



SC CONTAMOD SRL

Member of: Chamber of Financial Auditors of Romania, Romanian Association of Chartered and Certified Accountants, Tax code: **16766420**,

Headquarters: Oradea, str. Gh. Doja nr.24, Bihor county

Phone / Fax: 0359804435, 0259/435 966, e-mail address: contamod@yahoo.com

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **SINTEZA S.A.**

Report on the audit of financial statements

Opinion

1. We have audited the attached consolidated and individual financial statements of the company **SINTEZA S.A.** and of **its subsidiary undertaking (“the Group”)** - with its registered office in Oradea, Șoseaua Borșului nr. 35, identified by the tax code: 67329 - which include the consolidated and individual statement of financial position on December 31, 2022, the consolidated and individual statement of the comprehensive income, the consolidated and individual statement of changes in equity capitals and the consolidated and individual statement of cash flows for the financial year ended on that date, as well as a summary of significant accounting policies and notes to the financial statements.

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

- **Net asset/ Total of equity capitals: RON 36,910,269**
- **Net loss for the financial year: RON (2,097,266)**

3. In our opinion, the attached consolidated and individual financial statements provide a precise image of the Group’s financial position on December 31, 2022, as well as of its consolidated and individual financial performance and consolidated and individual cash flows for the year ended on this date, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with the International Financial Reporting Standards.

Basis for the opinion

4. We have conducted our audit in accordance with the International Standards on Auditing (ISA), EU Regulation no. 537 of the European Parliament and of the European Council (hereinafter referred to as the “Regulation”) and Law no. 162/2017 (“Law”).

Based on these standards, our responsibilities are described in detail in the “*Auditor’s responsibilities in the audit of financial statements*” section of our report. We are independent of the Group, in accordance with the Code of Ethics for Professional Accountants issued by the Board for Accountants (IESBA code),

in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with these requirements and according with the IESBA Code. We deem that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit aspects

5. The key audit aspects are those that, based on our professional reasoning, were of the greatest importance for the audit of the financial statements of the current period. These aspects have been approached in the context of the audit of the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on these aspects.

For the key aspect below, we have presented a description of how our audit approached the aspect in that context.

Key audit aspects	Audit approach to the key audit aspect
<p>Income recognition</p> <p>Income from the sale of finished products are the core business of the Company.</p> <p>Given the significant decrease of the turnover and of the customers compared to last year, there is a risk that the sale will be recognised as being incorrect and inaccurate. Thus, income may not be recognised in the correct financial year, or it may represent fictitious sales for which the delivery of goods did not take place.</p> <p>We consider that the income recognition is significant for the audit, as set out above.</p> <p>The Company's accounting policy regarding the recognition of the income and the presentation of the income are included in Notes 3 and 18 to the financial statements.</p>	<p>Our audit procedures in connection with the recognition of income resulted from the sale of finished products included:</p> <ul style="list-style-type: none"> - evaluation of internal controls regarding the realization of the sale based on valid deliveries, - checking the recording of income in the correct periods according to the transfer of risks and benefits, for the sales during the months at the end of the year, - testing the income from the sale of finished products through detailed audit tests that included the preparing of a statistical selection of customers and the obtention of confirmation letters of income recorded during the year, as well as the selection of individual transactions for unconfirmed customers and the requesting of supporting documents, - the analysis of the registered income in order to understand its evolution, as well as the comparison of the income with the one registered in the previous period. - assessing the adequacy of the presentation of information in the notes to the financial statements.

As a result of our audit work, we did not identify any unadjusted errors.

Highlighting certain aspects – continuity of the activity

6. The company's activity in the current year ended with a loss of RON 2,097,266. Therefore, the company's ability to operate on the principle of the continuity of the activity depends on its ability to generate sufficient future income and on the creditors' financial support.

We have to point out the Note 2 in the financial statements, which describes that in the context of the current situation imposed by the state of war in Ukraine, as well as the energy crisis, the effects are: the increase in prices of raw materials, delays in the supply of materials, increase in fuel, electricity, gas prices leading to increased costs and decrease in profit or generation of losses. The management closely monitors the situation and takes appropriate measures in order to minimise the impact of the crisis on the operational and financial activities. According to the management's statement, the entity will take the necessary measures: increase in the quality and purity of benzoic acid, improvement of the ratio between sales channels (direct vs. distribution), emphasis on the safety of deliveries, development of the product portfolio and diversification in the number of customers, so that no significant difficulties are expected to affect the business continuity for at least 12 months from the date of the financial statements. Our opinion is not modified on this matter.

Other information - Consolidated report of the administrators

7. The administrators are responsible for the drawing up and presentation of other information. That other information includes the Consolidated report of the administrators, but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance conclusion about it.

In connection with our audit of the consolidated financial statements for the financial year ended on December 31, 2022, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge that we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Consolidated report of the administrators, we have read it and we report if it was drawn up, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, points 26-28.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Consolidated report of the administrators for the financial year for which the consolidated financial statements have been drawn up is consistent, in all important respects, with the consolidated financial statements;
- b) The consolidated report of the administrators was drawn up, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, points 26-28.

In addition, based on our knowledge and understanding of the Group and of its background, that were acquired during the audit of the consolidated financial statements for the year ended on December 31, 2022, we are asked to report whether we have identified any material misstatements in the Consolidated report of the administrators. We have nothing to report on this.

Responsibilities of the management and of the people in charge with the governance for the consolidated financial statements

8. The management of the Group is in charge with the drawing up of the financial statements that provide a precise image in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with the International Financial Reporting Standards and for that internal control that the management deems necessary to allow the preparation of consolidated financial statements without significant distortions, caused either by fraud or error.

9. In preparing the consolidated and individual financial statements, the management is responsible for assessing the Group's ability to carry on with its activity, for presenting, where appropriate, the aspects concerning the continuity of the activity and for using accounting based on business continuity, unless the management either intends to liquidate the Group or to cease operations, or it has no realistic alternative other than these.

10. The people in charge with the governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities in the audit of financial statements

11. Our objectives are to provide reasonable assurance as to the extent to which the consolidated financial statements - as a whole - are free from significant misstatements, 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 there is no guarantee that an audit conducted in accordance with the ISAs will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are deemed

significant if it can reasonably be expected that they will, individually or cumulatively, affect the users' economic decisions made on the basis of these financial statements.

12. As part of an ISA-compliant audit, we exercise professional judgment and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of significant misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures in response to those risks, and we obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of non-detection of a significant misstatement due to fraud is higher than the risk of non-detection of significant misstatement due to error, because fraud may involve secret agreements, forgery, intentional omissions, misrepresentations and avoidance of internal control.
- We understand for the internal control to be relevant for the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the adequacy degree of the used accounting policies and the reasonableness of the accounting estimates and the related presentations made by the management.
- We draw a conclusion on the adequacy degree of the management's use of accounting based on the business continuity and we determine, based on the obtained audit evidence, whether there is a significant uncertainty about events or conditions that could raise significant doubts about the Group's ability to carry on with its activity. If we conclude that there is significant uncertainty, we should draw attention in the auditor's report on the related presentations afferent to the financial statements or, if such presentations are inadequate, we will change our opinion. Our findings are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease its activity based on the principle of the business continuity.
- We evaluate the presentation, structure and content of the consolidated financial statements, including information presentation, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to the individuals in charge with the governance, among other things, the planned area and the timely scheduling of the audit, as well as the main findings of the audit, including any deficiencies in internal control that we identify during the audit.

14. We also provide to the individuals in charge with the governance a statement of our compliance with the ethical requirements regarding independence and we inform them on any relations and other matters that may reasonably be considered likely to affect our independence and, where appropriate, the afferent safety measures.

15. Among the matters we have communicated to those in charge with governance, we establish those aspects that have been most important in the audit of the current financial statements and are therefore key audit aspects. We describe these aspects in our audit report, unless legislation or regulations prevent the public presentation of that aspect or where, in extremely rare circumstances, we consider that an aspect should not be disclosed in our report because it is reasonably expected that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

16. We were appointed by the General Meeting of Shareholders on 29.12.2021 to audit the consolidated financial statements of SINTEZA S.A. and its subsidiary undertaking for the year ended on December 31, 2022. The total uninterrupted duration of our commitment is of 3 years, covering the financial years ended on 31.12.2021 and until 31.12.2023.

We confirm that:

- Our audit opinion on the consolidated and individual financial statements expressed in this report is consistent with the additional report submitted to the Company's Audit Committee, which we have issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- We did not provide the Group with prohibited non-audit services, as mentioned in article 5(1) of the EU Regulation no. 537/2014.

The statutory auditor for the audit engagement, for which the hereby independent auditor's report was prepared, is Ana Corina Moldovan.

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

We performed a reasonable assurance engagement on the compliance of the consolidated financial statements drawn up by SINTEZA S.A. included in the annual financial report in ESEF format ("digital files"), with the (EU) Delegated Regulation 2018/815 of the Commission regarding the European Single Electronic Format ("ESEF Regulation").

Responsibility of the management of SC SINTEZA S.A. for the digital files drawn up in accordance with ESEF

The Company's management is responsible for compiling digital files in accordance with the ESEF. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the implementation of the ESEF;
- selection and application of appropriate iXBRL markings, using professional reasoning, if necessary;
- ensuring consistency between digital files and consolidated financial statements that will be published in accordance with Order 2844/2016 - as amended.

Auditor's responsibility

We are responsible for formulating a conclusion as to the extent to which the consolidated financial statements included in the annual financial statement are in accordance with the ESEF, in all significant respects, based on the obtained evidence. Our reasonable assurance engagement was performed in accordance with the International Standard on Assurance Engagements 3000 (revised), Assurance engagements other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 requires procedures to be performed in order to obtain evidence of ESEF compliance. The nature, the timing and the extent of the selected procedures depend on the auditor's reasoning, including on the assessment of the risk of significant deviation from the dispositions stipulated in the ESEF, caused by fraud or error. A reasonable assurance engagement includes:

- gaining an understanding of the process of preparing digital files in accordance with the ESEF, including the relevant internal controls;
- reconciling the digital files that include the marked data with the Company's audited consolidated financial statements that will be published in accordance with Order 2844/2016 - as amended;
- assessing whether all financial statements that are included in the annual financial statement are prepared in a valid XHTML format;
- assessment of the adequacy degree of the iXBRL elements used by SINTEZA S.A., selected from the ESEF taxonomy, and the creation of extension elements in the case where no corresponding element could be identified in the ESEF taxonomy; and
- assessing the use of anchors for extension elements.

We consider that the obtained evidence is sufficient and adequate to provide a basis for our conclusion.

Conclusion

In our view, the consolidated financial statements for the financial year ended on December 31, 2022 included in the annual financial report, in the digital files, are - in all significant respects - in accordance with the ESEF Regulation.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the consolidated financial statements. Our audit opinion on the Company's consolidated financial statements for the year ended on December 31, 2022 is included in the above section - Report on the consolidated annual financial statements.

On behalf of

CONTAMOD SRL

Oradea, str. Gh. Doja, no. 24

*Registered in the Electronic public register of
financial auditors and of audit firms under no. FA 869*

Ana Corina Moldovan - Statutory auditor

*Registered in the Electronic public register of financial
auditors and of audit firms under no. AF 2663*

In Oradea, on March 22, 2023



SINTEZA S.A.
Șos. Borșului nr. 35
410605 ORADEA - ROMANIA



Phone no.: 0259 456 116
Phone no.: 0259 444 969
Fax no.: 0259 462
224
E-mail: sinteza@sinteza.ro
www.sinteza.ro



Tax code: RO 67329
No. at the Trade Register Office - Bihor: J.05/197/1991

BANK: UNICREDIT BANK
ACCOUNT IN RON: RO64BACX0000000484374000

BOARD OF DIRECTORS' REPORT

ON 31.12.2022

Annual report according to:

Law 297/2004 regarding the capital market

Law 24/2017 regarding the issuers of financial instruments and market operations

Regulation no. 5 / 2018 of the Financial Supervisory Authority* [*FSA*]
2022

For the fiscal year:

31.12.2022

Report date:

Name of the trade company:

Sinteza S.A. Oradea

Registered office:

Oradea, Sos. Borsului nr. 35, Bihor county

Phone / fax number:

0259.456.116 / 0259.462.224

Tax code:

67329

No. at the Trade Register Office:

J05/197/1991

Regulated market:

Bucharest Stock Exchange

Subscribed/Paid-up share capital:

9,916,889 lei

Main characteristics of securities:

Shares issued in dematerialised form

1. Analysis of the trade company's activity

1.1. Description of the trade company's basic activity

SINTEZA S.A. - established through the Government Decision no. 1213/20.11.1990 from „SINTEZA” Chemical Enterprise - is registered at the Register of Companies under no. J/05/197/1991, with tax code: RO 67329 and has its registered office at the address: Șos. Borșului nr.35, Oradea, Bihor county.

No mergers or reorganizations of any kind took place during 2022.

1.1.1. Elements of general evaluation

In 2022, the company obtained the following indicators, according to the balance sheet:

1. Total income: **44,699,877 lei**, out of which:
 - net turnover: 38,552,939 lei, out of which the amount of 36,263,831 lei representing the export sales;
 - incomes from the changes in inventories: 1,689,397 lei;
 - other income: 3,194,781 lei;
 - financial income: 264,244 lei;
 - income from provisions and adjustments regarding the exploitation activity: 998,516 lei.

2. Total expenses: **46,788,374 lei**, out of which:
 - operating expenses: 46,075,091 lei;
 - financial expenses: 663,783 lei;
 - deferred income tax-related expenses: 49,500 lei.

3. Net operating result: **-2,088,497 lei**;

4. Liquidities at the end of the period: **1,214,206 equivalent in lei**

1.1.2 Evaluation of the company's technical level

The company operates the industrial platform located at the address: șos. Borșului nr. 35 and operates the Benzoic Acid facility - a technically advanced facility, updated in the previous years, and by which products designed mainly for the foreign market are being obtained.

Through the investment works carried out in 2018 - materialized in research, design, verification, purchase processes and execution of equipment, redressing of structural elements - the aim was to improve the quality and production capacity of benzoic acid. The investment was followed by a period of technological trials, over several months, aiming at stabilizing the technological parameters and completing the work instructions.

The manufactured organic synthesis products are intended for high-level technical industrial chemical applications, their use being in an increasing trend in the chemical industry.

At the same time, the company carried on in 2022 with the activity of renting its available premises, thus obtaining rental income.

The company intends to further develop manufacturing at a high technical level.

The main products manufactured in 2022 and the income obtained from their sales and other income compared to the previous year are:

No.	Products	2022		2021	
		lei	%	lei	%
1	Exploitation of the industrial platform	789,329	2.05%	864,551	2.03%
2	Organic synthesis manufacturing	37,763,610	97.95%	41,793,439	97.97%
	Total	38,552,939	100.00%	42,657.990	100.00%

1.1.3. Evaluation of the technical-material supply activity

The company purchases industrial technology from renowned companies in the field, both in the country and from abroad.

As regards the purchase of raw materials, materials and energy, the company operates freely on the competitive market.

1.1.4. Evaluation of sales activity

Sinteza S.A. sells the manufactured products on markets such as: Europe, Turkey and Asia.

The company sells on the free competitive market, without significant dependencies on a customer or a group of customers.

The company uses for sale both direct sales and through distributors.

The benzoic acid market is a generally stable one which displays a steadfast growth for many years. The same trend of around 5% CGAR will continue in the future. However, it must be said that the biggest development is in Asia, which leaves the market in Europe - where Sinteza is active - with a more modest growth.

1.1.5. Evaluation of the aspects related to the company's staff

In 2022, the average written number of the staff was of 90 people. The company made a number of 13 employments and 11 work contract terminations. Out of the total staff, 20 are with higher education. The degree of unionization was of 0%.

There were no conflicting elements in the labour relations.

The company periodically organizes professional training courses and intends to finance some vocational school classes for organic synthesis chemical operators.

1.1.6.1 Evaluation of the aspects related to the environmental impact

The company has obtained all the authorizations and approvals required by the relevant legislation.

There is no major impact on the environment and there are no litigations related to breaches of the environmental protection legislation.

1.1.7 Evaluation of research and development activity

The company has organized its own department for this activity, the expectations being oriented towards the implementation of new products and technologies.

1.1.8 Evaluation of the risk management activity

The company operates on the free competitive market, being exposed from this point of view to normal risks. There is no major or significant exposure to pricing or liquidity. The company implements the risk management system, this process covering the identification, analysis, management and monitoring of the risks which it is exposed to.

Price risk - there is a permanent monitoring of this risk taking into account the market on which the company operates, which is a specialized one. In fact, the company applies and will continue to apply in the future sale price formation policies based on the price of raw materials (minimum sale price = purchase price + margin). It should be noted that this form of pricing is a common practice in the specific market in which the company operates;

Credit risk - the company is currently and will continue to resort to resources attracted mainly to finance investment objectives. The cost of resources is negotiated and generally sized in relation to financial market reference rates so as to be sustainable over the contractual terms. Potential variations in interest rates are also taken into account;

Liquidity risk - there is a permanent concern to maintain liquidity at an improper level. On 31.12.2022 this indicator had the value of 1.1.

Cash flow risk is monitored on a daily basis through weekly and monthly receipts and payments forecasts. The company applies the commercial credit policy in relation to traditional clients and correlates the collection terms with the payments' due dates (suppliers, banks, budgets, salaries).

1.1.9 Perspective elements regarding the activity of the trading company

The Company has at the basis of its quality strategy the fulfilling of the requirements and needs of its clients and of other concerned parties by timely providing quality products according to the requirements of the clients, regulation and of environmental protection.

Increasing product quality and aligning the company with the requirements of the EU market, the market with higher margins will sustain the company in returning in the operating profit zone in 2023.

In the context of the current situation imposed by the state of war in Ukraine, the restrictive measures imposed on Russia and Belarus generate serious consequences and effects on the world economy, including uncertainty about the future of companies operating in many activity sectors, with implications on the indicators in the annual financial statements. As secondary effects of the war we have to include higher prices for raw materials, delays in the supply of materials, higher prices for fuel, electricity and gas - all of this leading to higher costs and possibly lower profits. At the same time, there is a risk of increasing the time it takes to collect receivables from customers, which could lead to a chain gridlock.

Management's plans in the following period aim at: ensuring continuity in the production, concentrating sale efforts by the manufacturers of corrosion and resin inhibitors, improving the parameters of the delivered benzoic acid, so as to be able to access the food additives market segment, and those used in animal feed, segments with higher sale margins. It will be aimed at disposing of/developing technologies that use recyclable materials, energy generation through high efficiency methods (cogeneration) and the installation of photovoltaic panels, all of which will lead to lower production costs.

The company will continue to implement programmes to generate liquidities from the rental and sale of non-core assets and to attract other financing. The proceeds will be used to support the core business through investments and working capital.

1.1.10 Information on internal control

Within Sinteza S.A., the assurance of internal control targets the internal control and internal audit activities. In the field of internal control, the aim was to observe the regulations specific to the company's activity, to observe the internal norms, the decisions of the management bodies and the financial-accounting norms.

The internal audit is ensured by a service contract with an independent firm. The internal auditor evaluates through a systematic and methodical approach the control and governance processes of the company and informs the general manager and the administrators of the significant aspects found in the audit report.

2 Company's tangible assets

2.1 Location and description

The company owns and manages the following assets:

- a) Şos. Borşului no.35 platform - dedicated to the manufacture of Benzoic Acid
- b) Slurry stockpile – unused in the actual operating activity and undergoing a greening programme.

2.2 Potential issues linked to ownership

There are no issues linked to ownership.

3 The securities market issued by the company

The share capital of the company is 9,916,889 lei, divided into 66,112,590 shares with a nominal value of 0.15 lei / share. The shares are traded on the Bucharest Stock Exchange, in the Standard category. On 31.12.2022, the shareholding structure was as follows:

No.	Designation / Name	Owned percentage
1	FIA-BT Invest 1	33.8898%
2	PASCU RADU	31.1597%
3	Alternative Investments Company with private equity - Roca Investments S.A.	18.0000%
4	Other physical and judicial entities	16.9505%
	Total	100.0000%

The company did not purchase any own shares and did not issue bonds.

4 Management of the company

On 31.12.2022, the Board of Directors of the company was composed of:

Alexandru Savin	- Chairman
Aurel Bernat	- Member
Radu Pascu	- Member

and the executive management of the company consisted of:

Tudor Stoia	- General manager
Robert Paltin	- Sales manager
Adrian Bucurean	- Financial manager

None of the above have been involved in litigation or administrative proceedings related to their ability to perform their duties.

5 Declaration regarding the corporate governance

Being a trading company, whose securities are traded on the Bucharest Stock Exchange, Sinteza S.A. is in the process of implementing the Corporate Governance Regulation of B.V.B. A declaration on the stage of the compliance and its explanation is found in the annex to the hereby report.

Sinteza S.A. is a trading company managed in a unitary system. The supreme management body of the company is the General Meeting of Shareholders, according to the provisions in the articles of incorporation. General meetings can be ordinary and extraordinary.

The Ordinary General Meeting of Shareholders is convened at least once a year at most 5 months after the end of the financial year. The main attributions of the OGMS are those provided for in the Companies Law.

The Extraordinary General Meeting of Shareholders meets whenever necessary to decide in accordance with the law.

The convening of the general meetings of shareholders is made by the Board of Directors whenever necessary or when the trading companies' legislation requires it. The information regarding the date of the meeting, the place, the agenda and other information necessary for the shareholders are made public through the notices to attend that are published in the Official Gazette and the local press.

Each share of the company gives right to one vote within the general meetings. The vote is exercised directly or by representation. The organization and manner of holding general meetings are provided in the articles of incorporation of the company and comply with the requirements of the company law.

The company is managed by a board of directors composed of 3 directors elected for a period of 4 years, re-eligible and revocable.

Most members of the board of directors are non-executive and independent directors.

The Board of Directors meets whenever necessary, but at least once every three months, at the company's head office.

The Board of Directors shall be convened by its chairman or deputy.

In accordance with the provisions in the articles of incorporation, the Board of Directors has the following attributions:

a.- approves the organizational structure of the company and the number of positions, as well as the regulatory document for establishing the functional and production compartments;

b.- approves the rights and obligations of the company's staff through the collective labour contract, the organization and functioning regulation and the internal regulations;

c.- submits annually to the approval of the general meeting of shareholders, within 5 months from the end of the financial year: the report on the company's activity, the balance sheet and profit and loss account for the previous year, as well as the draft budget for the current year;

d.- approves the method of amortization of the fixed assets in the company's patrimony, their decommissioning and conservation, as well as the downgrading and scrapping of some material goods, other than the fixed assets;

e.- decides on the granting of sponsorships;

f.- approves the tactics and the managerial strategy of the company;

g.- proposes to the extraordinary general meeting of shareholders the issuance of bonds;

h.- appoints the members of the steering committee, as the case may be;

i.- approves firm measures regarding the perspective development of the company, of its production capacities, the introduction of the technical progress and the realization of products at world technical level;

j.- solves any other issues established by the general meeting of shareholders, as well as by the effectual legislation.

k.- approves the acquisition, alienation, exchange, constitution in guarantee of goods from the company's patrimony, contracting of financing for investments and working capital according to the EGMS' decisions.

The current management of the company is delegated by mandate to the General manager, appointed by the Board of Directors for a period of 4 years.

The company applies the diversity policy as regards its management and administration bodies.

The company will continuously improve its communication in relation with shareholders and investors by complying with more and more requirements of the B.V.B. Code. To this effect, it proposes to reconfigure its own site and develop a section dedicated to the relations with the investors which will include relevant information for them.

6. Financial accounting statement

The situation of the **individual** financial position of Sinteza S.A. in 2022 as compared to 2021 is as follows:

INDICATOR	INDIVIDUAL	
	31.12.2021	31.12.2022
Tangible fixed assets		
Lands and land developments	18,336,520	16,391,917
Constructions	13,744,011	12,147,872
Technical installations and transport means	13,079,924	11,479,537
Furniture, office equipment [...]	53,268	103,179
Tangible fixed assets in progress	1,445,277	1,459,020
Advances for the tangible fixed assets		
Total of tangible fixed assets	46,659,000	41,581,525
Intangible fixed assets		
Concessions, patents, permits, trademarks, rights and similar assets and other intangible fixed assets	147,324	84,502

Intangible fixed assets in progress	8,841	0
Shares owned at subsidiary undertakings and other fixed securities	3,295	3,295
Usage rights on the leased shares	157,939	114,919
Total of non-current assets	46,976,399	41,784,241
Current assets		
Inventories	1,419,271	2,439,062
Trade receivables and other receivables	5,979,614	4,544,181
Accrued expenses	128,601	141,146
Cash and cash equivalents	859,368	1,214,206
Assets classified as owned for sale	2,853,111	2,466,318
Total of current assets	11,239,965	10,804,913
Total of assets	58,216,364	52,589,154
Equity capitals		
Share capital	9,916,889	9,916,889
Share premium		
Reserves	34,860,557	32,202,084
Profit and loss statement	1,313,111	-2,088,497
Retained earnings	-5,931,040	-1,345,597
Other elements of equity capitals	-540	-540
Minority interests		
Total of equity capitals	40,158,977	38,684,339
Long-term liabilities		
Long-term loans and other liabilities	386,796	73,616
Accrued income		
Provisions		
Liabilities concerning the deferred tax	4,785,252	4,220,893
Total of long-term liabilities	5,172,048	4,294,509
Current liabilities		
Short-term loans	4,657,223	4,544,744
Trade payables and other liabilities, including the derivative financial instruments	7,935,580	4,807,885
Accrued income	37,166	77,409
Provisions	255,370	180,268
Liabilities classified as owned for sale		
Total of current liabilities	12,885,339	9,610,306
Total of liabilities	18,057,387	13,904,815
Total of equity capitals and liabilities	58,216,364	52,589,154

For the financial year 2022, the parent company SINTEZA S.A. has drawn up consolidated financial statements, the consolidation including the trading company - CHIMPROD S.A., having the following identification data:

Company name:	S.C. Chimprod S.A.
Registered office:	Oradea, sos. Borsului nr.35
Phone / fax number:	0259 456 110
Tax code:	(RO) 67345
No. at the Register of Companies:	J/05/1984/1992
Share capital:	90,000 lei

The shares of S.C. Chimprod S.A. are not traded on the regulated securities market. The stake owned by Sinteza S.A. is of 99.765%, and the non-controlling interest stake is of 0.235%.

The company is managed by mandate by Sinteza S.A., having appointed a permanent representative in this regard.

The consolidated financial position in 2022 as compared to 2021 is as follows:

INDICATOR	CONSOLIDATED	
	31.12.2021	31.12.2022
Tangible fixed assets		
Lands and land developments	18,336,520	16,391,917
Constructions	13,744,011	12,147,872
Technical installations and transport means	13,079,924	11,479,537
Furniture, office equipment [...]	53,268	103,179
Tangible fixed assets in progress	1,445,277	1,459,020
Advances for the tangible fixed assets		
Total of tangible fixed assets	46,659,000	41,581,525
Intangible fixed assets		
Concessions, patents, permits, trademarks, rights and similar assets and other intangible fixed assets	147,324	84,502
Intangible fixed assets in progress	8,841	0
Shares owned at subsidiary undertakings and other fixed securities	6,195	6,195
Usage rights on the leased shares	157,939	114,919
Total of non-current assets	46,979,299	41,787,141
Current assets		
Inventories	1,419,271	2,439,062
Trade receivables and other receivables	4,201,893	2,763,901
Accrued expenses	128,601	141,146
Cash and cash equivalents	872,544	1,217,844
Assets classified as owned for sale	2,853,111	2,466,318
Total of current assets	9,475,420	9,028,271
Total of assets	56,454,719	50,815,412
Equity capitals		
Share capital	9,916,889	9,916,889
Share premium		
Reserves	36,299,795	33,641,322
Profit and loss statement	1,257,820	-2,097,266
Retained earnings	-9,076,118	-4,545,966
Other elements of equity capitals	-540	-540
Minority interests	-4,149	-4,170
Total of equity capitals	38,393,697	36,910,269
Long-term liabilities		
Long-term loans and other liabilities	386,796	73,616
Accrued income		
Provisions		
Liabilities concerning the deferred tax	4,785,252	4,220,893
Total of long-term liabilities	5,172,048	4,294,509
Current liabilities		
Short-term loans	4,657,223	4,544,744
Trade payables and other liabilities, including the derivative financial instruments	7,939,215	4,808,213
Accrued income	37,166	77,409
Provisions	255,370	180,268
Liabilities classified as owned for sale		
Total of current liabilities	12,888,974	9,610,634
Total of liabilities	18,061,022	13,905,143
Total of equity capitals and liabilities	56,454,719	50,815,412

The financial statements for 2022 are drawn up in accordance with the provisions of the Order of the Ministry of Public Finances 881/2012, Order of the Ministry of Public Finances 2844/2016 and the Order of the Ministry of Public Finances 10/2019 applicable to trading companies whose securities are traded on a regulated market.

The management of the company has no cognizance of events that could call into question the further continuity of the exploitation – an assertion based on the fact that the process line has been updated and it will encompass the quantitative and qualitative growth in the production of benzoic acid, as well as on the existence of certain contracts and orders that will ensure the bargain sale of the obtained production.

CHAIRMAN OF THE BOARD OF DIRECTORS,

ALEXANDRU SAVIN

Declaration of conformity of Sinteza S.A. with the new Corporate Governance Code of BVB on 31.12.2022

Provisions of the BVB Governance Code	It complies	Does not comply or partially complies	Reason for non-compliance
A. RESPONSIBILITIES OF THE BOARD			
A.1. All companies should have internal Board regulations that include the terms of reference / responsibilities of the Board and the key management functions of the company, and which apply, <i>inter alia</i> , the General Principles of Section A.		X	The terms of reference / responsibilities of the Board and the key management functions are included only in the articles of incorporation of the company, updated in 2012.
A.2. Provisions for the management of conflicts of interest should be included in the Board Regulation. In any case, the Board members shall notify the Board of any conflicts of interest which have arisen or may arise and shall refrain from participating in discussions (including by non-attendance, unless non-attendance would prevent the formation of a quorum) and voting for adopting a decision on the matter giving rise to the conflict of interests.		X	Provisions regarding the management of the conflict of interests will be included in the Regulation (Declaration) of Corporate Governance that will be elaborated by the Board of Directors.
A.3. The Board of Directors or the Supervisory Board must consist of at least five members.		X	The current organizational and management structure of SC Sinteza S.A. included in the Articles of incorporation establishes a number of 3 members for the Board of Directors. The modification of the number of members will be done with the approval of the General Meeting of Shareholders and the modification of the articles of incorporation.
A.4. The majority of the members of the Board of Directors must not have an executive position. At least one member of the Board of Directors or of the Supervisory Board must be independent in the case of Standard Class companies. In the case of Premium Class companies, no less than two non-executive members of the Board of Directors or of the Supervisory Board must be independent. Each independent member of the Board of Directors or of the Supervisory Board, as the case may be, shall submit a statement upon his nomination for election or re-election, as well as when any change in his status occurs, indicating the elements on the basis of which he is considered independent from the point of view of his character and judgment and according to the following criteria:	X		All three current members of the Board of Directors are non-executive. Two of the three members of the Board of Directors are independent.

<p>A.4.1. is not the General Manager / chief executive officer of the company or of a company controlled by it and has not held such a position for the last five (5) years;</p> <p>A.4.2. is not an employee of the company or of a company controlled by it and has not held such a position for the last five (5) years;</p> <p>A.4.3. does not receive and has not received any additional remuneration or other benefits from the company or a company controlled by it, other than those corresponding to the status of non-executive director;</p> <p>A.4.4. is not or was not an employee or does not have or did not have during the previous year a contractual relationship with a significant shareholder of the company, a shareholder who controls more than 10% of the voting rights, or with a company controlled by him;</p> <p>A.4.5. does not have and did not have in the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a client, partner, shareholder, member of the Board / Director, general manager / chief executive officer or employee of a company if, by its substantive nature, this report may influence its objectivity;</p> <p>A.4.6. is not and has not been for the past three years the external or internal auditor or employee partner or associate of the current external financial auditor or the internal auditor of the company or a company controlled by it;</p> <p>A.4.7. is not a general manager / chief executive officer of another company where another general manager / chief executive officer of the company is a non- executive director;</p> <p>A.4.8. has not been a non-executive director of the company for more than twelve years;</p> <p>A.4.9. has no family ties with a person in the situations mentioned in points A.4.1. and A.4.4.</p>			
<p>A.5. Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of non-profit corporations and institutions must be disclosed to potential shareholders and investors before appointment and during his term of office.</p>		X	<p>The professional biographies of the Board members were not made public on the company's website or at BVB. This requirement will be met with the reconfiguration of the company's website.</p>
<p>A.6. Any member of the Board shall submit to the Board information on any relation with a shareholder who directly or indirectly holds shares representing more than 5% of all voting</p>		X	<p>No such information was considered necessary by the Council.</p>

rights. This obligation refers to any report that may affect the member's position on the matters decided by the Board.			
A.7. The company must appoint a secretary of the Board in charge with the supporting of the activity of the Board.	X		There is a nominee who holds this position in the Board.
A.8. The corporate governance statement will state whether an evaluation of the Board has been carried out under the direction of the Chairman or of 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 evaluation of the Committee including the purpose, criteria and frequency of the evaluation process.		X	The Corporate Governance Statement is being prepared and will include such a policy.
A.9. The corporate governance statement must contain information on the number of meetings of the Board and the committees during the last year, the participation of the directors (in person and <i>in absentia</i>) and a report by the Board and the committees on their activities.	X		The Board of Directors meets regularly once a month and whenever it is considered necessary for the smooth running of the company's business.
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors or of the Supervisory Board.	X		The Board of Directors has 3 members, 2 of which are independent members.
A.11. The Board of Premium Class Companies must set up a nomination committee composed of non-executive officers, which will lead the procedure for nominating new members to the Board and will make recommendations to the Board. The majority of the members of the nomination committee must be independent.	X		This requirement does not apply to Sinteza S.A. listed on the BVB Standard Category.
B. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1. The Board must set up an audit committee in which at least one member must be an independent non-executive director. The majority of the members, including the chairman, must have demonstrated to have the appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven to dispose of the adequate qualification relevant for the committees' functions and responsibilities. At least one member of the audit committee must have the audit experience or the proven and corresponding accounting. In the case of Premium Class companies, the audit committee must be composed of at least three members, and the majority of the members of the audit committee must be independent.	X		An audit committee operates within the board that meets the independence and competence requirements of the BVB Code.
B.2. The chairman of the audit committee must be an independent non-executive member.	X		

B.3. Within its responsibilities, the audit committee must carry out an annual evaluation of the internal control system.		X	The annual audit report contains references to the company's internal control system.
B.4. The evaluation should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy degree of the risk management and internal control reports submitted to the Board's audit committee, the promptness and effectiveness with which the management addresses the deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Council.		X	The evaluation of the internal audit is made in the Annual Report of the administrators.
B.5. The audit committee must evaluate the conflicts of interest in relation to the transactions of the company and its subsidiary undertakings with the affiliated parties.	X		Conflict of interest assessment is performed when deciding on such transactions.
B.6. The audit committee must evaluate the effectiveness of the internal control system and the risk management system.	X		There are references in the Annual Report of the administrators regarding this matter.
B.7. The Audit committee should monitor the application of generally accepted legal and internal auditing standards. The audit committee must receive and evaluate the reports of the internal audit team.	X		The internal audit reports are made available to the audit committee annually.
B.8. Whenever the Code mentions reports or analyses initiated by the Audit Committee, they must be followed by periodic (at least annually) or ad-hoc reports to be subsequently submitted to the Board.	X		
B.9 No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	X		There are no such provisions in the articles of incorporation or other internal regulations of the company.
B.10. The Board must adopt a policy to ensure that any transaction of the company with any of the closely related companies whose value is equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Council following a binding opinion of the Board's audit committee and correctly disclosed to shareholders and potential investors, insofar as these transactions fall into the category of events subject to reporting requirements.		X	Consideration will be given to the adoption of such a policy by the Council. And its inclusion in its own corporate governance regulations.
B.11. Internal audits must be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third-party entity.	X		The internal audit of the company is performed by an independent third-party on the basis of a service contract.
B.12. In order to ensure that the internal audit department performs its core functions, it shall report functionally to the Board through the audit committee. For administrative purposes and as	X		The internal auditor reports functionally to the board of directors and the audit committee, and administratively to the General manager.

part of the management's obligations to monitor and reduce risks, he must report directly to the general manager.			
C. REMUNERATION POLICY			
<p>C.1. The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.</p> <p>The remuneration policy must be formulated in such a way as to enable shareholders to understand the principles and arguments underlying the remuneration of the members of the Board and the General Manager, as well as of the members of the Managing Board in the dual system. It should describe how to conduct the process and make remuneration-related decisions, to detail the components of executive management remuneration (such as salaries, annual bonuses, long-term incentives related to the value of shares, benefits in kind, pensions and others) and to describe the purpose, principles and assumptions underlying each component (including general performance criteria for any form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the chief executive officer and the notice period provided for in the contract, as well as any compensation for dismissal without just cause.</p> <p>Any essential change in the remuneration policy must be published in due time on the company's website.</p>		X	According to the Articles of incorporation of the company, the remuneration of the members of the Board of Directors is an attribution of the General Meeting of Shareholders. After elaboration and approval, the Remuneration policy will be published on the site together with the reconfiguration of the company's website.
D. ADDING VALUE THROUGH THE RELATIONSHIPS WITH THE INVESTORS			
D.1 The company must organize an Investor Relations department - made known to the general public through the person / people in charge or as an organizational unit. In addition to the information required by 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:		X	<p>The requirement will be implemented together with the reconfiguration of the company's website.</p> <p>During 2016, this compartment was created in the organization chart of the unit. The person in charge with the investors relations with the investors has been nominated.</p>
D.1.1. The main corporate regulations: the articles of incorporation, the procedures regarding the general meetings of shareholders;		X	The requirement will be implemented with the reconfiguration of the company's website.
D.1.2. Professional CVs of members of the company's management bodies, other professional commitments of members of the Board, including executive and non-executive positions in the boards of directors of companies or non-profit institutions;		X	The requirement will be implemented with the reconfiguration of the company's website.
D.1.3. Current and periodic reports (quarterly, half-yearly and annual) - at least those provided for at point D.8 - including current	X		These reports and information are published on the company's website.

reports with detailed information on non-compliance with this Code;			
D.1.4. Information on general meetings of shareholders: agenda and information materials; the procedure for electing the members of the Board; the arguments supporting the candidates' proposals for election in the Council, together with their professional CVs; questions from shareholders on the company's agenda items and answers, including the adopted decisions;	X		This information is published on the company's website.
D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of a shareholder's rights, including deadlines and principles applied to such operations. This information will be published in a timeframe that allows investors to adopt investment decisions;		X	The requirement will be implemented with the reconfiguration of the company's website.
D.1.6. The name and contact details of a person who will be able to provide relevant information upon request;		X	The requirement will be implemented with the reconfiguration of the company's website.
D.1.7. Company presentations (e.g.: presentations for investors, quarterly earnings presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	X		This information is published on the company's website.
D.2. The company will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the General Manager or the Managing Board and adopted by the Board, in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.		X	The distribution of dividends is established by the decision of the General Meeting of Shareholders according to the provisions of the Articles of incorporation of the company. The publication on the company's website of the policy regarding the annual distribution of dividends will be made after its elaboration and approval by the internal management bodies.
D.3. The company will adopt a policy on forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at establishing the global impact of a number of factors concerning a future period (so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the initially presented forecasts. The forecast policy will set the frequency, the period considered and the content of the forecast. If published, these forecasts can only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website.		X	The publication on the company's website of the policy in relation to the forecasts will be made after its elaboration and approval by the internal management bodies.
D.4. The rules of the general meeting of shareholders must not limit the participation of shareholders in general meetings and the	X		The rules of the General Meeting of Shareholders are mentioned in each notice to attend published according to the legal requirements approximately 45 days before each meeting.

exercise of their rights. The changes to the rules will take effect as soon as possible, starting with the next meeting of shareholders.			
D.5. The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	X		
D.6 The Board will present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on issues subject to the decision of the general meeting.	X		The annual report of the directors - presented to the annual general meeting of shareholders together with the financial statements - contains the assessment of the Board of Directors on the internal control and significant risk management systems.
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon the prior invitation of the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		Sinteza S.A. is open to the participation of specialists, consultants, experts or analysts at the shareholders' meetings. A set of general rules and procedures in this regard will be subject to discussion and approval by the Board.
D.8. The quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales, operating profit, net profit and other relevant financial indicators, both quarterly and from one year to the next.	X		Starting with 2016, the reports are published in both Romanian and English.
D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the date of the meetings / teleconferences.	X		Sinteza S.A. organizes such meetings twice a year, according to the annual calendar submitted to BVB.
D.10. If a company supports various forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of the company are part of its development mission and strategy, it will publish the policy on the activity in this field.		X	A policy to that effect will be drawn up by the Board, if it is considered pertinent.

SINTEZA S.A.

Individual and consolidated financial statements
on December 31, 2022

Drawn up in accordance with the
International Financial Reporting Standards (IFRS)
Adopted by the European Union

Contents:

Financial statements

Statement of the individual and consolidated financial position

Statement of the individual and consolidated comprehensive income

Statement of the modification in the individual and consolidated equity capitals

Statement of the individual and consolidated cash flows

Notes to the financial statements

Statement of the individual financial position
for the financial year ended on the 31st of December 2022

INDICATOR	INDIVIDUAL	
	31.12.2021	31.12.2022
Tangible fixed assets		
Lands and land developments	18,336,520	16,391,917
Constructions	13,744,011	12,147,872
Technical installations and transport means	13,079,924	11,479,537
Furniture, office equipment [...]	53,268	103,179
Tangible fixed assets in progress	1,445,277	1,459,020
Advances for the tangible fixed assets		
Total of tangible fixed assets	46,659,000	41,581,525
Intangible fixed assets		
Concessions, patents, permits, trademarks, rights and similar assets and other intangible fixed assets	147,324	84,502
Intangible fixed assets in progress	8,841	0
Shares owned at subsidiary undertakings and other fixed securities	3,295	3,295
Usage rights on the leased shares	157,939	114,919
Total of non-current assets	46,976,399	41,784,241
Current assets		
Inventories	1,419,271	2,439,062
Trade receivables and other receivables	5,979,614	4,544,181
Accrued expenses	128,601	141,146
Cash and cash equivalents	859,368	1,214,206
Assets classified as owned for sale	2,853,111	2,466,318
Total of current assets	11,239,965	10,804,913
Total of assets	58,216,364	52,589,154
Equity capitals		
Share capital	9,916,889	9,916,889
Share premium		
Reserves	34,860,557	32,202,084
Profit and loss statement	1,313,111	-2,088,497
Retained earnings	-5,931,040	-1,345,597
Other elements of equity capitals	-540	-540
Minority interests		
Total of equity capitals	40,158,977	38,684,339
Long-term liabilities		
Long-term loans and other liabilities	386,796	73,616
Accrued income		
Provisions		
Liabilities concerning the deferred tax	4,785,252	4,220,893
Total of long-term liabilities	5,172,048	4,294,509
Current liabilities		
Short-term loans	4,657,223	4,544,744
Trade payables and other liabilities, including the derivative financial instruments	7,935,580	4,807,885
Accrued income	37,166	77,409
Provisions	255,370	180,268
Liabilities classified as owned for sale		
Total of current liabilities	12,885,339	9,610,306
Total of liabilities	18,057,387	13,904,815
Total of equity capitals and liabilities	58,216,364	52,589,154

Statement of the consolidated financial position
for the financial year ended on the 31st of December 2022

INDICATOR	CONSOLIDATED	
	31.12.2021	31.12.2022
Tangible fixed assets		
Lands and land developments	18,336,520	16,391,917
Constructions	13,744,011	12,147,872
Technical installations and transport means	13,079,924	11,479,537
Furniture, office equipment [...]	53,268	103,179
Tangible fixed assets in progress	1,445,277	1,459,020
Advances for the tangible fixed assets		
Total of tangible fixed assets	46,659,000	41,581,525
Intangible fixed assets		
Concessions, patents, permits, trademarks, rights and similar assets and other intangible fixed assets	147,324	84,502
Intangible fixed assets in progress	8,841	0
Shares owned at subsidiary undertakings and other fixed securities	6,195	6,195
Usage rights on the leased shares	157,939	114,919
Total of non-current assets	46,979,299	41,787,141
Current assets		
Inventories	1,419,271	2,439,062
Trade receivables and other receivables	4,201,893	2,763,901
Accrued expenses	128,601	141,146
Cash and cash equivalents	872,544	1,217,844
Assets classified as owned for sale	2,853,111	2,466,318
Total of current assets	9,475,420	9,028,271
Total of assets	56,454,719	50,815,412
Equity capitals		
Share capital	9,916,889	9,916,889
Share premium		
Reserves	36,299,795	33,641,322
Profit and loss statement	1,257,820	-2,097,266
Retained earnings	-9,076,118	-4,545,966
Other elements of equity capitals	-540	-540
Minority interests	-4,149	-4,170
Total of equity capitals	38,393,697	36,910,269
Long-term liabilities		
Long-term loans and other liabilities	386,796	73,616
Accrued income		
Provisions		
Liabilities concerning the deferred tax	4,785,252	4,220,893
Total of long-term liabilities	5,172,048	4,294,509
Current liabilities		
Short-term loans	4,657,223	4,544,744
Trade payables and other liabilities, including the derivative financial instruments	7,939,215	4,808,213
Accrued income	37,166	77,409
Provisions	255,370	180,268
Liabilities classified as owned for sale		
Total of current liabilities	12,888,974	9,610,634
Total of liabilities	18,061,022	13,905,143
Total of equity capitals and liabilities	56,454,719	50,815,412

Statement of the individual comprehensive income
on the 31st of December 2022

Indicator	INDIVIDUAL	
	31.12.2021	31.12.2022
Continuous activities		
Income	42,657,990	38,552,939
Other income	617,552	3,194,781
Changes in inventories	55,836	1,689,397
Total of Operating Income	43,331,378	43,437,117
Inventory expenses	21,688,973	23,222,915
Utility expenses	6,332,423	5,721,696
Employee benefit expenses	6,030,476	6,540,682
Expenses with the amortization and depreciation of fixed assets	2,141,326	2,576,819
Earnings / losses resulted from the assignment of fixed assets		
Value adjustment of current assets	90,439	-198,523
Adjustments regarding provisions	102,137	-75,102
Other expenses	5,172,788	7,288,088
Total of Operating Expenses	41,558,562	45,076,575
Result of Operational Activities	1,772,816	-1,639,458
Financial income	127,516	264,244
Financial expenses	619,781	663,783
Net Financial Result	-492,265	-399,539
Result Before Taxation	1,280,551	-2,038,997
Expense with the current income tax		
Expenses with the deferred income tax		49,500
Income afferent to the deferred income tax	32,560	
Result from the Continuous Activities	1,313,111	-2,088,497
Minority interests		
Total of the comprehensive income afferent to the period	1,313,111	-2,088,497

Statement of the consolidated comprehensive income
on the 31st of December 2022

Indicator	CONSOLIDATED	
	31.12.2021	31.12.2022
Continuous activities		
Income	42,670,782	38,552,939
Other income	617,552	3,194,781
Changes in inventories	55,836	1,689,397
Total of Operating Income	43,344,170	43,437,117
Inventory expenses	21,688,973	23,222,915
Utility expenses	6,332,423	5,721,696
Employee benefit expenses	6,090,370	6,544,618
Expenses with the amortization and depreciation of fixed assets	2,141,326	2,576,819
Earnings / losses resulted from the assignment of fixed assets		
Value adjustment of current assets	94,110	-189,924
Adjustments regarding provisions	102,137	-81,142
Other expenses	5,177,436	7,290,383
Total of Operating Expenses	41,626,775	45,085,365
Result of Operational Activities	1,717,395	-1,648,248
Financial income	127,516	264,244
Financial expenses	619,781	663,783
Net Financial Result	-492,265	-399,539
Result Before Taxation	1,225,130	-2,047,787
Expense with the current income tax		
Expenses with the deferred income tax		49,500
Income afferent to the deferred income tax	32,560	
Result from the Continuous Activities	1,257,690	-2,097,287
Minority interests	130	21
Total of the comprehensive income afferent to the period	1,257,820	-2,097,266

**Statement of the modifications in the individual equity capitals
on December 31, 2022**

Modification sources of equity capitals	Share capital	Share premium	Issued capital instruments	Other equity capitals	Cumulated value of other own elements. Global	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) assignable to the holder of equity capitals in the parent company	(-) Interim dividends	Minority interests Cumulated value of other elements from the global result	Minority elements Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the re-treatment)														
Effect of the error correction														
Effect of the modification of accounting policies														
Opening balance (current period)	9,916,889				1,313,111	(5,931,040)	30,756,723	4,103,834	(540)					40,158,977
Issues of ordinary bonds														
Issues of preference shares														
Issues of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in equity capitals														
Decrease of capital														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from equity capitals into liabilities														
Relocations between the components of equity capitals					(1,313,111)	1,313,111								
Increases or decreases (-) in the equity capitals resulted from activity combinations														
Shares-based payments														
Other increases or (-) decreases in the equity capitals						3,272,332	(2,658,473)							613,859
Total comprehensive income of the reference period					(2,088,497)									(2,088,497)
Closing balance (current period)	9,916,889				(2,088,497)	(1,345,597)	28,098,250	4,103,834	(540)					38,684,339

**Statement of the modifications in the individual equity capitals
on December 31, 2021**

Modification sources of equity capitals	Share capital	Share premium	Issued capital instruments	Other equity capitals	Cumulated value of other own elements. Global	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) assignable to the holder of equity capitals in the parent company	(-) Interim dividends	Minority interests Cumulated value of other elements from the global result	Minority elements Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the re-treatment)														
Effect of the error correction														
Effect of the modification of accounting policies														
Opening balance (current period)	9,916,889				(5,170,629)	(760,411)	23,483,514	4,103,834	(540)					31,572,657
Issues of ordinary bonds														
Issues of preference shares														
Issues of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in equity capitals														
Decrease of capital														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from equity capitals into liabilities														
Relocations between the components of equity capitals					5,170,629	(5,170,629)	(1,285,085)							(1,285,085)
Increases or decreases (-) in the equity capitals resulted from activity combinations														
Shares-based payments														
Other increases or (-) decreases in the equity capitals							8,558,294							8,558,294
Total comprehensive income of the reference period					1,313,111									1,313,111
Closing balance (current period)	9,916,889				1,313,111	(5,931,040)	30,756,723	4,103,834	(540)					40,158,977

Statement of the modifications in consolidated equity capitals
on December 31, 2022

Modification sources of equity capitals	Share capital	Share premium	Issued capital instruments	Other equity capitals	Cumulated value of other own elements. Global	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) assignable to the holder of equity capitals in the parent company	(-) Interim dividends	Minority interests Cumulated value of other elements from the global result	Minority elements Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the re-treatment)														
Effect of the error correction														
Effect of the modification of accounting policies														
Opening balance (current period)	9,916,889				1,257,820	(9,076,118)	30,792,659	5,507,136	(540)			(4,149)		38,393,697
Issues of ordinary bonds														
Issues of preference shares														
Issues of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in equity capitals														
Decrease of capital														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from equity capitals into liabilities														
Relocations between the components of equity capitals					(1,257,820)	1,257,820								
Increases or decreases (-) in the equity capitals resulted from activity combinations														
Shares-based payments														
Other increases or (-) decreases in the equity capitals						3,272,332	(2,658,473)					(21)		613,838
Total comprehensive income of the reference period					(2,097,266)									(2,097,266)
Closing balance (current period)	9,916,889				(2,097,266)	(4,545,966)	28,134,186	5,507,136	(540)			(4,170)		36,910,269

Statement of the modifications in consolidated equity capitals
on December 31, 2021

Modification sources of equity capitals	Share capital	Share premium	Issued capital instruments	Other equity capitals	Cumulated value of other own elements. Global	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) assignable to the holder of equity capitals in the parent company	(-) Interim dividends	Minority interests Cumulated value of other elements from the global result	Minority elements Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the re-treatment)														
Effect of the error correction														
Effect of the modification of accounting policies														
Opening balance (current period)	9,916,889				(5,225,158)	(3,850,961)	23,519,450	5,507,136	(540)			(4,018)		29,862,798
Issues of ordinary bonds														
Issues of preference shares														
Issues of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in equity capitals														
Decrease of capital														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from equity capitals into liabilities														
Relocations between the components of equity capitals					5,225,158	(5,225,158)	(1,285,085)							(1,285,085)
Increases or decreases (-) in the equity capitals resulted from activity combinations														
Shares-based payments														
Other increases or (-) decreases in the equity capitals							8,558,294					(130)		8,558,164
Total comprehensive income of the reference period					1,257,820									1,257,820
Closing balance (current period)	9,916,889				1,257,820	(9,076,118)	30,792,659	5,507,136	(540)			(4,149)		38,393,697

**Individual cash flow statement
on 31.12.2022**

		- lei -
	31.12.2021	31.12.2022
Cash flows from operating activity		
Receipts from customers	40,438,550	42,568,117
Other receipts (including net VAT refunds)	766,654	4,078,706
Payments to suppliers	31,834,013	36,556,350
Payments of net salaries	3,265,444	3,482,081
Payments to budgets	3,278,311	2,736,243
Other payments	558,387	2,783,286
Net cash basis from operating activities	2,269,049	1,088,863
Cash flows from investment activities		
Payments for the purchase of fixed assets	174,492	230,175
Receipts from sales of tangible fixed assets		
Received interest		
Net cash basis from investment activities	-174,492	-230,175
Net cash basis from financing activities		
Loan receipts	19,742,302	20,755,790
Paid interest and loan repayments	21,009,887	21,258,797
Paid dividends	107	843
Net cash basis from financing activities	-1,267,692	-503,850
Net increase / (decrease) in cash basis	826,865	354,838
Cash and cash equivalent at the beginning of the period	32,503	859,368
Cash and cash equivalent at the end of the period	859,368	1,214,206

**Consolidated cash flow statement
on 31.12.2022**

		- lei -
	31.12.2021	31.12.2022
Cash flows from operating activity		
Receipts from customers	40,493,043	42,568,117
Other receipts (including net VAT refunds)	766,654	4,078,706
Payments to suppliers	31,834,013	36,556,350
Payments of net salaries	3,300,721	3,485,746
Payments to budgets	3,302,235	2,739,642
Other payments	562,639	2,785,760
Net cash basis from operating activities	2,260,089	1,079,325
Cash flows from investment activities		
Payments for the purchase of fixed assets	174,492	230,175
Receipts from sales of tangible fixed assets		
Received interest		
Net cash basis from investment activities	-174,492	-230,175
Net cash basis from financing activities		
Loan receipts	19,742,302	20,755,790
Paid interest and loan repayments	21,009,887	21,258,797
Paid dividends	107	843
Net cash basis from financing activities	-1,267,692	-503,850
Net increase / (decrease) in cash basis	817,905	345,300
Cash and cash equivalent at the beginning of the period	54,639	872,544
Cash and cash equivalent at the end of the period	872,544	1,217,844

Notes to the financial statements

1. Reporting entity

The parent company Sinteza S.A. has its registered office in Oradea, sos. Borsului nr.35, with registration number at the Register of Companies: J/05/197/1991. It is a joint-stock company and operates in Romania in accordance with the provisions of Law no. 31/1990 on trading companies.

The object of the Company's basic activity is the production and sale of basic organic chemicals - NACE code: 2014.

The Company's shares are listed on the Bucharest Stock Exchange, in the Standard category, with the code STZ.

On 31.12.2022, the parent company is owned by the following shareholders:

No.	Designation / Name	Owned percentage
1	FIA- BT Invest 1	33.8898%
2	PASCU RADU	31.1597%
3	Alternative Investments Company with private equity - Roca Investments S.A.	18.0000%
4	Other physical and judicial entities	16.9505%
	Total	100.0000%

The record of shares and shareholders is kept in accordance with the law by Depozitarul Central S.A. in Bucharest.

Entity entered into consolidation

For the financial year 2022, the trading company **CHIMPROD SA** was included in the consolidation, having the following identification data:

Company name: S.C. Chimprod S.A.
Registered office: Oradea, sos. Borsului nr.35
Phone / fax number: 0259 456 110
Tax code: (RO) 67345
Trade Register No.: J/05/1984/1992
Share capital: 90,000 lei

The shares of the company Chimprod S.A. are not traded on the regulated securities market.

The company is managed by mandate by Sinteza S.A., having Mrs. Coman Dana as the permanent representative.

The stake held by the company Sinteza S.A. is of 99.765%, and the stake held by non-controlling interests is of 0.235%.

Approval date of the financial statements' publication

The financial communication calendar of the Company is approved by the executive management bodies of the Company in accordance with the statutory provisions and is communicated openly by publication on its own website.

2. Basis for the drawing up

Declaration of conformity

The Group's individual and consolidated financial statements are drawn up in accordance with the International Financial Reporting Standards (IFRS).

Starting with the financial year 2012, the Company and the Group have the obligation to apply the International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company - Sinteza S.A. - and those of the consolidated company (subsidiary undertaking) - Chimprod S.A. - as an entity controlled by the parent company.

Presentation of financial statements

The individual and consolidated financial statements are presented in accordance with the ISA1 requirements – "Presentation of financial statements", based on liquidity in the Statement of financial position and based on the nature of income and expenses in the Statement of the comprehensive income.

Functional and presentation currency

The functional currency chosen is the "leu". The individual and consolidated financial statements are presented in "lei".

Basis of evaluation

The individual and consolidated financial statements have been prepared on the historical cost basis, except for assets - tangible fixed assets - which are valued at fair value every three years.

The accounting policies have been consistently applied for the periods presented in these financial statements.

The principle of business continuity was observed.

The company's development plans include the following:

- development of the product portfolio by contacting research-development institutions
- development of the client portfolio focusing on those who can offer predictability, higher margins and more favourable payment terms.

In the context of the current situation imposed by the state of war in Ukraine, the restrictive measures imposed on Russia and Belarus generate serious consequences and effects on the world economy, including uncertainty about the future of companies operating in many activity sectors, with implications on the indicators in the annual financial statements. As secondary effects of the war we have to include higher prices for raw materials, delays in the supply of materials, higher prices for fuel, electricity and gas - all of this leading to higher costs and possibly lower profits. At

the same time, there is a risk of increasing the time it takes to collect receivables from customers, which could lead to a chain gridlock.

Management's plans in the following period aim at: ensuring continuity in the production, concentrating sale efforts by the manufacturers of corrosion and resin inhibitors, improving the parameters of the delivered benzoic acid, so as to be able to access the food additives market segment, and those used in animal feed, segments with higher sale margins. It will be aimed at disposing of/developing technologies that use recyclable materials, energy generation through high efficiency methods (cogeneration) and the installation of photovoltaic panels, all of which will lead to lower production costs.

The outbreak of war on 24.02.2022 brought a number of consequences both directly and indirectly on the entire economy, and in the field of chemical industry the impact was even more significant. For Sinteza company, this negative impact came on several levels: (1) a number of customers from the former Soviet area were directly lost, in 2022 only 10% of the volumes sold a year before in that area were sold, (2) the volumes sold to distributors in Poland, who in turn were accessing the Ukrainian and Belarusian market, also decreased significantly, approx. 50% of sales and (3) there was a significant drop in sales in Turkey, its market segment was lost to a product originating from China, which was lower in quality, but came at a lower price, as a result of the lower price at which China is accessing oil from Russia along with the implementation of economic sanctions on Russia.

The price of Brent oil in Europe is still expected to remain high, and therefore also the price of toluene (which is the raw material for benzoic acid). In addition, the low Ural oil price for China will continue to allow cheap benzoic acid from China to flow into the European market. For Sinteza company, this situation remains a challenge, but certain measures can reduce the unfavourable effect. These are: (1) improving the ratio between sales channels (direct vs. distribution), (2) increasing the safety in deliveries, (3) diversifying the number of customers in the resins and corrosion inhibitors segment, where our product is appreciated and we occupy a relevant segment. In addition, the benzoic acid market for this application segment is forecast to increase above average in 2023.

Use of estimates and judgments

The preparation and presentation of individual and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) requires the use of estimates, judgments and assumptions that affect the application of accounting policies and reported amounts. The estimates, judgments and assumptions are based on the historical experience. The results of these estimates form the basis of judgments as regards the accounting values that cannot be obtained from other sources.

Where certain items in the annual financial statements cannot be measured with precision, they are estimated.

Estimates are made on the basis of the most recent reliable available information.

Changes in the circumstances on which the estimate is based or as a result of new information or a better experience may lead to a change in the original estimate.

Any change in the accounting estimates will be acknowledged prospectively through its inclusion in the result of:

- the period during which the change occurs, if it affects only that period; or
- the period during which the change occurs and of future periods, if the change affects those periods.

The Group uses estimates to determine:

- uncertain clients and adjustments for the impairment of the afferent receivables;
- the value of provisions for risks and set-up expenses to be made at the end of the financial year for litigations, for the decommissioning of tangible fixed assets, for restructuring, for pensions and similar obligations, and for taxes.
- the useful lives of amortized fixed assets for which a fair value and a new economic useful life are determined upon revaluation.

The judgments and assumptions are periodically reviewed by the Company and are acknowledged in the periods in which the estimates are revised.

3. Significant accounting policies

The parent company and the subsidiary undertaking organize and manage the financial accounting, according to the republished Accounting Law no. 82/1991 – as amended.

Financial accounting ensures the chronological and systematic recording, processing, publication and storage of information concerning the financial position, financial performance and other information related to the activity carried out.

Accounting policies have been developed to ensure that the annual financial statements provide information that must be intelligible, relevant to the needs of users in making decisions, credible in the sense of accurately representing assets, liabilities, financial position and profit or loss of the company, does not contain significant errors, is not biased, is cautious, complete in all significant respects, comparable so that users can compare the financial statements of the company over time, to identify trends in its financial position and performance and to be able to compare the financial statements with those of other companies in order to assess financial position and performance.

The accounting policies have been consistently applied to all periods presented in these individual financial statements.

The individual financial statements are drawn up based on the assumption that the Company will continue its activity in the foreseeable future.

Foreign currency transactions

Foreign currency transactions are recorded in lei at the exchange rate on the settlement date of the transactions.

At the end of each month, the foreign currency liabilities are valued at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania from the last banking day of the month in question. The recorded exchange differences are recognized in the accounting in the section with income or expenses from exchange rate differences, as the case may be.

Exchange rate differences arising on the settlement of foreign currency liabilities at exchange rates other than those initially recorded during the month or those recorded in accounting must be recognized in the month in which they arise, as income or expenses from exchange rate differences.

The differences in value that appear on the settlement of liabilities expressed in lei, depending on an exchange rate different from the one at which they were initially recorded during the month or from those at which they are recorded in accounting must be recognized in the month in which they appear, in the section with other financial income or expenses.

Financial instruments

The parent company and the subsidiary undertaking hold as non-derivative financial assets: trade receivables, cash and cash equivalents.

Receivables include:

- trade receivables, which are amounts owed by customers for goods sold or services rendered in the ordinary course of business;
- notes receivable, trade acceptances, third-party instruments;
- amounts owed by directors, shareholders, employees or affiliated companies.

Receivables are recorded on the basis of accrual accounting, according to the legal or contractual provisions.

The notes receivable can be discounted before due date.

At the end of each month, the foreign currency receivables are valued at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania from the last banking day of the month in question. The recorded exchange differences are recognized in accounting in the section with income or expenses from exchange rate differences, as the case may be.

At the end of each month, the receivables expressed in lei whose settlement is made according to the exchange rate of a currency, are valued at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania from the last banking day of the month in question. In this case, the recorded differences are recognized in accounting in the section with other financial income or other financial expenses, as the case may be.

Exchange differences arising on the settlement of foreign currency receivables at exchange rates different from those initially recorded during the month or from those recorded in accounting must be recognized in the month in which they arise, as income or expenses from exchange rate differences.

The differences in value that appear upon the settlement of receivables expressed in lei, depending on a foreign exchange rate different from the one at which they were initially recorded during the month or from those at which they are recorded in accounting must be recognized in the month in which they appear, in the section with other financial income or expenses.

Bank accounts include:

- Amounts receivable (checks and commercial bills deposited with banks)
- Liquid assets in lei and foreign currency
- Checks issued by the company
- Short-term bank credits
- Interest afferent to liquid assets and credits granted by banks in the current accounts.

The interest payable and receivable - afferent to the current financial year - are recorded as financial expenses or financial income, as the case may be.

Foreign exchange sale-purchase operations, including those carried out under term settlement contracts, are recorded in accounting at the exchange rate used by the commercial bank upon which the foreign currency auction is conducted; they generate exchange rate differences in accounting compared to the exchange rate of the National Bank of Romania.

Foreign currency deposits are valued monthly at the rate communicated by the National Bank of Romania for the last working day of the month.

The liquidation of foreign currency deposits is carried out at the exchange rate communicated by the National Bank of Romania from the date of the liquidation operation.

Exchange rate differences between the rate from the establishment date or the rate at which they are recorded in accounting and the rate of the National Bank of Romania from the date of the

liquidation of bank deposits will be recorded under the section with income or expenses from exchange rate differences, as appropriate.

Tangible fixed assets

Tangible fixed assets are assets which:

- are owned by a company to be used in the production of goods or services, to be rent to third parties or to be used for administrative purposes; and
- are used for a period of more than one year.

The tangible fixed assets include:

- land and buildings;
- technical installations and machines;
- machinery and furniture;
- investment property;
- advances granted to suppliers of tangible fixed assets;
- tangible fixed assets in progress;
- investment property in progress;
- tangible assets for the exploitation and evaluation of mineral resources.

Tangible fixed assets are initially valued at cost. This is the acquisition cost or production cost, depending on how the tangible fixed assets are introduced into the company.

Trade discounts granted by the supplier and recorded on the purchase invoice adjust the purchase cost of the fixed assets downwards.

The production cost of fixed assets comprises direct production-related expenses, such as direct materials, energy consumed for technological purposes, costs with the employee salaries, statutory contributions and other related expenses arising directly from the construction of the tangible fixed asset, site development costs, initial delivery and handling costs, installation and assembly costs, testing costs for the correct functioning of the asset, professional fees and commissions paid in connection with the asset, and the cost with the products' designing and obtention of necessary permits.

Subsequent expenses related to a tangible fixed asset are recognized as follows:

- as expenses in the period in which they were incurred if they are considered repairs or the purpose of these expenses is to ensure the continuous use of the fixed asset while maintaining the initial technical parameters; or
- as a component of the asset, in the form of subsequent expenses, if the conditions are met for them to be considered investments on the fixed assets.

Tangible fixed assets are presented in the balance sheet at their fair value.

Tangible fixed assets are revalued every 3 years.

In the years when no revaluations are performed, tangible fixed assets are presented in the annual financial statements at the amount determined at the last revaluation less the accumulated amortization and the cumulative adjustments for impairment losses.

The amortization of tangible fixed assets is calculated as of the month following the placing in service and until their entry value is completely recovered.

Lands are not amortized.

The duration of economic use is the period during which an asset is expected to be available for use.

The periods of economic use established by the company for the main categories of fixed assets in its patrimony are the usual ones in the chemical industry.

The amortization is still recorded in accounting according to the useful life and the initially established amortization method. Upon the amortization of tangible fixed assets, the Company uses the straight-line amortization achieved by uniformly including in the operating expenses fixed amounts, established proportionally with the number of years of their economic use, for the following categories of fixed assets:

- constructions;
- technical installations and machines;
- machinery and furniture.

The initially established useful life will be reviewed (in the sense of decreasing or increasing) whenever there is a change in the initially estimated use conditions, when an ageing of a tangible fixed asset is noted, when a period of preservation intervenes or when it is noted a technical condition allowing a longer use than the initially estimated one.

As a result of the re-estimation of the initially established useful life, the amortization-related expense will be recalculated over the remaining usage period.

Intangible fixed assets

The intangible fixed assets include:

- development expenses;
- concessions, patents, licences, trademarks, similar rights and assets and other intangible fixed assets;
- goodwill;
- advances granted for intangible fixed assets;
- intangible assets for the exploitation and evaluation of mineral resources.

An intangible asset may be acknowledged if and only if:

- it is expected that future economic benefits attributable to the asset will be obtained by the company; and
- the cost of the asset can be evaluated reliably.

An intangible fixed asset is initially registered at the acquisition or production cost depending on how it is entered in the patrimony.

The development expenses are acknowledged at their production cost.

The production cost of fixed assets originated from the development phase comprises the direct expenses related to production, such as direct materials, energy consumed for technological purposes, costs with the employee salaries, legal contributions, testing costs for the proper functioning of the asset, professional fees and commissions paid in connection with the asset, and costs incurred with the obtention of necessary permits.

The development-related expenses - which are acknowledged as intangible fixed assets - are amortised over the contract period or period of use, as appropriate.

Financial fixed assets

The financial fixed assets include:

- shares owned at subsidiary undertakings;
- loans granted to group entities;
- shares owned in associated entities and in jointly controlled entities;

- loans granted to associated entities and jointly controlled entities;
- other non-equity securities;
- other loans.

The financial fixed assets are recognized at the entry into the patrimony at the acquisition value. Changes in fair value are recognized in the profit or loss account.

Assets related to the right of use

Recognition and evaluation

An asset related to the right of use is the right of a lessee to use an underlying asset during the lease.

The company applies IFRS 16 for operating leases.

The Company applies the exceptions stipulated in IFRS 16 concerning the recognition of an asset afferent to the usage right in the following contracts: short-term leases and leases for which the underlying asset has a low value. The costs incurred with the entering into these types of exempted contracts are acknowledged as current rental expenses over the period of use of the good.

Initial evaluation of the asset afferent to the usage right

At the commencement date of the lease, the asset afferent to the usage right is valued at the cost, by adding together the following values:

- a. the initial evaluation value of the liability under the lease, representing the updated value of lease payments outstanding at that date, by using the marginal borrowing rate;
- b. any lease payments made on or before the commencement date of the lease, less any incentives (discounts) received under the lease;
- c. any initial direct costs borne by the lessee between the initiation date and the commencement date of the lease;
- d. as well as, if applicable, an estimate of the costs to be borne by the lessee in restoring the place where the underlying asset is located, or bringing it to the condition required by the lease terms and conditions.

Initial evaluation of the liability arising from the lease

At the commencement date, in its quality of lessee, it will assess the liability arising from the lease at the updated value of the lease payments outstanding on that date. Lease payments must be updated by using the marginal borrowing rate.

Subsequent evaluation

After the commencement date of the lease, and the registration of an asset representing the usage right and the afferent liability, they will be subsequently valued by using the amortised cost model, as follows:

- a. Asset representing the usage right – is amortized on a straight-line basis over the lease term;
- b. Liability arising from the lease - is valued similarly to any other financial liabilities, by using the effective interest method, so that the balance is reduced based on the amortised cost, and the interest expense is allocated over the lease term.

Items of inventory

The registration of the entry of inventories in accounting is made at the date of transfer of risks and benefits.

On the date of entry into the company, the inventories are valued and registered in accounting at the entry value, which is determined as follows:

- at the acquisition cost - for purchased inventories;
- at the predetermined production cost - for inventories produced in the company;
- at the contribution value, established after evaluation - for the inventories representing a contribution to the share capital;
- at fair value - for the inventories obtained on a free of charge basis or found with plus upon the inventorying.

Trade discounts granted by the supplier and entered on the purchase invoice reduce the goods' purchase cost.

The standard cost method is used when determining the production cost, by taking into account the normal levels of materials and consumables, labour, efficiency and production capacity.

The levels deemed normal in the consumption of materials are reviewed every 12 months.

At the inventories outflow, they are valued and registered by applying the FIFO method, respectively the items of inventories that were firstly produced or purchased are those that are consumed or sold in the first place. The items remaining in stock at the end of the period are those that were purchased or produced most recently.

On the date of the balance sheet, the inventories are valued at the lowest value between the cost and the net achievable value.

The net achievable value is the estimated selling price in the ordinary course of business, minus the estimated completion costs and the costs necessary for sale.

When the company decides to change the use of a tangible fixed asset - in the sense that it is to be sold -, the transfer of the asset from the category of tangible fixed assets to that of inventories held for sale is recorded in accounting upon deciding to change the purpose.

Income

Income represents increases in economic benefits, occurring during the financial year, which has generated an increase in equity capitals in forms other than those expressing new contributions by the owners of the enterprise.

Income includes both amounts received or receivable on own account and earnings from any source.

The income is classified as follows:

- Operating income;
- Financial income.

The income is recognised based on the accrual accounting.

The income resulted from the sale of goods is registered when the goods are handed over to the buyers, are delivered against invoice or under other conditions laid down in the contract, which attest to the transfer of ownership of the goods in question to the clients.

The income resulted from the sale of goods is recognised when the following conditions are met:

- a) the significant risks and advantages of ownership on the goods have been transferred to the buyer;
- b) the company no longer manages the sold goods to the extent that it would normally have done had it owned them, nor does it have actual control over them;
- c) the income can be valued reliably;
- d) the economic benefits associated with the transaction are likely to be generated to the company; and
- e) the transaction costs can be valued reliably.

Service revenues are recorded in accounting as they are performed, and correlated with the work execution stage.

The work execution stage is determined on the basis of the work progress reports accompanying the invoices, acceptance reports or other documents attesting to the stage of completion and the acceptance of services rendered.

Interest income is recognised periodically on a pro rata basis as the income is earned.

The income from royalties and rents is recognised in accordance with the contractual due dates.

The dividend income is recognised upon the establishment of the shareholder's right to collect them.

The income from the reduction or cancellation of provisions, adjustments for impairment or value loss is registered when their maintenance is no longer justified, and the risk occurs or the expense becomes chargeable.

The income is valued at the amount determined by agreement between the seller and the buyer, taking into account the amount of any granted trade discounts.

The income received before the balance sheet date - which relates to the subsequent financial year - is shown under the section with deferred income.

Expenses

The parent company and subsidiary undertaking's expenses represent amounts paid or payable for the:

- consumption of inventories;
- carried out works and provided services benefiting the company;
- staff-related expenses;
- carrying out legal or contractual obligations;
- provisions;
- amortizations;
- adjustments for impairment or loss of value.

The accounting of expenses is done by type of expenses, as follows:

- operating expenses;
- financial expenses.

The synthetical accounts of expenses - comprising several items with different tax deductibility regimes - are developed into analytical accounts so that each analytical account reflects the specific content.

Liabilities

The liabilities are entered in accounting on behalf of third-party accounts. The accounting for suppliers and other liabilities is done by category, as well as by each physical or judicial entity.

The staff entitlements are registered in accounting with the contributions' withholding.

The payable income tax must be recognised as a liability within the limit of the unpaid amount.

The deferred tax is the value of income tax payable in a future period. The deferred tax liabilities are the values of income tax payable in future accounting periods in respect of temporary taxable differences.

They are calculated on the basis of taxation percentages expected to be applicable to the temporary differences on their reversal, based on the legislation in effect on the reporting date.

The deferred tax assets are the values of income tax recoverable in future accounting periods.

The deferred tax assets and liabilities are offset only if there is a legal right to offset the current liabilities and receivables against tax.

Provisions

A provision will be recognized in accounting when:

- the company has a current obligation generated by a previous event;
- it is likely that an outflow of resources will be needed to meet that obligation;
- a credible estimate of the value of the obligation can be made.

No provisions are recognized for future operating losses.

The provisions are revised on the date of drawing up the Individual financial statements and are adjusted so as to reflect the best current estimate.

If an outflow of resources is no longer feasible for the settlement of an obligation, the provision is cancelled through the write-back.

Trade and financial discounts

The trade discounts granted by the supplier and recorded on the purchase invoice adjust in the sense of reducing the purchase cost of the goods.

The trade discounts granted to customers are adjusted as to reduce the amount of income related to the transaction.

Contingent assets and liabilities

The contingent assets and liabilities are presented in the explanatory notes in the case where it is likely that an inflow of economic benefits will occur.

They are assessed annually in order to determine whether an outflow of resources embodying economic benefits has become possible and it is necessary to recognise a liability or provision in the financial statements relating to the period in which the change in the classification of the event occurred.

Events subsequent to the drawing up of the financial statements

Events after the balance sheet date are those favourable or unfavourable events that occur between the balance sheet date and the date on which the annual financial statements are authorized for publication. These are presented in the notes when they are considered significant.

New standards and interpretations

Amendments to the standards applicable in the financial year 2022 are presented in Note 31.

Compared to the previous year, there have been no changes in the accounting policies.

4. Determining fair values

The presentation requirements of the information contained in the financial statements, as well as certain accounting policies of the Company determine the need to present them.

The company proceeded to the measurement at fair value of the patrimonial elements at the date of transition to IFRS and presented the Financial statements of the previous periods at fair value.

When valuing assets or liabilities at fair value, the Company uses - as far as possible - information noticeable on the market. The fair value hierarchy classifies the input data for the assessment techniques used to measure the fair value on three levels, as follows:

- Level 1: quoted price (unadjusted) on the active markets for identical assets or liabilities that the entity can access at the valuation date;
- Level 2: input data, other than the quoted prices included in level 1, which are noticeable for assets or liabilities, either directly or indirectly;
- Level 3: Unnoticeable input data for assets or liability.

If the input data for assessing the fair value of an asset or liability can be classified on multiple levels of the fair value hierarchy, the fair value assessment is classified entirely on the same level of the fair value hierarchy as the date of entry with the lowest level of uncertainty that is significant for the entire assessment.

Valuation techniques and input data used in conducting IFRS13.91(a) assessments
In the building and land appraisal report, the appraiser used:

Market data chosen by the appraiser: Real estate market analysis:

- Specific real estate market
- Analysis of the existing offer on the market
- Demand analysis
- Market equilibrium

b. Information provided by the owner: Documents on the history of the fixed assets, repairs carried out, degree of exploitation.

Presentation of the classification level of assessment at the entire fair value in the fair value hierarchy IFRS 13.93(b)

Based on the input data used in the valuation technique, the fair value of buildings and lands on 31.12.2021 has been classified at level 3 in the fair value hierarchy, the valuation being done based on the input data unnoticeable on the active market for lands and real estates.

5. Tangible fixed assets

The parent company's individual statement is the following:

	Lands	Buildings	Equipment and other	Tangible fixed assets in progress	Advance for Tangible fixed assets	Total
<i>Assessed value</i>						
Balance on the 1st of January 2022	18,336,520	13,744,011	13,133,192	1,445,277	0	46,659,000
Increases		74,936	181,221	269,901	0	526,058
Discounts	1,944,603	898,221	53,352	256,158	0	3,152,334
Balance on the 31st of December 2022	16,391,917	12,920,726	13,261,061	1,459,020	0	44,032,724
<i>Amortizations and impairments</i>						

Balance on the 1st of January 2022	0	0	0	0	0	0
Increases	0	772,854	1,678,345	0	0	2,451,199
Discounts						
Balance on the 31st of December 2022	0	772,854	1,678,345	0	0	2,451,199
<i>Net value</i>						
Balance on the 1st of January 2022	18,336,520	13,744,011	13,133,192	1,445,277	0	46,659,000
Balance on the 31st of December 2022	16,391,917	12,147,872	11,582,716	1,459,020	0	41,581,525

At the level of the group, the statement is as follows:

	Lands	Buildings	Equipment and other	Tangible fixed assets in progress	Advance for Tangible fixed assets	Total
<i>Assessed value</i>						
Balance on the 1st of January 2022	18,336,520	13,744,011	13,133,192	1,445,277	0	46,659,000
Increases		74,936	181,221	269,901	0	526,058
Discounts	1,944,603	898,221	53,352	256,158	0	3,152,334
Balance on the 31st of December 2022	16,391,917	12,920,726	13,261,061	1,459,020	0	44,032,724
<i>Amortizations and impairments</i>						
Balance on the 1st of January 2022	0	0	0	0	0	0
Increases	0	772,854	1,678,345	0	0	2,451,199
Discounts						
Balance on the 31st of December 2022	0	772,854	1,678,345	0	0	2,451,199
<i>Net value</i>						
Balance on the 1st of January 2022	18,336,520	13,744,011	13,133,192	1,445,277	0	46,659,000
Balance on the 31st of December 2022	16,391,917	12,147,872	11,582,716	1,459,020	0	41,581,525

The company's tangible fixed assets comprise assets assigned to the production process. Some of these assets are mortgaged or pledged to secure loans taken from banks.

The tangible fixed assets in progress represent investments under completion for the increasing of production capacity.

The amortization method used by the company for all classes of amortizable fixed assets is the straight-line method.

The useful lives established at the putting into service of fixed assets were within the limits set by the internal regulations regarding the classification of fixed assets and were not changed during 2022.

6. Intangible fixed assets

In the patrimony of the parent company, there are highlighted in this group of fixed assets the value of licenses paid to the European regulatory authorities in the field of manufacturing and marketing of chemicals in the amount of 330,694 lei - amortizable over the planned exploitation period for the manufacturing facilities -, as well as the licenses for computer software in the amount of 116,866 lei.

Gross value on 31.12.2022	447,561
Accumulated amortization	363,059
Out of which for the tax year 2022	71,662
Net value on 31.12.2022	84,502

7. Financial fixed assets

The parent company holds:

1. – stake of 99.765% at the subsidiary undertaking - Chimprod S.A., in Oradea. The accounting value of the stake is of 1,265,650 lei – entirely impaired value.
2. – stake of 1,000 lei at the Organisation of Chemistry and Petrochemistry Trade Associations of Bucharest.

Gross value on 31.12.2022	1,266,650
Registered adjustments for impairment	1,265,650
Net value on 31.12.2022	1,000
Other financial fixed assets	2,295
Total	3,295

The assets afferent to the usage right of the assets taken into concession (leasing) at the level of the liability from the application of IFRS 16.

		2021	2022
Cost (in lei) on 31.12.2022			
Balance on 31.12. 2022		204,370	204,370
Amortization afferent to the usage right		-46,431	-89,451
Balance on the 31 st of December 2022		157,939	114,919
Effect resulted from passing to IFRS 16		2020	2022
Financial expenses – interest from lease		3,828	5,866
Amortization afferent to the usage right		17,974	43,021
Total cost		21,802	48,887

8. Inventories

The parent company's individual statement is the following:

		31.12.2021	31.12.2022
Raw materials and materials		1,100,708	251,182
End products		908,863	2,150,841

Products in progress			832,446		858,985
Merchandises			22,995		22,975
Packages			67,288		118,623
Advance payments for purchasing of goods			2,864		54,284
Total			2,935,164		3,456,890
Adjustments for the impairment of inventories			1,515,893		1,017,828
Total			1,419,271		2,439,062

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Raw materials and materials			1,100,708		251,182
End products			908,863		2,150,841
Products in progress			832,446		858,985
Merchandises			22,995		22,975
Packages			67,288		118,623
Advance payments for purchasing of goods			2,864		54,284
Total			2,935,164		3,456,890
Adjustments for the impairment of inventories			1,515,893		1,017,828
Total			1,419,271		2,439,062

9. Trade receivables

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Clients			5,108,253		4,194,408
Doubtful and bad clients			170,640		434,429
Suppliers - debtors			71,515		1,388
Adjustments for the receivables' impairment			-170,640		-434,429
Total			5,179,768		4,195,796
Other receivables			799,846		348,385
Total			5,979,614		4,544,181

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Clients			3,327,958		2,414,113
Doubtful and bad clients			176,680		434,429
Suppliers - debtors			71,515		1,388

Adjustments for the receivables' impairment			-176,680		-434,429
Total			3,399,473		2,415,501
Other receivables			802,420		348,400
Total			4,201,893		2,763,901

The company's trade relations kept on being formalised in 2022 by commercial contracts or firm orders, the clients being the conventional ones during this period of time, as well. More than 90% of the manufactured products were delivered for export to beneficiaries in the European Union member countries or outside the EU. There is a definite dependence of the company on the EU market where about 80% of the production destined for export is delivered.

The company has made adjustments for the impairment of receivables outstanding of more than 365 days in the amount of 434,430 lei.

10. Cash and cash equivalents

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Current accounts in banks			854,686		1,212,418
Cash on hand			3,629		1,788
Other cash equivalents			1,053		
Total			859,368		1,214,206

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Current accounts in banks			867,773		1,215,961
Cash on hand			3,718		1,883
Other cash equivalents			1,053		
Total			872,544		1,217,844

11. Other receivables

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Settlements from operations under clarification			1,320		969
Other receivables linked to third parties					57,891

Other receivables in connection with the state budget (VAT to be recovered)			798,526		289,525
Total			799,846		348,385

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Settlements from operations under clarification			3,879		969
Other receivables linked to third parties					57,891
Other receivables in connection with the state budget (VAT to be recovered)			798,541		289,540
Total			802,420		348,400

12. Assets classified as owned for sale

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Gross value of the assets classified as owned for sale			2,853,111		2,853,111
Adjustments in the value of the assets classified as owned for sale					
Reclassifications of the tangible assets					
Disposal of assets classified as owned for sale					-386,793
Net value			2,853,111		2,466,318

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Gross value of the assets classified as owned for sale			2,853,111		2,853,111
Adjustments in the value of the assets classified as owned for sale					
Reclassifications of the tangible assets					
Disposal of assets classified as owned for sale					-386,793
Net value			2,853,111		2,466,318

13. Share capital and share premiums

On 31.12.2022, the structure of the shareholding of the parent company is as follows (in percentages):

			31.12.2021	31.12.2022
FIA- BT Invest 1			33.89%	33.89%
PASCU RADU			31.16%	31.16%
Alternative Investments Company with private equity - Roca Investments S.A.			18.00%	18.00%
Other physical and judicial entities			16.95%	16.95%
Total			100.00%	100.00%

The structure of the shareholding of the subsidiary undertaking is as follows (in percentages):

			31.12.2021	31.12.2022
Sinteza S.A.			99.76%	99.76%
Other shareholders			0.24%	0.24%
Total			100%	100%

The company continued to manage in 2022 the capital by taking into account all its components as defined by the Romanian legislation. There were no cases of exclusion of quantitative data or considering as components the equity capitals of other items in the balance sheet apart from those regulated by the national legislation.

14. Trade payables and other liabilities

The parent company's individual statement is the following:

			31.12.2021	31.12.2022
Commercial suppliers			5,085,453	2,567,219
Suppliers for investments			3,750	
Suppliers – collaborators			19,500	
State budget liabilities			949,279	221,550
Liabilities towards employees			197,265	192,327
Current income tax				
Other liabilities			1,797,659	1,900,405
Total			8,052,906	4,881,501

In terms of maturity date, the classification of individual liabilities on 31.12.2022 presents itself according to the table below:

	TOTAL LIABILITY	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	2,567,219	2,567,219		
Suppliers for investments	0			
Suppliers – collaborators	0			
State budget liabilities	221,550	221,550		
Liabilities towards employees	192,327	192,327		
Current income tax	0			
Other liabilities	1,900,405	1,826,789	73,616	
Total	4,881,501	4,807,885	73,616	

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Commercial suppliers			5,085,453		2,567,219
Suppliers for investments			3,750		
Suppliers – collaborators			19,500		
State budget liabilities			951,369		221,669
Liabilities towards employees			198,810		192,536
Current income tax					
Other liabilities			1,797,659		1,900,405
Total			8,056,541		4,881,829

In terms of maturity date, the classification of consolidated liabilities on 31.12.2022 presents itself according to the table below:

	TOTAL LIABILITY	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	2,567,219	2,567,219		
Suppliers for investments	0			
Suppliers – collaborators	0			
State budget liabilities	221,669	221,669		
Liabilities towards employees	192,536	192,536		
Current income tax	0			
Other liabilities	1,900,405	1,826,789	73,616	
Total	4,881,829	4,808,213	73,616	

15. Loans

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Sums owed to credit institutions			4,926,693		4,544,744
Total			4,926,693		4,544,744

The classification of loans on 31.12.2022, according to maturity date, is presented in the table below:

	TOTAL LIABILITY	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Sums owed to credit institutions	4,544,744	4,544,744		
Total	4,544,744	4,544,744	0	0

At the level of the group, the statement is as follows:

		31.12.2021		31.12.2022
Sums owed to credit institutions		4,926,693		4,544,744
Total		4,926,693		4,544,744

The classification of loans on 31.12.2022, according to maturity date, is presented in the table below:

	TOTAL LIABILITY	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Sums owed to credit institutions	4,544,744	4,544,744		
Total	4,544,744	4,544,744	0	0

With regard to contracted loans, the Company continued its policy of resorting to resources attracted in order to finance the working capital and the company's investments.

The bank credits ongoing at the end of 2022 are contracted only at the level of the parent company - Sinteza S.A. - and are the following:

- Current account credit line: EUR 247,351 + unused EUR 110,611, with Euribor interest 6M+3%, due on 16.08.2023;
- Current account credit line: EUR 51,523 + unused EUR 148,477, with Euribor interest 3M+1.95%, due on 12.10.2023;
- Current account credit line: EUR 619,738 + unused EUR 380,262, with Euribor interest 3M+1.6%, due on 12.10.2023;
- Investment credit: EUR 601,000, unused, Euribor interest 3M+2.3%, due on 12.10.2027.

In addition to the contracted loans, the company has other financial commitments related to current and investment activities, namely: a bank guarantee letter in favour of the main raw material supplier (toluene) in the amount of EUR 400,000 and a bank guarantee letter in the amount of 650,000 lei in favour of the electricity supplier.

16. Provisions

Provisions have been made for risks and expenses as follows:

- provisions for untaken annual leave amounting to 180,268 lei for SINTEZA S.A.

17. Deferred income

In 2022, the company reflected in the Deferred income account the amounts received from clients on account of future deliveries. The balance of the account on 31.12.2022 in the amount of

77,409 lei highlights the sums received from clients for the goods to be delivered and the services in advance.

18. Turnover

The turnover of the financial year 2022 is as follows:

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Income from sale of end products			41,793,439		37,763,610
Income from sale of goods					
Income from locations and rents			472,269		518,405
Income from service provision			325,268		205,283
Other income (re invoicing, bottom products)			67,014		65,641
Total			42,657,990		38,552,939

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Income from sale of end products			41,793,439		37,763,610
Income from sale of goods					
Income from locations and rents			472,269		518,405
Income from service provision			325,268		205,283
Other income (re invoicing, bottom products)			79,806		65,641
Total			42,670,782		38,552,939

A reportable segment is a component of an entity that engages in business activities from which it may obtain income and bear expenses, whose results are reviewed periodically and for which separate financial information is available.

The company has not organised components that separately engage in business activities, the items of income derived from other activity than the one from the industrial production being incidental in nature.

The main weight of the activity is the industrial production activity, the result of which is periodically reviewed by the chief operating decision maker.

As far as the sales of the company in 2022 are concerned, they can be segmented into two areas as follows:

- sales on the external market in the amount of 36,263,831 lei;
- sales on the domestic market in the amount of 1,499,779 lei.

19. Expenses with raw materials and consumables

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Raw materials			20,616,496		22,188,387
Auxiliary items			196,325		187,808
Fuel			28,733		23,912
Spare parts			91,431		98,482
Work protection and other items			42,832		48,928
Other expenses			713,156		675,398
Total			21,688,973		23,222,915

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Raw materials			20,616,496		22,188,387
Auxiliary items			196,325		187,808
Fuel			28,733		23,912
Spare parts			91,431		98,482
Work protection and other items			42,832		48,928
Other expenses			713,156		675,398
Total			21,688,973		23,222,915

20. Other material expenses

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Packages			607,839		517,472
Inventory items			75,997		94,092
Other non-inventoried items			29,320		63,834
Total			713,156		675,398

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Packages			607,839		517,472
Inventory items			75,997		94,092
Other non-inventoried items			29,320		63,834
Total			713,156		675,398

21. Staff-related expenses

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Salaries			5,865,640		6,364,947
Social security and social protection			164,836		175,735
Total			6,030,476		6,540,682

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Salaries			5,923,856		6,368,799
Social security and social protection			166,514		175,819
Total			6,090,370		6,544,618

The company's employees are paid with the salary negotiated according to the provisions in the individual labour contracts, benefiting by the entire range of social benefits stipulated by the Romanian legislation in effect. There is no collective labour contract at the company level and therefore no additional short-term, long-term, post-employment benefits or share-based payments are granted. The key management staff benefit by the same salary entitlements as the other employees.

The members of the Board of Directors are not remunerated through the resolution of the General Meeting of Shareholders.

22. Expenses concerning the external provided services

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Other expenses related to services provided by third parties					
Maintenance and repairs			107,447		109,983
Mail service and telecommunications			25,828		28,171
Transport			720,960		794,902
Bank services			213,862		322,848
Travelling, relocation			11,516		51,230
Protocol			6,744		3,060
Collaborators			430,776		
Rents			161,222		103,003
Fees			134,703		157,265
Insurance premiums			45,389		47,608
Other expenses related to services provided by third parties			842,206		967,325
Total			2,700,653		2,585,395

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Other expenses related to services provided by third parties					
Maintenance and repairs			107,600		109,983
Mail service and telecommunications			25,828		28,914
Transport			720,960		794,902
Bank services			214,224		322,848
Travelling, relocation			11,516		51,230
Protocol			6,744		3,060
Collaborators			430,776		
Rents			161,222		103,003
Fees			134,703		157,265
Insurance premiums			45,389		47,608
Other expenses related to services provided by third parties			844,899		967,325
Total			2,703,861		2,586,138

23. Financial income and expenses

The parent company's individual statement is the following:

			31.12.2021		31.12.2022
Interest income			0		2
Income from exchange rate differences			127,515		264,160
Other financial income			1		82
Total			127,516		264,244
Interest expenses			317,480		274,688
Expenses due to exchange rate differences			298,512		382,308
Other financial expenses			3,789		6,787
Total			619,781		663,783

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
Interest income			0		2
Income from exchange rate differences			127,515		264,160
Other financial income			1		82
Total			127,516		264,244
Interest expenses			317,480		274,688

Expenses due to exchange rate differences		298,512		382,308
Other financial expenses		3,789		6,787
Total		619,781		663,783

24. Current and deferred income tax

The parent company's individual statement is the following:

In the financial year ended on 31.12.2022, the Company recorded an accounting loss of 2,088,497 lei.

			31.12.2021		31.12.2022
<i>Current income tax</i>					
Expenses related to the current income tax			0		0
<i>Deferred income tax</i>					
Deferred income tax			4,785,252		4,220,893

At the level of the group, the statement is as follows:

			31.12.2021		31.12.2022
<i>Current income tax</i>					
Expenses related to the current income tax			0		0
<i>Deferred income tax</i>					
Deferred income tax			4,785,252		4,220,893

25. Earnings per share

Sinteza S.A. has recorded in 2022 an accounting loss of 2,088,497 lei. It is not intended to distribute amounts to shareholders in the form of dividends from the reserves established in previous years.

There are no holders with distribution rights of dividends in other shares in the structure of the shareholding.

No bonus shares or shares with preferential rights are distributed in respect of dividend allocation.

Within a reasonable period of time there is no intention to dilute the shares by preferential distribution. This leads to an equality result between the basic and diluted earnings per share.

26. Affiliated parties

The affiliated parties are considered the individuals forming part of the Board of Directors and the directors (executive management) of the parent company:

The members of the Board of Directors on 31.12.2022 are:

Alexandru Savin – Chairman
Aurel Bernat – Member
Radu Pascu – Member

The structure of the executive management on 31.12.2022 is:

Tudor Stoia – General Manager
 Robert Paltin – Sales Manager
 Adrian Bucurean – Financial Manager

During the year 2022, no transactions have been recorded between the company and the individuals from the company management.

27. Transactions between the parent company and the subsidiary undertaking

The parent company and the affiliated company did not register transactions on 31.12.2022.

28. Other commitments

The parent company and the affiliated company did not register other commitments on 31.12.2022.

29. Contingent assets and liabilities

In addition to the contracted credits, the company has other financial commitments related to the current and investment activity, namely: a letter of bank guarantee in favour of the main supplier of raw material (toluene) in the amount of EUR 400,000 and a letter of bank guarantee in the amount of 650,000 lei in favour of the electricity supplier.

The company SINTEZA was a party in litigations in 2022, in the following files:

File no.	Law court	Subject-matter of the file	Parties involved in the lawsuit and the legal standing	Status of the file (merits / appeal / recourse/etc.)	Hearing (if the file is on the dockets) / Solution (if the file is settled)	Details on the file
4274/108/2014	Court of Law of Arad	Insolvency procedure	Creditor – SINTEZA S.A. Debtor – Comeso Color S.A.	BANKRUPTCY	Hearing: 10.01.2023	+ 21,184.47 lei
1087/111/2018 in connection with 2744/111/2010	Court of Law of Bihor	Insolvency procedure	Creditor – SINTEZA S.A. Debtor – Construct Mod S.R.L.	BANKRUPTCY	Hearing: 25.01.2023	+ 2,534.7 lei
484/111/2010	Court of Law of Bihor	Insolvency procedure	Creditor – SINTEZA S.A. Debtor – Flavoiia S.R.L.	BANKRUPTCY	Hearing: 16.02.2023	+ 4,867.10 Lei
22419/3/2009	Court of Law of Bucharest	Insolvency procedure	Creditor - SINTEZA S.A. Debtor - Energo Mineral Bucharest	BANKRUPTCY	Hearing: 18.01.2023	+ 27,173.79 Lei
16873/118/2010	Court of Law of Constanța	Insolvency procedure	Creditor - SINTEZA S.A. Debtor – Solanum Com Prod S.R.L. C-ta	MERITS	Hearing: 20.02.2023	+ 68,811.51 lei
6473/111/2013	Court of Law of Bihor	Insolvency procedure	Creditor - SINTEZA S.A. Debtor – Electrocentrale Oradea S.A.	BANKRUPTCY	Hearing: 25.01.2023	+ 530,671.29 lei - 497,325.6 lei 33,345.69 lei
407/E/2019	Bailiff Office – Girdan Marius Oradea	Foreclosure	Creditor - SINTEZA S.A. Debtor – ADES Protectum Oradea	Foreclosure under all forms	-	9,401.37 lei - debit; 3,882.76 lei - delayed payment penalties 13,284.13 lei

2323/E/2018	Bailiff Office – Girdan Marius Oradea	Foreclosure	Creditor - SINTEZA S.A. Debtor – Ciore Roma Foundation Oradea	Foreclosure under all forms	-	25,020.22 lei - debit 9,132.38 lei - delayed payment penalties 34,152.61 lei
2472/E/2022	Bailiff Office – Girdan Marius Oradea	Foreclosure	Creditor - SINTEZA S.A. Debtor – FFEP Enterprise S.R.L.	Foreclosure under all forms	-	4,724.62 lei - debit; 786.54 lei - delayed payment penalties; 5,511.16 lei
5610/3/2017*	Appellate Court of Oradea	Claims	APPELLANT – Sinteza S.A. RESPONDENTS: NOVI CONSULT S.R.L. <i>et alii</i>	APPEAL	Hearing: 26.01.2023	Through the Decision 96/10.04.2019, the action formulated and specified by the plaintiff Sinteza S.A. is rejected; It admits in part the counterclaim formulated by NOVI CONSULT S.R.L., it obliges SINTEZA S.A. to pay the amount of 679,480.42 lei c/v of bank guarantee letter and of related banking charges and court charges in the amount of 10,399.80 lei, legal stamp duty, 500 lei as expertise fee, as well as the sum of 137,818.88 lei - lawyer's fee. It obliges Sinteza S.A. to pay to L+K Anlagenbau GMBH and Hatec Industrie - Montagen the sum of 273,281.04 lei - lawyer's fee. SINTEZA S.A. filed an APPEAL against the hereby decision.

At the balance sheet date, the value of the contingent assets cannot be estimated.

30. Events after the date of the financial statements

There were no events subsequent to the date of drawing up the financial statements.

31. Standards and interpretations that came into effect this year

The following amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are in effect for the current reporting period:

- ✓ IFRS 3: “Business combinations” - concerning the definition of conceptual framework
- ✓ ISA 16: “Tangible fixed assets” - concerning the collections before the envisaged usage
- ✓ ISA 37: “Provisions, contingent liabilities and contingent assets” - concerning the onerous contract - cost with the implementation of the contract

- ✓ Improvements of IFRS (cycle 2018 - 2020) - annual improvements of IFRS (IFRS 1, IFRS 9, IFRS 16 and ISA 41) with the main purpose of eliminating inconsistencies and to shed light on certain statements.

The Company has estimated that the adoption of these amendments to the existing standards will not have a significant impact on the Company's financial statements during the initial application period.

32. Financial risk management

The group is exposed to credit risk, liquidity risk and market risk.

In order to limit the exposure, a risk management policy is being developed in order to ensure the identification and analysis of risks, establishment of appropriate limits and controls, as well as the monitoring of the compliance with the established limits.

Risk management policies and systems will be reviewed regularly in order to adapt to changes in business and market conditions.

The parent company aims to develop an orderly and constructive control environment so that the employees understand their roles and obligations through the training standards.

Credit risk is the risk that the group will incur a financial loss as a result of a client's failure to meet the contractual obligations. The parent company has established as a credit policy the individual analysis of each new client before standard payment and delivery terms are offered.

However, the actual conditions of the specific market (basic chemicals, in a market with specialised suppliers and clients) sometimes require the granting of facilities in the collection terms.

The same market characteristic requires the company not to demand collateral securities for its receivables.

However, following the individual analysis of clients, payment is sometimes requested in advance or at the time of delivery (on non-EU markets).

Liquidity risk is the risk of the Company or of the Subsidiary undertaking in encountering difficulties in meeting its financial or financial-related obligations, which are settled in cash or cash equivalents.

The Parent company's approach to liquidity management is to ensure sufficient liquidities to meet its outstanding obligations within normal conditions.

To this end, the Company makes sure that it has sufficient cash to cover operational needs.

Market risk is the risk that changes in market prices, exchange rates, interest rates and the price of equity instruments will affect the Company's income or the value of owned financial instruments.

The objective of market risk management is to manage and control exposure within acceptable parameters.

The parent company is exposed to currency risk due to sales, purchases and loans in currencies other than the functional currency.

The exposure is presented in the table below:

The parent company's individual statement is the following:

31.12.2022	LEI	EURO	USD
		(Equivalent in lei)	(Equivalent in lei)
Financial assets			
Trade receivables and other receivables	2,186,832	2,357,349	0

Cash and cash equivalents		281,726	932,480	
Total		2,468,558	3,289,829	0
Financial liabilities				
Loans			4,544,744	0
Trade payables and other liabilities		2,991,771	1,889,730	0
Total		2,991,771	6,434,474	0

At the level of the group, the statement is as follows:

31.12.2022		LEI	EURO	USD
			(Equivalent in lei)	(Equivalent in lei)
Financial assets				
Trade receivables and other receivables		406,552	2,357,349	0
Cash and cash equivalents		285,364	932,480	
Total		691,916	3,289,829	0
Financial liabilities				
Loans			4,544,744	0
Trade payables and other liabilities		2,992,099	1,889,730	0
Total		2,992,099	6,434,474	0

Taxation risk has in view the aspects in which certain transactions to be levied differently by the tax authorities compared to the Company's treatment. This aspect results from the adoption of European tax regulations since 1st of January 2007 as regards Romania, given the fact that the interpretation of texts and practical implementation procedures may vary.

Likewise, the Romanian Government has authorized the functioning of a significant number of agencies and bodies empowered to carry out various controls on companies operating in Romania. The activity of these agencies and bodies covers not only fiscal aspects, but also aspects related to regulations and procedures in other fields (occupational safety and health, civil protection, security and fire protection, etc.).

The Company may be subject to controls as new regulations are issued.

GENERAL MANAGER
GELU STAN

FINANCIAL MANAGER
ADRIAN BUCUREAN

DECLARATION

In accordance with the provisions of art. 30 from Law no. 82/1991

The financial statements have been drawn up on 31.12.2022 for:

Legal entity: Sinteza S.A.

County: 05 - Bihor

Address: Oradea, șos. Borșului nr.35

No. at the Register of Companies: J/05/197/1991

Form of ownership: 34 – Joint stock companies

Main activity: 2014 - manufacture of other basic chemicals

Tax code: 67329

Type of financial statement:

According to Order 881/2012, Order 2844/2016, and to Order 10/2019, regarding the application of the Accounting Regulations in conformity with the International Financial Reporting Standards (IFRS) applicable to trading companies whose securities are admitted to trading on a regulated market.

The Chairman of the Board of Directors of the company - Mr. Alexandru Savin - assumes responsibility for the drawing up of the annual statement on 31.12.2022 and confirms that, to the best of his knowledge, it has been drawn up in accordance with the applicable accounting standards, that it gives a true and fair view of the assets, liabilities, equity capitals, income and expenses, and that the report of the Board of Directors contains a fair analysis of the development and performance of the company, as well as a description of the main risks and uncertainties specific to the activity carried out.

Chairman of the Board of Directors
Alexandru Savin