 0 (31 December 2022: Lei 10,122) constitute collateral for the credit line contracted by the company with EximBank SA. For the loans from the banks, the Company also guaranteed with a promisory note, with the present and future cash availability from the accounts opened with creditor banks, assigned the present and future receivables, as well as their accessories, coming from the present and future contracts with specific clients, these having the status of assigned debtors.

Also, the Company assigned the rights resulting from the insurance policies issued with the object of the immovables and movable goods brought as a guarantee.

36. SUBSEQUENT EVENTS

ROMCARBON SA

In January 2024, the Company completed the procedure for signing the Contract with the Ministry of Energy, for the financing of the project "Implementation of an electricity production capacity from renewable solar energy sources within ROMCARBON SA", with a total value of 5,583,012.33 lei, a project that will be partly financed from the National Recovery and Resilience Plan, Component 6 Energy - Investment Measure I1, for the amount of 2,315,700 lei (non-refundable funds), the rest of the funding in the amount of 3,267,312.33 lei following be provided by Romcarbon S.A., both from its own resources and from loans.

According to the decision of the Ordinary General Meeting of Shareholders dated 25.01.2024, the directors mandates of Messrs. Huang Liang Neang, Wey Jiann-Shyang and Toderiță Ștefan Alexandru were extended for a period of 4 years, respectively 02.04.2024 – 02.04.2028.

In January 2024, a number of 20,000 Hidroelectrica (H2O) shares were sold at an average price of 119.31 lei/share.

In January 2024, a number of 2,062,500 Aquila Part Prod Com S.A. ("AQUILA") shares were purchased at a unit value of 0.96 lei/share. In the same month, a number of 1,062,500 shares were sold at an average price of 1.0188 lei/share.



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

36. SUBSEQUENT EVENTS (continued)

In the meeting of 09.02.2024, Romcarbon's Board of Directors approved the extension for 4 years of the mandate contract concluded by the Company with Mr. Huang Liang Neng, for the exercise of the position of General Director, he will exercise the mandate of General Director during 17.02. .2024 – 17.02.2028.

RECYPLAT LTD

In March 2024, Romcarbon, which owns 100% of the company's share capital, decided to initiate the voluntary dissolution and liquidation procedure of the Recyplat Limited subsidiary.

The group did not identify other significant subsequent events.

As of the date of this report, no risks have been identified that would significantly affect the income from the basic activity, however, the global geopolitical tensions arising from the military interventions in Ukraine by the Russian Federation have generated and are generating economic uncertainties on the energy and capital markets, the global prices of energy prices have increased and are expected to be very volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management considers that it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate.

37. AUTORIZATION

The consolidated financial statements were approved by the Board of Directors and were authorized for issuance on March 26, 2024.

PREPARED BY,

For signatures, please refer to the original Romanian version.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

VIORICA ZAINESCU,
Financial Manager

CARMEN MANAILA,
Deputy General Manager for
Administrative Operations





BOARD OF DIRECTORS' REPORT REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

ACTIVITY OF THE GROUP

As at December, 2023 ROMCARBON SA holds participations directly and/or indirectly in 11 entities:

Entity	31.12.2023		Consolidation method
	Interest held	Control held	
RECYPLAT LTD CIPRU	100.00%	100.00%	Global
RC ENERGO INSTALL SRL	100.00%	100.00%	Global
ECO PACK MANAGEMENT SA	25.36%	99.88%	Global
LIVINGJUMBO INDUSTRY SA	99.86%	99.86%	Global
INFOTECH SOLUTIONS SRL	99.50%	99.50%	Global
GRINFILD LLC UCRAINA	62.62%	62.62%	Global
GRINRUH LLC UCRAINA	62.62%	62.62%	Global
YENKI SRL	33.34%	33.34%	Equity method
REGISTRUL MIORITA SA	3.79%	3.79%	Outside the consolidation area
KANG YANG BIOTECHNOLOGY CO.LTD	1.95%	1.95%	Outside the consolidation area
ONG VIITORUL INCEPE AZI (VIA)	14.29%	14.29%	Outside the consolidation area

PRESENTATION OF THE GROUP AND THE MAIN INDICATORS ACHIEVED IN 2023

PRESENTATION OF THE GROUP'S MEMBER COMPANIES

As at December 31, 2023 the company was holding directly or through other subsidiaries, participating interest in the following entities:

RECYPLAT LTD is a company established in 2011, having a share capital of Lei 112,532 (EUR 26,000) wholly owned by Romcarbon SA. The company's main office is located in Akropoleos, 59-61, 3rd floor, Nicosia, Cyprus.

The company's main object of activity is the Conduct of activities and business of consultants, experts in all scientific fields, financial, administrative or otherwise, in relation to the setting up, operation, development and improvement of any business, industry, company, partnership or other organization.

RC ENERGO INSTALL SRL is a company established in 2005, with a share capital of lei 2,000, fully owned by Romcarbon S.A. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the maintenance and repair of heating, water installations, sewage and substations; the main object of activity is Plumbing, heat and air conditioning installation (NACE code 4322).

ECO PACK MANAGEMENT SA is a company established in 2010, with a share capital of lei 1,446,000, where Romcarbon SA directly holds 25.36% and 74.62% indirectly. The remaining shares are held by Romanian legal persons. The company's main office is located in Buzau, 132 Transilvaniei street, Granules Hall, room no.7, 2nd floor. The company's main object of activity is Other business support service activities n.e.c. (NACE code 8299). Starting with 10.12.2021, the company suspended his activity for a period of 3 years.

INFO TECH SOLUTIONS SRL is a company established in 2005, with a share capital of lei 2,000, where Romcarbon S.A. holds 99.50% of the shares and the remaining shares are held by natural persons. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company was established by outsourcing the IT services and its main object of activity is Other information technology and computer service activities (NACE code 6209).

LIVINGJUMBO INDUSTRY S.A is a company established in 2002, with a share capital of lei 5,644,800, where Romcarbon S.A. holds 99.86% of the shares and the remaining shares are held by other Romanian legal person. The company's main office is located in Buzău, Str. Transilvaniei, nr. 132. The company's main object of activity is Manufacture of plastic packing goods (NACE code 2222).

GRINFILD LLC UCRAINA is a company established in 2007, with a share capital of lei 4,312,062, where Romcarbon SA holds 62.62% of the shares and the remaining shares are held by foreign legal persons. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is wholesale. The company ceased its activity in 2012.



GRINRUH LLC UKRAINA is a company established in 2007, with a share capital of lei 4,426,809, where Romcarbon SA holds 62.62%. The company's main office is located in Ukraine, Odessa region, Krijianivka locality, Str. Mikolayevska, Bl. 2. The company's main object of activity is construction and wholesale. The company ceased its activity in 2012.

YENKI SRL is a company established in 2007, with a share capital of lei 328,000, where Romcarbon S.A. holds 33.34% of the shares and the remaining shares are held by Romanian legal and natural persons. The company's main office is located at Soseaua Nordului, DN2, Buzău. The company's main object of activity is Operation of sports facilities (NACE code 9311).

Organization "VIITORUL INCEPE AZI (VIA)", established in accordance with GO no. 26/2000, is a non-governmental, non-profit and non-political organization; The association's mission is to improve the quality of technical professional training and development in the Buza area (Romania), to support and promote the interests and needs of its members in front of the authorities and/or various bodies, third parties. The association was established in 2022 by 7 economic operators from Buzau - Voestalpine RAILWAY SYSTEMS ROMANIA SA, URBIS SERV SRL, LUCSOR IMPEX SRL, URSUS BREWERIES SA, ROMCARBON SA, BENCOMP SRL, GREENFIBER INTERNATIONAL SA - as founding members, with contribution equal in its patrimony and with equal right to vote in the General Assembly. The association's assets, worth 7,000 lei, constituted by the membership contribution of the founding members.

ACTIVITY OF THE GROUP OF COMPANIES

PRESENTATION OF THE GROUP COMPANIES

The following persons ensured the executive management of the group companies in 2023:

ROMCARBON SA – General Manager – Huang Liang Neng
 RECYPLAT LTD CYPRUS – Director – Nicos Avraamides
 RC ENERGO INSTALL SRL – General Manager Duca Eugen Florin
 ECO PACK MANAGEMENT SA – Sole administrator WEY, JIANN-SHYANG
 INFO TECH SOLUTIONS SRL- General Manager Hristache Cornel
 LIVINGJUMBO INDUSTRY SA – General Manager WU,HUI-TZU
 GRINFILD LLC UKRAINE – The company has not been operating since 2012
 GRINRUH LLC UKRAINE – The company has not been operating since 2012
 YENKI SRL – Administrator Petre Romeo Florinel

ACTIVITY OF THE GROUP OF COMPANIES

The evolution of the subsidiaries' contribution to the consolidated net profit of the group in 2023 is presented in the table below:

Company	Result 12M 2022 (in lei)	Result 12M 2023 (in lei)	2023 vs 2022
Romcarbon SA	51,471,690	3,313,809	(48,157,881)
Living Jumbo Industry SA	3,477,122	(6,045,845)	(9,522,967)
RC Energo Install SRL	1,162,130	289,398	(872,732)
Infotech Solutions SRL	116,305	283,646	167,341
Recyplat Ltd Cipru	47,338,730	(2,856,302)	(50,195,033)
Eco Pack Management SA	(14,914)	(2,540)	12,374
<i>Consolidation adjustments *</i>	<i>(47,426,309)</i>	<i>(118,012)</i>	<i>47,308,296</i>
Total	56,124,755	(5,135,847)	(61,260,602)

Consolidation adjustments	Result 12M 2022 (in lei)	Result 12M 2023 (in lei)	2023 vs 2022
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(115,397)	(85,444)	29,953
Share of the profit of the associates (Romgreen Universal LTD)*	2,402,565	-	(2,402,565)
Elimination of the dividends from Recyplat LTD	(46,745,700)	-	46,745,700
Elimination of the share of the profit of the associates registered until 2022	(5,119,676)	-	5,119,676
Elimination of the FOREX related to the dividends to be received from Recyplat	(254,600)	-	254,600
Elimination of the FOREX related to Recyplat investment in Romgreen	2,306,499	-	(2,306,499)
Adjustments related the capital premium cancellation in Recyplat	-	(32,377)	(32,377)
Corrections	100,000	(191)	(100,192)
Total Adjustments	(47,426,309)	(118,012)	47,308,296

* In December 2022, the Group sold its holding in Romgreen Universal LTD





The main indicators of the Statement of profit or loss registered by the two major companies of the Group, Romcarbon SA and Livingjumbo Industry SA, according to their Standalone Financial Statements.

ROMCARBON SA

Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Turnover	266,937,602	265,048,639	216,420,862	(48,627,777)	-18%
Operational EBITDA	13,987,048	15,025,300	4,873,276	(10,152,024)	-68%
Profit	(1,447,458)	51,471,690	3,313,809	(48,157,881)	-94%

From Operational EBITDA to Net Profit

Indicator (12 months)	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Operational EBITDA	13,987,049	15,025,300	4,873,276	(10,152,024)	-68%
Fixed assets depreciation	(9,977,583)	(9,609,158)	(9,392,805)	216,353	-2%
Revenues from subsidy from Government for investments	2,259,451	2,206,664	2,113,978	(92,686)	-4%
Interest expenses	(953,055)	(1,286,399)	(1,807,462)	(521,062)	41%
Gain/loss from sales of assets	432,513	2,106,927	3,992,452	1,885,525	89%
Gain/loss from revaluation of fixed assets and investment properties	1,377,918	(1,199,108)	974,174	2,173,282	-181%
Other non-operational items(provisions, penalties, donations)	(715,608)	(2,244,793)	(713,062)	1,531,730	-68%
Forex gain/loss	(654,633)	274,153	2,402,662	2,128,509	776%
Other gain/loss from Financial	(6,314,423)	47,110,176	1,053,120	(46,057,056)	-98%
Tax on profit	(889,087)	(912,071)	(182,523)	729,548	-80%
Net profit/loss	(1,447,458)	51,471,690	3,313,809	(48,157,882)	-94%

LIVINGJUMBO INDUSTRY SA

Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Turnover	133,415,290	164,064,764	115,487,834	(48,576,931)	-30%
Operational EBITDA	2,349,885	8,164,661	(437,348)	(8,602,009)	n/a
Profit	(2,319,221)	3,477,122	(6,045,845)	(9,522,967)	n/a

From Operational EBITDA to Net Profit

Indicator	12 luni 2021	12 luni 2022	12 luni 2023	2023 vs 2022	
Operational EBITDA	2,349,885	8,164,661	(437,348)	▼	(8,602,009)
Fixed assets depreciation	(4,748,269)	(4,829,234)	(4,845,029)	▲	(15,795)
Revenues from subsidy from Government for investments	1,486,241	1,486,241	1,486,241	—	-
Interest expenses	(657,540)	(895,464)	(1,237,042)	▲	(341,578)
Gain/loss from sales of assets	-	-	5,000	▲	5,000
Other non-operational items(provisions, penalties, donations)	(355,245)	(345,627)	(910,338)	▲	(564,711)
Forex gain/loss	(353,372)	(46,915)	(100,652)	▲	(53,737)
Other gain/loss from Financial	(40,921)	(56,540)	(6,678)	▼	49,862
Net profit/loss	(2,319,221)	3,477,122	(6,045,845)	▲	(9,522,967)



Presentation of the evolution of the key indicators on production sectors – 12 Months

	Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
ROMCARBON	PLASTIC PROCESSING SECTOR : POLYETHYLENE					
	Turnover	36,047,057	36,512,692	30,894,710	(5,617,982)	-15%
	EBITDA before overhead	3,051	2,439,836	2,208,646	(231,190)	-9%
	Profit before overhead	(779,566)	1,697,246	1,461,071	(236,175)	-14%
	PLASTIC PROCESSING SECTOR : POLYSTYRENE					
	Turnover	51,040,479	54,425,638	47,592,623	(6,833,015)	-13%
	EBITDA before overhead	9,725,267	7,382,299	7,925,922	543,623	7%
	Profit before overhead	8,335,220	6,131,441	6,578,447	447,006	7%
	PLASTIC PROCESSING SECTOR : POLYPROPYLENE					
	Turnover	42,780,899	40,326,620	32,928,129	(7,398,491)	-18%
	EBITDA before overhead	4,719,369	3,454,650	3,964,026	509,376	15%
	Profit before overhead	4,394,850	3,129,217	3,616,936	487,718	16%
	RECYCLED POLYMERS & COMPOUNDS					
	Turnover	40,009,626	51,224,339	39,125,177	(12,099,163)	-24%
	EBITDA before overhead	5,811,810	6,952,632	(1,572,300)	(8,524,932)	-123%
	Profit before overhead	1,930,489	3,094,107	(5,026,755)	(8,120,862)	-262%
	OTHER PRODUCTIVE SECTORS : FILTERS, ACTIVE CARBON, PROTECTIVE EQUIPMENT, PVC TRAFFIC BASE SIGNS					
	Turnover	5,876,115	9,569,410	6,388,942	(3,180,468)	-33%
EBITDA before overhead	743,723	2,933,897	704,507	(2,229,390)	-76%	
Profit before overhead	429,011	2,623,639	379,493	(2,244,146)	-86%	
LIVINGJUMBO INDUSTRY	PLASTIC PROCESSING SECTOR : POLYPROPYLENE					
	Turnover	70,185,696	87,305,549	60,872,037	(26,433,512)	-30%
	EBITDA before overhead	4,090,236	9,554,043	3,964,035	(5,590,008)	-59%
	Profit before overhead	3,356,297	8,842,685	3,315,726	(5,526,959)	-63%
	PLASTIC PROCESSING SECTOR : PET					
	Turnover	63,229,595	76,759,215	54,615,796	(22,143,419)	-29%
EBITDA before overhead	2,532,900	3,208,616	1,323,484	(1,885,132)	-59%	
Profit before overhead	4,811	576,980	(1,381,385)	(1,958,365)	-339%	

Note: In the item "Turnover", in addition to the revenues from sales of finished products, the revenues from the sale of goods, revenues from services and other sales made by the production sectors are included.

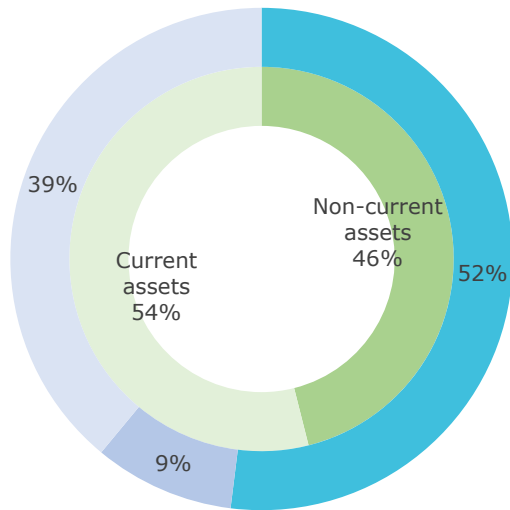
**FINANCIAL STATEMENTS****A.) STATEMENT OF THE FINANCIAL POSITION**

Indicator	31.12.2021	31.12.2022	31.12.2023	2023 vs. 2022	
Property, plant and equipment	132,497,914	123,886,765	122,672,069	-1,214,696	▼ -0.98%
Investment property	10,894,586	9,883,738	10,857,912	974,174	▲ 9.86%
Goodwill	143,461	143,461	143,461	0	— 0.00%
Intangible assets other than goodwill	298,466	329,100	802,899	473,799	▲ 143.97%
Investments accounted for using equity method	23,324,617	0	0	0	—
Investments in subsidiaries, joint ventures and associates	196,974	297,974	297,974	0	— 0.00%
Other non-current financial assets	0	1,898	0	-1,898	▼ -
Total non-current assets	167,356,018	134,542,936	134,774,315	231,379	▲ 0.17%
Current inventories	54,803,659	65,899,751	59,716,567	-6,183,184	▼ -9.38%
Trade and other current receivables	53,054,234	60,979,526	60,437,183	-542,343	▼ -0.89%
Other current financial assets	617,902	263,414	2,833,298	2,569,884	▲ 975.61%
Other current non-financial assets	4,621,551	4,796,687	1,093,312	-3,703,375	▼ -77.21%
Cash and cash equivalents	17,596,893	73,869,061	33,716,158	-40,152,903	▼ -54.36%
Non-current assets classified as held for sale	3,760,155	3,760,155	0	-3,760,155	▼ -100.00%
Total current assets	134,454,393	209,568,594	157,796,518	-51,772,076	▼ -24.70%
ASSETS	301,810,411	344,111,530	292,570,833	-51,540,697	▼ -14.98%
Issued capital	26,412,210	26,412,210	52,824,419	26,412,209	▲ 100.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	60,227,360	62,917,677	65,302,625	2,384,948	▲ 3.79%
Retained earnings	49,182,732	77,247,165	30,821,626	-46,425,539	▼ -60.10%
Equity attributable to equity holders of the parent	138,004,585	168,759,335	151,130,953	-17,628,382	▼ -10.45%
Non-controlling interests	915,581	920,916	913,851	-7,065	▼ -0.77%
Total equity	138,920,166	169,680,251	152,044,804	-17,635,447	▼ -10.39%
Other non-current provisions	659,623	1,429,017	1,803,188	374,171	▲ 26.18%
Deferred tax liabilities	8,012,574	7,780,659	7,477,700	-302,959	▼ -3.89%
Other non-current financial liabilities	7,623,547	4,044,764	7,409,934	3,365,170	▲ 83.20%
Other non-current non-financial liabilities	16,015,575	13,384,594	9,784,375	-3,600,219	▼ -26.90%
Total non-current liabilities	32,311,319	26,639,034	26,475,197	-163,837	▼ -0.62%
Trade and other current payables	55,224,664	63,161,506	39,045,876	-24,115,630	▼ -38.18%
Other current financial liabilities	67,635,179	74,737,029	65,128,044	-9,608,985	▼ -12.86%
Other current non-financial liabilities	7,719,083	9,893,710	9,876,912	-16,798	▼ -0.17%
Total current liabilities	130,578,927	147,792,245	114,050,832	-33,741,413	▼ -22.83%
Total liabilities	162,890,245	174,431,279	140,526,029	-33,905,250	▼ -19.44%
TOTAL EQUITY AND LIABILITIES	301,810,411	344,111,530	292,570,833	-51,540,697	▼ -14.98%





STRUCTURE OF THE FINANCIAL POSITION AS AT 31.12.2023



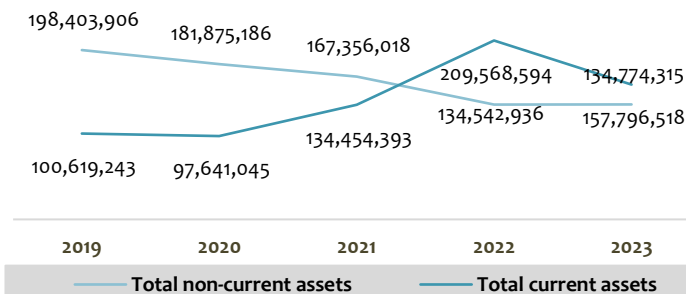
Current liabilities: 114,050,832 RON 39%
Non-current liabilities: 26,475,197 RON 9%
Equity: 152,044,804 RON 52%
Non-current assets: 134,774,315 RON 46%
Current assets: 157,796,518 RON 54%

The participation of the consolidated companies in the indicators of the Statement of Financial Position in 2023 is presented in the table below

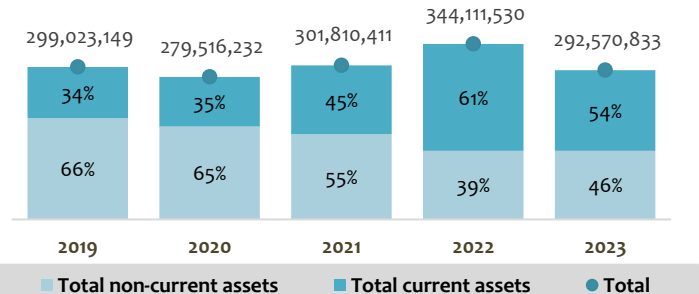
Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Romcarbon SA	118,936,705	122,197,547	21,239,183	69,078,926
Livingjumbo Industry SA	18,563,585	47,160,212	5,009,352	64,943,632
RC Energo Install SRL	76,366	20,223,211	100,000	14,397,341
InfoTech Solutions SRL	305,028	850,378	126,661	376,349
Grinfeld Ucraina	4,426,809	8,614	0	879,485
Grinruh Ucraina	1,186,187	1,007,788	0	6,728
Recyplat LTD	0	294,007	0	6,512
Eco Pack Management SA	28,751	162,688	0	883,523
Consolidation adjustments	(8,749,115)	(34,107,927)	0	(36,521,664)
Total	134,774,315	157,796,518	26,475,197	114,050,832

ASSETS

Total non-current assets vs. Total current assets



Total non-current assets vs. Total current assets

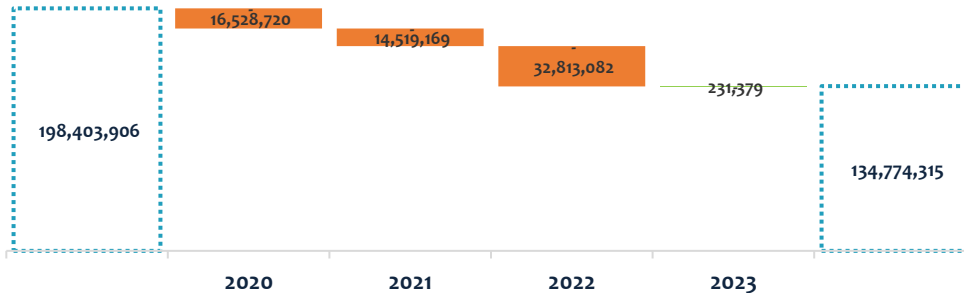




Evolution of non-current assets in the period 2019 - 2023

NON-CURRENT ASSETS

Non-current assets have a weight in Total Assets of 46.07% recording an increase of LEI 231,379, i.e. 0.17% as compared to the beginning of the year.

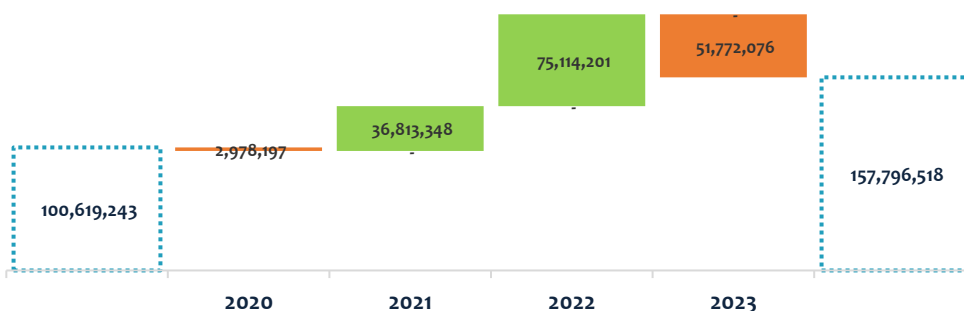


Non-current assets (lei)	31/12/2023	% in total NCA	% in total Assets	31/12/23 vs. 31.12.22
Property, plant and equipment	122,672,069	91.02%	41.93%	-0.98%
Investment property	10,857,912	8.06%	3.71%	9.86%
Goodwill	143,461	0.11%	0.05%	0.00%
Intangible assets other than goodwill	802,899	0.60%	0.27%	143.97%
Investments accounted for using equity method	297,974	0.22%	0.10%	0.00%
Investments in subsidiaries, joint ventures and associates	0	0.00%	0.00%	-100.00%
Total non-current assets	134,774,315	100.00%	46.07%	0.17%

CURRENT ASSETS

Current assets have a weight in Total Assets of 53.93% recording a decrease of - LEI 51,772,076, i.e. -24.70%, as compared to the beginning of the year.

Evolution of current assets in the period 2019 - 2023



Current assets (lei)	31/12/2023	% in total CA	% in Total Assets	31.12.23 vs. 31.12.22
Current inventories	59,716,567	37.84%	20.41%	-9.38%
Trade and other current receivables	60,437,183	38.30%	20.66%	-0.89%
Other current financial assets	2,833,298	1.80%	0.97%	975.61%
Other current non-financial assets	1,093,312	0.69%	0.37%	-77.21%
Cash and cash equivalents	33,716,158	21.37%	11.52%	-54.36%
Non-current assets classified as held for sale	0	0.00%	0.00%	-100.00%
Total current assets	157,796,518	100.00%	53.93%	-24.70%



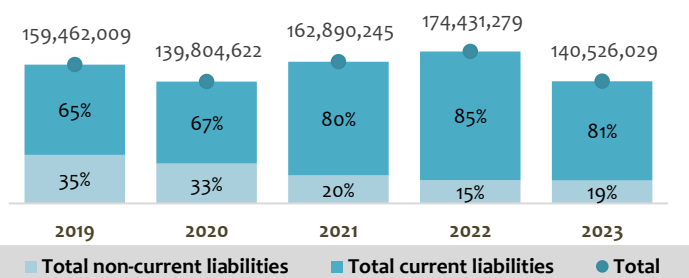
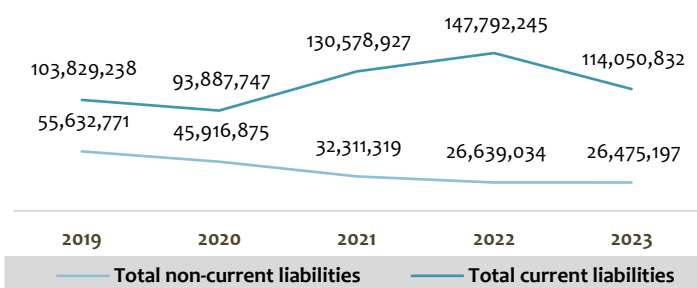


LIABILITIES

Total Liabilities hold 48.03% of the Group 's Equity&Liabilities recording a decrease of - Lei 33,905,250, i.e. -19.44%, as compared to the beginning of the year.

Total non-current liabilities vs. Total current liabilities

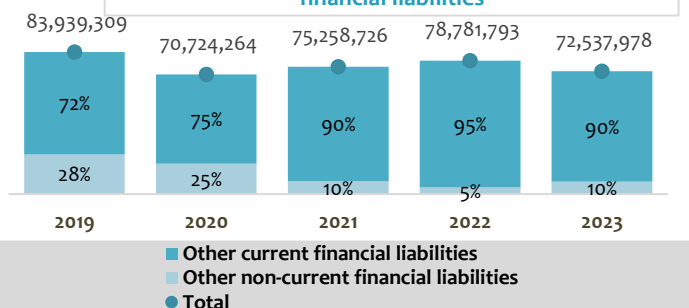
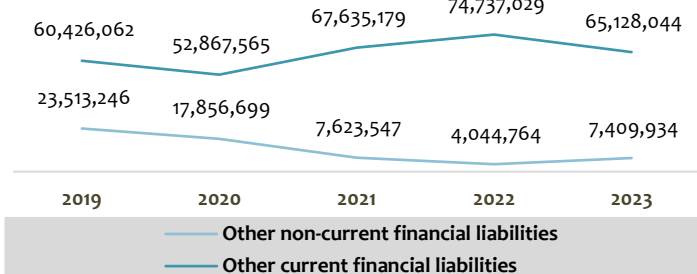
Total non-current liabilities vs. Total current liabilities



BORROWINGS

Other non-current financial liabilities vs. Other current financial liabilities

Other non-current financial liabilities vs. Other current financial liabilities



STRUCTURE OF BORROWINGS

Company	31.12.2022	31.12.2023	2023 vs 2022
Romcarbon, total, out of which:	49,904,456	45,461,868	(4,442,588)
< 12 months	45,859,692	38,178,595	(7,681,097)
> 12 months	4,044,764	7,283,273	3,238,509
LivingJumbo Industry, total, out of which:	28,189,837	24,954,230	(3,235,607)
< 12 months	28,189,837	24,954,230	(3,235,607)
> 12 months	-	-	-
Energoinstall, total, out of which:	687,500	1,923,006	1,235,506
< 12 months	687,500	1,923,006	1,235,506
> 12 months	-	-	-
Total borrowings, out of which:	78,781,793	72,339,104	(6,442,689)
< 12 months	74,737,029	65,055,831	(9,681,198)
> 12 months	4,044,764	7,283,273	3,238,509
Total leasing, out of which:	-	198,874	198,874
< 12 months	-	72,213	72,213
> 12 months	-	126,661	126,661

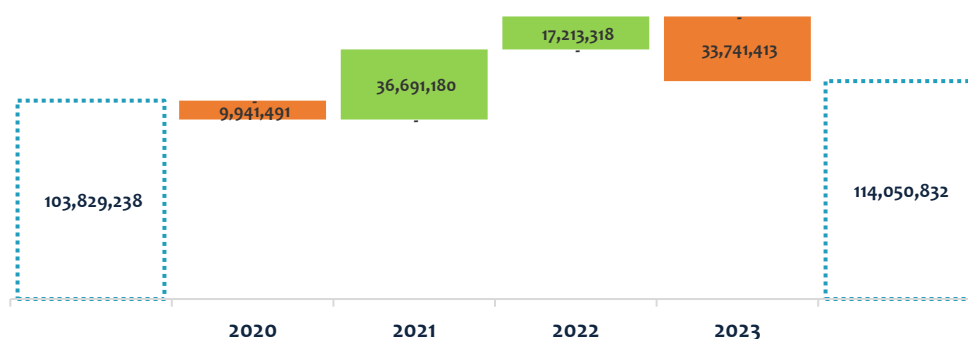




CURRENT LIABILITIES

Current liabilities of the Group have a weight in Total Liabilities of 81,16% and in Total Equity and Liabilities of 38.98% recording a decrease of - LEI 33,741,413, i.e. -22.83%, as compared with the beginning of the year.

Evolution of current liabilities in the period 2019 - 2023

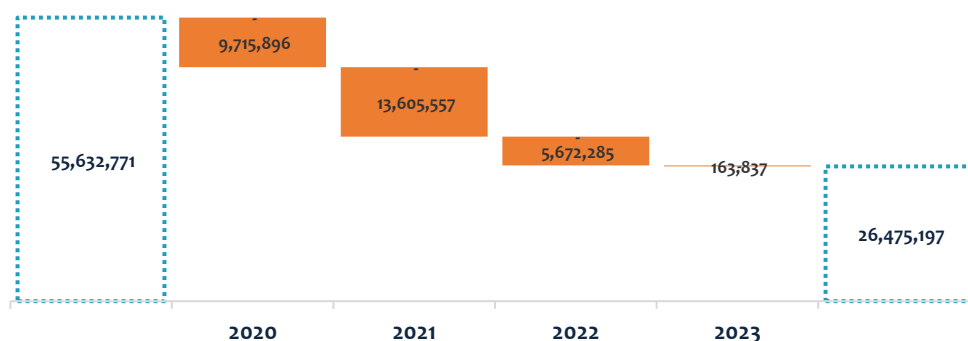


Current liabilities (lei)	31.12.2023	% in total liabilities	% in Total Current liabilities	% in Total Equity and liabilities	31.12.23 vs. 31.12.22
Trade and other current payables	39,045,876	27.79%	34.24%	13.35%	-38.18%
Other current financial liabilities	65,128,044	46.35%	57.10%	22.26%	-12.86%
Other current non-financial liabilities	9,876,912	7.03%	8.66%	3.38%	-0.17%
Total current liabilities	114,050,832	81.16%	100.00%	38.98%	-22.83%

NON-CURRENT LIABILITIES

Non-current liabilities have a weight in Total Equity and Liabilities of 9.05% recording a decrease of - LEI 163,837, i.e. -0.62%, as compared to the beginning of the year.

Evolution of non-current liabilities in the period 2019 - 2023



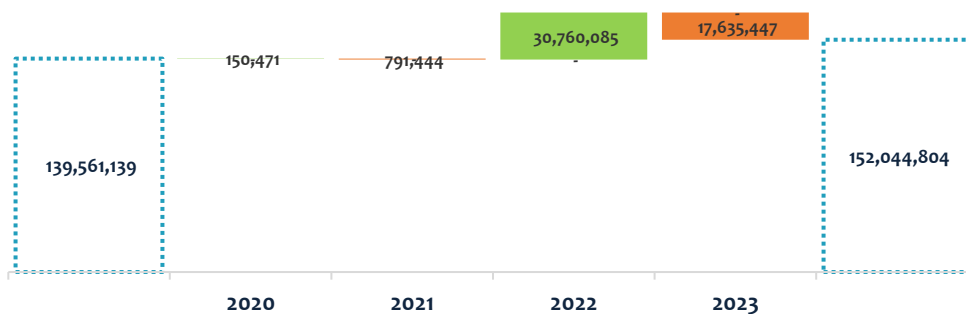
Non-current liabilities (lei)	31.12.2023	% in total liabilities	% in Total Non-current liabilities	% in Total Equity and liabilities	31.12.23 vs. 31.12.22
Other non-current provisions	1,803,188	1.28%	6.81%	0.62%	26.18%
Deferred tax liabilities	7,477,700	5.32%	28.24%	2.56%	-3.89%
Other non-current financial liabilities	7,409,934	5.27%	27.99%	2.53%	83.20%
Other non-current non-financial liabilities	9,784,375	6.96%	36.96%	3.34%	-26.90%
Total non-current liabilities	26,475,197	18.84%	100.00%	9.05%	-0.62%





The Equity have a weight in Total Equity and Liabilities of 51.97% recording a decrease of - LEI 17,635,447, i.e. - 10.39%, as compared to the beginning of the year.

Evolution of Equity in the period 2019 - 2023



Equity (lei)	31/12/2023	2023 vs 2022
Issued capital	52,824,419	100.00%
Share premium	2,182,283	0.00%
Reserves	65,302,625	3.79%
Retained earnings	30,821,626	-60.10%
Equity attributable to equity holders of the parent	151,130,953	-10.45%
Non-controlling interests	913,851	-0.77%
Total Equity	152,044,804	-10.39%





B.) STATEMENT OF THE COMPREHENSIVE INCOME

Indicator (lei)	12M 2021	12M 2022	12M 2023	2023 vs.2022	
Revenue	341,319,436	381,985,677	304,683,985	▼	(77,301,692) -20%
Other Income	4,291,042	4,287,141	4,103,607	▼	(183,534) -4%
Increase (decrease) in inventories of finished goods and work in progress	4,710,209	11,496,807	2,516,172	▼	(8,980,635) -78%
Raw materials, consumables, commodities and utilities used	(235,396,370)	(263,732,961)	(191,297,563)	▼	72,435,398 -27%
Employee benefits expense	(73,746,328)	(78,261,063)	(84,574,383)	▲	(6,313,320) 8%
Depreciation and amortisation expenses	(14,897,799)	(14,538,409)	(14,320,887)	▼	217,522 -1%
Other expenses	(21,382,633)	(30,646,145)	(27,713,730)	▼	2,932,415 -10%
Other gains (losses)	1,936,380	2,276,748	5,068,419	▲	2,791,671 123%
Profit (loss) from operating activities	6,833,937	12,867,795	(1,534,380)	▼	(14,402,175) -112%
Finance Income	85,170	290,047	944,878	▲	654,831 226%
Finance costs	(3,054,857)	(2,894,705)	(4,303,354)	▲	(1,408,649) 49%
Net gain/(loss) on disposal of financial investments	-	44,525,895	-		
Share of profit of associates*	(1,144,985)	2,402,565	-	▼	(2,402,565) -100%
Profit / (loss) before tax	2,719,265	57,191,597	(4,892,856)	▼	(62,084,453) -109%
Tax income (expense)	(928,652)	(1,066,842)	(242,991)	▼	823,851 -77%
Profit (loss) of the year, attributable to	1,790,613	56,124,755	(5,135,847)	▼	(61,260,602) -109%
Equity holders of the parent	1,793,731	56,119,419	(5,128,782)	▼	(61,248,201) -109%
Minority interest	(3,118)	5,336	(7,065)	▲	(12,401) -232%
Profit (loss) from continuing operations	1,790,613	56,124,755	(5,135,847)	▼	(61,260,602) -109%
Differences from foreign operations	115	-	191	▲	191 n/a
Net losses from revaluation of tangible assets		745,264		▼	(745,264) -100%
Deffered profit tax allocated to the comprehensive income	21,017	273,332	485,482	▲	212,150 78%
Comprehensive income of the year, attributable to:	1,811,745	57,143,351	(4,650,174)	▼	(61,793,525) -108%
Equity holders of the parent	1,814,863	57,138,015	(4,643,109)	▼	(61,781,124) -108%
Minority interest	(3,118)	5,336	(7,065)	▲	(12,401) -232%

* In December 2022, the Group sold its holding in Romgreen Universal LTD

Indicator	12M 2021	12M 2022	12M 2023	2023 vs.2022	
EBITDA OPERATIONAL	16,824,568	24,700,499	5,210,408	▼	(19,490,091) -79%

Indicator	2021	2022	2023
Average no. of employees	1,440	1,338	1,245





From Operational EBITDA to NET PROFIT

Indicator	12M 2021	12M 2022	12M 2023	2023 vs 2022	
OPERATIONAL EBITDA	16,824,568	24,700,499	5,210,408	▼ (19,490,091)	-79%
Fixed assets depreciation	(14,897,799)	(14,538,409)	(14,320,887)	▼ 217,523	-1%
Revenues from subsidy from Government for investments	3,745,692	3,692,905	3,600,219	▼ (92,686)	-3%
Interest expenses	(1,657,222)	(2,364,092)	(3,121,845)	▲ (757,754)	32%
Gain/loss from sales of assets	(85,226)	1,191,313	3,988,054	▲ 2,796,741	235%
Net gain/loss from revaluating the investment properties and fixed assets	1,377,918	170,996	974,174	▲ 803,178	470%
Other non-operational items(provisions,penalties, donations)	(483,113)	(1,856,193)	(1,496,286)	▼ 359,907	-19%
Forex gain/loss	(1,037,861)	71,335	(633,143)	▲ (704,478)	-988%
Share of profit / loss of associates	(1,144,985)	2,402,565	-	▼ (2,402,565)	-100%
Net gain/(loss) on disposal of financial investments	-	44,525,895	-	▼ (44,525,895)	-100%
Other gain/loss from Financial	77,293	(805,217)	906,450	▲ 1,711,667	-213%
Tax on profit	(928,652)	(1,066,842)	(242,991)	▼ 823,851	-77%
NET PROFIT/LOSS	1,790,613	56,124,755	(5,135,847)	▼ (61,260,602)	-109%





On quarters, the Statement of the comprehensive income has the following evolution:

Indicators	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2023 vs. Q1 2022	Q2 2023 vs. Q2 2022	Q3 2023 vs. Q3 2022	Q4 2023 vs. Q4 2022
Revenue	89,872,751	69,000,116	71,108,339	74,702,779	(41,791)	(28,606,521)	(30,197,593)	(18,455,788)
Other Income	1,031,513	1,012,144	1,030,601	1,029,349	(5,492,749)	(162,928)	5,486,543	(14,400)
Increase (decrease) in inventories of finished goods and work in progress	1,953,154	(14,261)	220,723	356,557	(4,450,621)	(916,718)	1,406,097	(5,019,392)
Raw materials, consumables, commodities and utilities used	(61,899,368)	(43,102,080)	(44,202,457)	(42,093,658)	5,481,903	22,355,661	20,268,046	24,329,789
Employee benefits expense	(20,425,518)	(19,971,181)	(20,792,384)	(23,385,300)	(1,454,106)	(174,562)	(1,197,668)	(3,486,984)
Depreciation and amortisation expenses	(3,620,792)	(3,612,974)	(3,648,155)	(3,438,966)	70,935	53,907	(45,830)	138,510
Other expenses	(6,723,651)	(4,884,316)	(4,502,349)	(11,603,414)	2,321,172	144,300	287,569	179,374
Other gains (losses)	4,022,420	21,619	19,938	1,004,442	3,981,231	(4,467)	(151,591)	(1,033,502)
Profit (loss) from operating activities	4,210,508	(1,550,933)	(765,744)	(3,428,211)	415,973	(7,311,328)	(4,144,427)	(3,362,393)
Finance Income	247,396	85,324	184,440	427,718	194,541	83,290	111,497	265,503
Finance costs	(1,077,151)	(1,100,446)	(1,013,007)	(1,112,751)	(495,218)	(351,035)	(138,571)	(423,824)
Net gain/(loss) on disposal of financial investments	-	-	-	-	-	-	-	(44,525,895)
Share of profit of associates*	-	-	-	-	(1,583,476)	(1,374,247)	(867,591)	1,422,749
Profit / (loss) before tax	3,380,753	(2,566,055)	(1,594,310)	(4,113,244)	(1,468,180)	(8,953,320)	(5,039,091)	(46,623,862)
Tax income (expense)	(543,338)	(305,503)	722,423	(116,573)	(166,108)	223,782	1,089,714	(323,537)
Profit (loss) of the year, attributable to	2,837,415	(2,871,558)	(871,887)	(4,229,817)	(1,634,288)	(8,729,538)	(3,949,377)	(46,947,399)
Equity holders of the parent	2,838,338	(2,869,402)	(871,167)	(4,226,551)	(1,632,030)	(8,725,033)	(3,947,990)	(46,943,148)
Minority interest	(923)	(2,156)	(720)	(3,266)	(2,258)	(4,505)	(1,387)	(4,251)
Profit (loss) from continuing operations	2,837,415	(2,871,558)	(871,887)	(4,229,817)	(1,634,288)	(8,729,538)	(3,949,377)	(46,947,399)
Differences from foreign operations	156	87	47	(99)	158	89	43	(99)
Net losses from revaluation of tangible assets	-	-	-	-	-	-	-	(745,264)
Deffered profit tax allocated to the comprehensive income	-	-	-	485,482	-	-	-	212,150
Comprehensive income of the year, attributable to:	2,837,571	(2,871,471)	(871,840)	(3,744,434)	(1,634,130)	(8,729,449)	(3,949,334)	(47,480,612)
Equity holders of the parent	2,838,495	(2,869,316)	(871,120)	(3,741,168)	(1,631,871)	(8,724,945)	(3,947,947)	(47,476,361)
Minority interest	(923)	(2,156)	(720)	(3,266)	(2,258)	(4,505)	(1,387)	(4,251)
OPERATIONAL EBITDA	2,824,875	1,164,730	2,003,162	(782,359)	(3,747,336)	(7,203,419)	(3,894,197)	(4,645,139)



**C.) REVENUES (NET SALES)**

The participation of the consolidated subsidiaries in obtaining the item "Revenues", in the reporting period is presented in the below table:

Company	12 Months of 2021	% in total	12 Months of 2022	% in total	12 Months of 2023	% in total	2023 vs.2022
Romcarbon SA	264,737,647	64%	262,801,054	59%	214,230,854	61%	-18.48%
LivingJumbo Industry SA	133,415,290	32%	164,064,764	37%	115,487,834	33%	-29.61%
RC Energo Install SRL	11,711,050	3%	17,005,204	4%	20,393,926	6%	19.93%
Info Tech Solutions SRL	1,071,637	0%	1,124,044	0%	2,029,034	1%	80.51%
Total, out of which:	410,935,625	100%	444,995,067	100%	352,141,648	100%	-20.87%
Within the Group	69,616,189	17%	63,009,389	14%	47,457,663	13%	-24.68%
Outside of the Group	341,319,436	83%	381,985,677	86%	304,683,985	87%	-20.24%

In the reporting period the item «Revenues» have the following structure:

Structure of Revenues (Net sales)	12 Months of 2021	% in total	12 Months of 2022	% in total	12 Months of 2023	% in total	2023 vs.2022
Sales of finished goods (701+709)	276,755,901	81%	313,728,863	82%	249,100,439	82%	-20.60%
Sales of intermediary goods	14,703,881	4%	17,584,021	5%	9,958,085	3%	-43.37%
Sales of residual products	643,853	0%	479,172	0%	293,095	0%	-38.83%
Services rendered	3,514,731	1%	3,141,708	1%	4,167,180	1%	32.64%
Sales of goods purchased for resale	43,132,592	13%	37,641,933	10%	32,316,563	11%	-14.15%
Revenues from sundry activities	2,568,478	1%	9,409,981	2%	8,848,623	3%	-5.97%
Total	341,319,436	100%	381,985,677	100%	304,683,985	100%	-20.24%

D.) STATEMENT OF CASH-FLOW

	12 Months of 2021	12 Months of 2022	12 Months of 2023
Net cash generated by /(used in) operating activities	(1,778,786)	(6,738,464)	827,402
Net cash generated by /(used in) investing activities	(2,175,748)	70,172,389	(5,880,494)
Net cash generated by /(used in) financing activities	846,795	(7,161,758)	(35,099,811)
Net increase in cash and cash equivalents	(3,107,739)	56,272,168	(40,152,903)
Cash and cash equivalents at the beginning of the year	20,704,632	17,596,893	73,869,061
Effects of exchange rate changes on the balance of cash held in foreign currencies	0	0	0
Cash from subsidiaries acquired during the year	0	0	0
Cash and cash equivalents at the end of the period	17,596,893	73,869,061	33,716,158

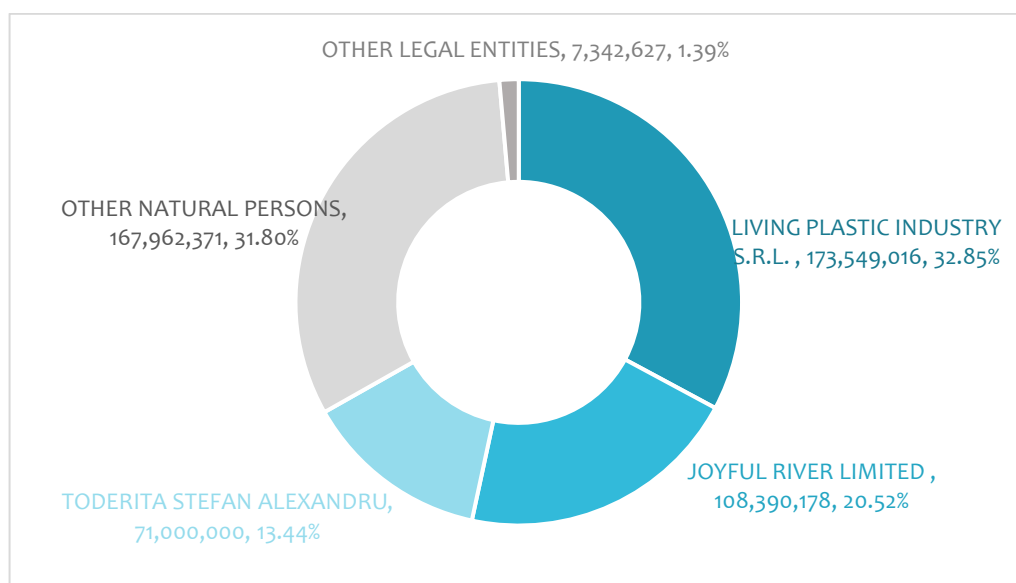




E.) FINANCIAL RATIOS

Indicator	Formula	12 Months of 2021	12 Months of 2022	12 Months of 2023
EBIT	Gross profit + Income tax + Expenses with interest	4,376,487	59,555,689	(1,771,011)
EBITDA	EBIT + Depreciation-Subsidies for investment	15,528,594	70,401,193	8,949,657
Sales	Revenue + Rental and royalty income	341,864,786	382,579,913	305,187,373
EBITDA to sales ratio	EBITDA/Sales	4.54%	18.40%	2.93%
EBITDA to Equity ratio	EBITDA/Equity	11.18%	41.49%	5.89%
Gross profit margin	Gross profit/Sales	0.80%	14.95%	-1.60%
Current ratio	Current assets/Current liabilities	1.03	1.42	1.38
Quick ratio	(Current assets - Inventories)/Current liabilities	0.61	0.97	0.86
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	23%	16%	17%
Total liabilities to Assets ratio	Total liabilities/Total Assets	54%	51%	48%
Interest coverage ratio	EBIT/Interest expenses	2.64	25.19	(0.57)
Account receivable turnover ratio	Average receivables/Sales (days)	47	54	72
Account payable turnover ratio	Average payables/Sales (days)	47	56	60
Return on assets (ROA)	Net profit/Assets	0.5933%	16.3100%	-1.7554%
Return on equity (ROE)	Net profit/Equity	1.2890%	33.0768%	-3.3779%
Return on sales (ROS)	Net profit/Sales	0.5238%	14.6701%	-1.6829%

F.) STRUCTURE OF SHAREHOLDERS

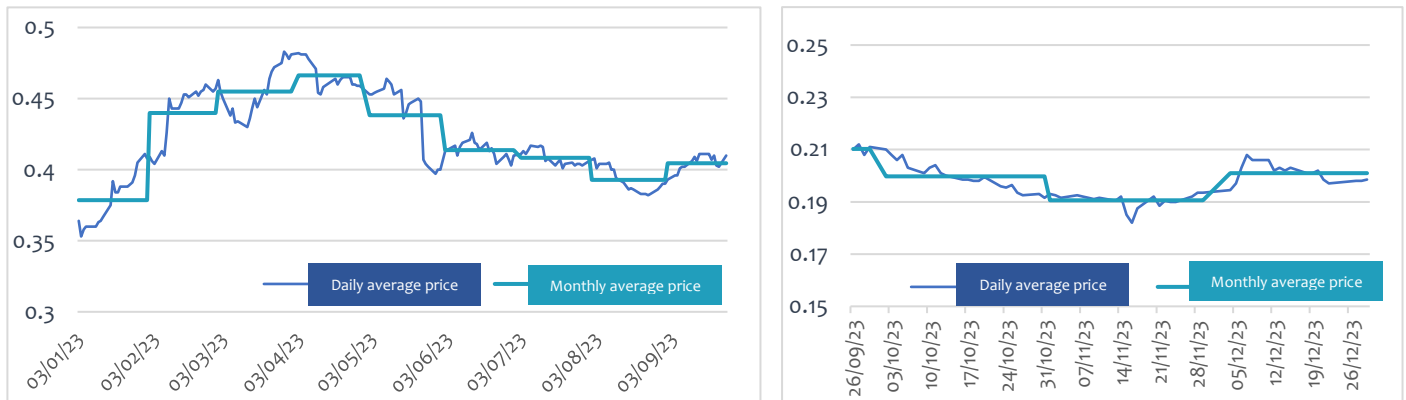


*On 30.06.2023, it was completed the registration in the Trade Register of the increase of the company's share capital with the amount of 26,412,209.60 lei, from 26,412,209.60 lei to 52,824,419.20 lei by issuing a number of 264,122,096 new shares, with a nominal value of 0.10 lei/share, according to the AGEA decision of 04/27/2023. The capital increase was achieved by incorporating into the company's share capital the amount of 26,412,209.60 lei, representing a part of the net profit recorded in the 2022 financial year.





Romcarbon share price evolution in 2023



Starting from 26.09.2023, a share price correction factor was applied with a value of 2. Details [HERE](#).

*
* *

INTERNAL CONTROL

Internal control aims at ensuring a rigorous and effective management of the Group's activity through the adoption by the Group's member companies of policies and procedures which ensure consistency of objectives, identify the key factors of success and communicate to the entity's managers in real-time information on performance and perspectives.

Internal control is organized so as to comply not only with financial-accounting regulations, but with all regulations, such as environmental, occupational health and safety, emergency situations, the Civil Code.

The Group's organization chart establishes the hierarchical levels of responsibility and authority existing and allows knowledge of functional and managerial aspects of the organization.

The Boards of Administration are independent of the management at the organization and their members are involved in management activities, which they supervise carefully. The Boards of Administration of the Group's member companies delegates to the managers responsibilities regarding internal control and make systematic and independent assessments of the internal control system established by management.

Internal (financial) audit has an assistance function that must ensure management that each of the companies' internal procedures are implemented and adhered to by all departments involved.

Regular or permanent check and assessment according to the Program approved by each of the Group companies' management of the quality operation of internal control is performed to determine whether internal controls are applied according to the procedures and if they are modified appropriately when the situation requires.

Internal control establishes methods by which employees are assessed, trained, promoted and rewarded as staff represents an essential component of internal control. The organizational chart, the internal regulations (IR), job descriptions are updated according to the modifications.

Each of the Group companies' management has taken action in order to remove or reduce incentives that could cause employees to engage in dishonest, illegal or immoral activities. They are found in the Internal Regulations and other regulations issued but also in personal examples.

Management is in charge of the filling of specific positions by competent personnel who has the knowledge and skills to perform the tasks characteristic of each function.

The Group faces various risks arising from the external or the internal environment that must be managed appropriately by management. Risk identification and analysis is an ongoing process and a critical component of an effective internal control. Some of the examples are the Group member companies' inability to achieve the set objectives, staff quality, importance and complexity of basic economic processes, introduction of new information technologies, entry of new competitors on the market etc.

Management identifies and assesses these risks and formulates specific measures to reduce the risk at an acceptable level.





For an adequate split of the responsibilities (tasks) in order to prevent significant frauds and errors, the Company applies:

- a) The division of the administration of assets to avoid the risk of theft;
- b) The division of the authorization of the operations of assets administration;
- c) The separation of the IT tasks from the tasks of the persons outside the IT system (the tasks related to the design and control of accounting software are separated from the ones related to the update of information)

Inside each Group member company, there are three different functions, whose separation (their aggregation is not admitted) represents the grounds for mutual control between departments and performers, namely:

- d) achievement of the objectives of the organization
- e) preservation of the assets of the organization
- f) the accounting function;

For an efficient internal control, the same person cannot fulfill all such roles. If any two of such roles are fulfilled by the same person, the risk of error and fraud is higher.

Most of the operations and transactions involve at least two of the presented roles; as result, errors and frauds can be easily detected, because they result in a lack of correlation between the statements, between the departments or performers.

The internal accounting and financial control is a major element of internal control inside the entity and it relates to the entire processes of obtaining and communicating the accounting and financial information in order to obtain reliable information and in accordance with legal requirements.

The internal accounting and financial control focuses on providing:

- g) compliance of the accounting and financial information with the applicable rules;
- h) application of the management instructions according to this information;
- i) protection of the assets;
- j) prevention and detection of accounting and financial frauds and irregularities;
- k) reliability of the information disseminated and used internally for controlling purposes, to the extent it contributes to preparing published accounting and financial information;
- l) reliability of the annual published financial statements and other information communicated to the market.

All intern control activities seek to perform a permanent and periodical review of activities, in order for the management to identify the best solutions for its decisions for increasing the performance of the company and become more competitive on the market.

THE GROUP'S OBJECTIVES AND POLICIES REGARDING RISK MANAGEMENT

The parent company implemented risk management in accordance with Standard SR EN ISO 31010 – Risk Management. Risk Assessment Techniques, identifying and assessing risks involving every operating department in the organization. The Company drafted a Risk Register for every operating department, the Organization's Risk Register and the Risk Treatment Action Plan.

Capital risks

The management of the Group's risk also consists in a regular review of the capital structure. The Group will balance the general structure of its capital by dividend payment, issuance of new shares and redemption of shares.

Financial risks

The Group's treasury function supplies services necessary to the business, coordinates access to national and international financial market, monitors and manages financial risk related to the Group's operations through reports on internal risks, analyzing exposure by the degree and extent of risks.

Liquidity risk

Liquidity risk, also called funding risks, is the risk for a company to face difficulties in raising funds to fulfill its commitments associated to the financial instruments.

The ultimate responsibility for liquidity risk management rests with the Board of Administration, which has built a proper liquidity risk management framework regarding the Group funds' short, medium and long term insurance and the liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, backup banking facilities and loan facilities, by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from





defaults. The management monitors the Group's exposure and the credit ratings of its contractual counterparties.

Market risk

At the date of this report, no risks are identified that would significantly affect the revenues from the core business. As of February 2022, global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine. As a result of these escalations, economic uncertainties in the energy and capital markets have

increased, with global energy prices expected to be highly volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management considers that it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate.

ELEMENTS OF PERSPECTIVE

In the year 2024, the management will continue to take all measures to ensure the development of the Group's activity in safe conditions for all interested parties, in the current context of the raw materials and materials market, where the availability and price of raw materials has represented a continuous challenge, the cost of plastic granules returning to an increased level since the first months of the year, the utility market with prices that remain at a high level, in the context of the geopolitical climate created by the war in Ukraine, and last but not least the labor market, which shows continuous volatility growth.

For the year 2024, the Group aims to strengthen its position on the markets in which it operates, making the investments made in previous years more efficient as well as new investments in the circular economy and recycling by accessing non-refundable funds within the investment programs coordinated by the Ministry of Energy, as coordinator of reforms and/or investments for the National Recovery and Resilience Plan (PNRR).

The priority objectives are also in 2024 the realization of a range of products as diversified as possible and at the highest quality standards and the investment of important resources in technologies intended to ensure the economic growth of the company in the following financial exercises.

The activity of the companies within the Group is not affected by the restrictions on external financing, it has the ability to control the flow of collections and minimizes the risks of non-collection. We have not identified the prerequisites for exposure to major risks in terms of cash flows. There will be pressure on the RON/EUR exchange rate, but we cannot estimate its level.

NON-FINANCIAL DECLARATION

At the date of these financial statements, the Group has not prepared the non-financial declaration. The group will issue the sustainability report for 2023 by 30.06.2024.

HUANG LIANG NENG,
Chairman of the Board
And General Manager

ZAINESCU VIORICA,
Financial Manager

MANAILA CARMEN,
Deputy General Manager for Administrative Operations

For signatures, please refer to the original Romanian version.



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