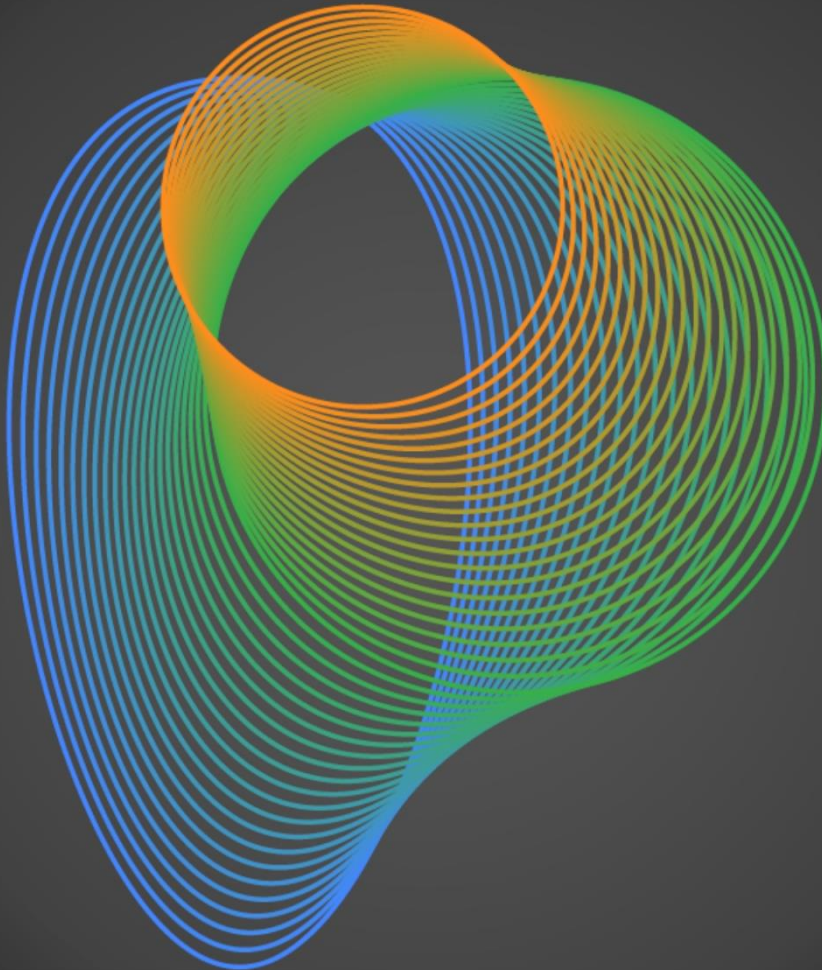




PROMATERIS

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Preliminary Financial Report 2021
Unaudited Situations

www.promateris.com



Promateris HQ – Șoseaua București-Târgoviște 1, Buftea, Ilfov, Romania
Phone: +4021 252 35 78 | Fax: +4021 252 36 17
Email: office@promateris.com | promateris.com

Fiscal code: RO 108
Registration no: J23/835/2018



INFORMATION ON ISSUER

REPORT FOR THE FINANCIAL YEAR	01.01.2021 - 31.12.2021
REPORT DATE	28.02.2021
ISSUER	PROMATERIS SA
REGISTERED OFFICE	Soseaua Bucuresti-Targoviste 1, Buftea, Ilfov, 070000
PHONE	+40786083603
E-MAIL	shares@promateris.com
TAX CODE	RO108
TRADE REGISTRY REGISTRATION NUMBER	J23/835/2018
TRADING MARKET	Bucharest Stock Exchange
SEGMENT	Principal
CATEGORY	Standard
SHARE CAPITAL	28.699.303
TRADING SYMBOL	PPL





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MAIN FINANCIAL RESULTS 2021

Turnover:	RON 187.572.273
EBITDA:	RON 30.263.883
Operating result:	RON 23.905.711
Net result for the period:	RON 18.715.605
Basic earnings per share:	RON 0.6521/share
Gross margin:	29%
EBITDA margin:	16%
Number of employees:	170



ABOUT PROMATERIS GROUP

Promateris Group is the regional market leader in the production and distribution of biodegradable and compostable packaging and a player with over 60 years of experience in the technical compounds industry. Since 2017, Promateris Group has adopted a new business model, moving towards the production of sustainable alternatives to disposable plastic products, thus becoming a leader in product innovation. In the same year, Biodeck is founded, where Promateris is the majority shareholder, a company specialized in the distribution of sustainable packaging and circular economy solutions. Thus, Promateris Group starts an ambitious plan of accelerated growth, replacing a commoditized business model with one based on product innovation, R&D and value-added product development.

Promateris has a portfolio of low carbon footprint products and a sustainability strategy aligned with the European Green Deal principles. Our products are in line with European legislation and directives aimed at reducing single-use plastic consumption.

Investments in state-of-the-art equipment, in our R&D department and our focus on the quality of our products have made us the preferred supplier to the retail segment in Central and Eastern Europe. Our portfolio of clients includes the leaders of the retail market in Romania, Moldova, Greece, Bulgaria, etc. In recent years, Promateris has developed international partnerships with reputable research centers in Europe, with leading manufacturers in the sustainable packaging production industry, as well as with equipment manufacturers specialized in innovative, low carbon footprint solutions. These partnerships place us among the companies with the most developed portfolio of biodegradable and compostable packaging. Promateris is a member of Bio-based and Biodegradable Industries Association and of European Bioplastics. In 2021, Promateris published its first ESG report, being the first company in the sustainable packaging industry in the EEC to publish such a report.

Promateris operates 3 business divisions:

- Biodegradable and compostable packaging (Bioplastics) - for the retail segment, traditional trade or producers
- Technical and specialty compounds - for the electrical cable industry and other industrial manufacturers
- Bio-recycling - designed to recycle 100% of industrial waste and return it to production.



KEY EVENTS 2021

Development projects from non-reimbursable grants

- Green Europe Project. Efficient technologies for the production of innovative and sustainable packaging - In 2021 Promateris completed a 2.5 million euro investment project in the Buftea plant to produce biodegradable and compostable packaging. The investment was co-financed by grants from Iceland, Liechtenstein and Norway under the program "Growth of SMEs in Romania", which provided a grant of € 950,000..
- Project **Decarbonization of the local economy by producing bio-based products** - In 2021 Promateris started investing in the development of a new division, Bio Compounds, which aims to produce raw materials from partially renewable sources for biodegradable and compostable packaging. Promateris thus consolidates its position as a regional leader, building the largest integrated bio-based production capacity in Central and Eastern Europe. The investment project is worth more than €1.65 million. Promateris benefits from a €744,000 grant from Iceland, Liechtenstein and Norway through the EEA and Norwegian Financial Mechanisms 2014-2021 under the program "Growth of SMEs in Romania."
- Project **Electric UP** - In 2021 Promateris is awarded a grant of €100,000 to install photovoltaic panels at its Buftea factory. This is the company's first step in its transition to using renewable energy in its production process.

Extraordinary and Ordinary General Meetings of Shareholders

- EGMS 04.02.2021:
 - reduction of the share capital of Promateris S.A. from 30.406.541 shares to 28.699.303 shares, following the cancellation of 1.707.238 own shares acquired by the company
 - approval in principle of the partial division of the company into two separate companies: one will carry out activities related to the main object of activity and the other will hold assets not related to the main object of activity, and the newly established company will not be admitted to trading.
- OGMS 14.09.2021:
 - approval of the partial and symmetrical division of PROMATERIS S.A., according to the division project approved by the Board of Directors of the Company on 28.06.2021, published in the Official Gazette no. 2707 of 02.07.2021, Part IV.



Company digitization

In 2021 Promateris started the implementation of an extensive digitization process by implementing a specialized ERP for the packaging industry. Together with our German partner Theurer, we aim to streamline the company's production and administrative processes and reduce the associated costs.

Certifications

Promateris attaches great importance to top management practices, the safety of our employees, the environment and the quality of the products we produce in our Buftea factory. That is why in 2021 we have appointed a team specializing in management and HSE processes. The product certifications held by Promateris are certified by TUV Austria and attest to the biodegradability and compostability of our products. Promateris operates according to industry best practices and has obtained/renewed the following certifications: Food Safety System Certifications 22000, ISO 9001 (Quality Management System), ISO 14001 (Environmental Management Systems), ISO 45001 (Occupational Health & Safety).



FINANCIAL ANALYSIS

Sound balance sheet and sustainable indebtedness

- The value of property, plant and equipment increased by 31% over the past year, reflecting the company's significant investment in state-of-the-art machinery, with a focus on increasing production capacity as well as improving operational efficiency.
- The change in inventories (+90%) and receivables (+28%) reflects the increase in business volume as well as the company's contextual decision to build up stocks of raw materials to avoid production interruptions in the current market conditions.
- Strict financial discipline underpinned by the financing of development projects using a mix of own resources, capital increases, bank debt and grants from the EU and Norway have resulted in the company having sustainable debt levels as a ratio to both equity and EBITDA.

Sound client portfolio and profitability development

- A 62% increase in total turnover in 2021 compared to 2020, following capacity growth and the consolidation and development of the customer portfolio have transformed the company into a leading player in circular economy and bio-plastics solutions;
- Significant EBITDA margin growth, outpacing turnover growth, due to a focus on innovation leading to higher value-added products, operational improvements, productivity gains and solid sales growth; this strong performance translates into a CAGR of over 129% for EBITDA and over 42% for EBITDA margin





FINANCIAL STATEMENTS

<i>Financial position (RON)</i>	<i>Preliminary 2021</i>	<i>Audited 2020</i>	<i>Evolution %</i>
Fixed assets, of which			
Property, plant and equipment	78.199.034	59.778.272	31%
Intangible assets	1.406.240	494.537	184%
Financial assets available for sale	30.253.021	30.071.021	1%
Long-term receivables	5.144	13.561	-62%
Fixed assets - total	109.863.439	90.357.391	22%
Current assets, of which			
Inventories	47.291.536	24.883.768	90%
Trade receivables and advances paid	31.529.888	24.635.975	28%
Other receivables	3.202.159	1.367.045	134%
Deferred tax receivables	308.790	354.647	-13%
Cash and accounts at banks	2.133.539	7.503.216	-72%
Accrued charges	291.530	484.006	-40%
Current assets - total	84.757.442	59.228.657	43%
TOTAL ASSETS	194.620.881	149.586.048	30%
Capital and reserves			
Share capital	28.699.303	30.406.541	-6%
Other equity items	129.728	129.728	0%
Revaluation reserves	2.195.140	2.195.140	0%
Reserves	55.658.857	57.262.285	-3%





Own shares	(8.791)	(4.301.149)	
Retained earnings	4.816.624	1.059.737	355%
Result for the period	18.715.605	3.708.531	405%
Profit distribution	990.482	(148.314)	
Minority interest	1.887.238	1.148.443	64%
Equity - total	111.103.222	91.460.943	21%
Long-term debts			
Long-term bank loan	22.866.161	13.727.903	67%
Deferred income			
Long-term investment grants	2.384.062		
Short-term investment grants	1.523.896		
Other deferred income	30.000		
Total deferred income	3.937.958	-	
Short-term debts			
Short-term bank loans	21.074.447	21.812.822	-3%
Trade payables and advances collected outside the group	31.311.139	16.478.084	90%
Other current debts	4.327.954	6.106.297	-29%
Short-term debts - total	56.713.540	44.397.202	28%
TOTAL EQUITY AND DEBTS	194.620.881	149.586.048	30%





<i>Global result (RON)</i>	<i>Preliminary 2021</i>	<i>Audited 2020</i>	<i>Evolution %</i>
<i>Sales revenues</i>	<i>187.572.273</i>	<i>116.142.949</i>	<i>62%</i>
Other operating revenues	1.448.197	2.092.188	-31%
Variation of inventories of finished products and products in the making	7.912.098	692.624	1042%
Expenses with raw materials, materials and goods	(132.864.297)	(79.773.798)	67%
Expenses with energy and water	(3.216.021)	(1.875.172)	72%
Staff expenses	(14.235.724)	(10.810.485)	32%
Expenses on adjustments for depreciation, amortization and impairment	(6.399.183)	(4.629.268)	38%
Expenses with external services	(14.336.438)	(11.229.051)	28%
Other operating expenses	(1.975.195)	(2.051.218)	-4%
<i>EBITDA</i>	<i>30.263.883</i>	<i>13.188.037</i>	<i>129%</i>
<i>Operating result</i>	<i>23.905.711</i>	<i>8.558.768</i>	<i>179%</i>
Earning/losses from current financial assets	-	(1.445.816)	-100%
Other financial income	781.262	271.122	188%
Other financial expenses	(1.941.832)	(2.037.975)	-5%
<i>Financial result</i>	<i>-1.160.570</i>	<i>-3.212.669</i>	<i>-64%</i>
<i>Result before taxes</i>	<i>22.745.141</i>	<i>5.346.100</i>	<i>325%</i>
Minority interest	(738.796)	(617.127)	20%
Unrealized profit related to inventory purchased from the parent company	(42.417)	(196.669)	-78%
Current income tax	3.202.467	828.480	287%
Earnings related to deferred income tax	(45.856)	4.707	-1074%
<i>Net result for the period</i>	<i>18.715.605</i>	<i>3.708.531</i>	<i>405%</i>
<i>Basic earnings per share (RON/share)</i>	<i>0.6521</i>	<i>0.1220</i>	<i>435%</i>





KEY INDICATORS

	2020	Formula	2021
Solvency and indebtedness ratios			
Overall solvency ratio = Total assets/Total liabilities	257.4%	$194.620.881 / (22.866.161 + 56.713.540)$	244.6%
Total indebtedness = Total debt/assets	38.9%	$(22.866.161 + 56.713.540) / 194.620.881$	40.9%
Liquidity ratios			
current liquidity = current assets / current liabilities	133.4%	$84.757.442 / 56.713.540$	149.4%
Rates of return			
ROE (return on equity) = NP/CPR Financial rate of return	4.1%	$18.715.605 / 111.103.222$	16.8%
ROA (Return on Assets) = NP/Assets Economic Rate of Return	2.5%	$18.715.605 / 194.620.881$	9.6%



STATEMENT BY THE MANAGEMENT

To the best of our knowledge, we confirm that the financial statements for the year 2021, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit and loss account of Promateris Group as required by applicable accounting standards. We also confirm that the statement of operational performance and the information presented in this report give a true and fair view of the main events that occurred during 2021 and their impact on the financial statements. We also note that the Statements for 2021 are unaudited.

General Manager,

Tudor Alexandru Georgescu

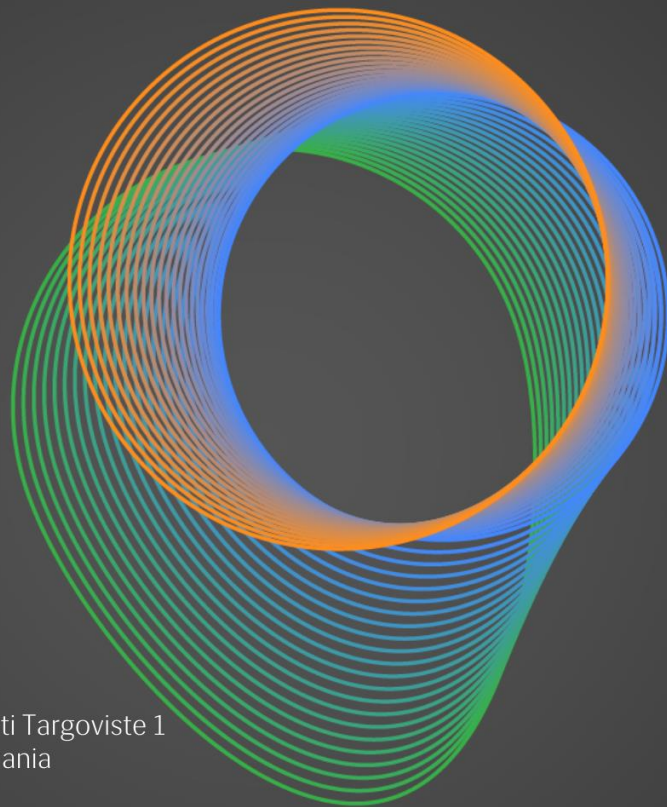




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Soseaua Bucuresti Targoviste 1
Buftea, Ilfov, Romania

Shareholders & Investors Relationships:

shares@promateris.com
+40786083603

www.promateris.com



Promateris HQ – Șoseaua București-Târgoviște 1, Buftea, Ilfov, Romania
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