The Board of Directors' report for the financial year 2023

Report date: 13.03.2024
Name of the trading company: S.C. CONTED S.A.
Headquarters: Dorohoi, 1st December Street No. 8, Botoşani County
Phone number/fax: 0231610067/0231610026
VAT code: RO 622445
Trade registry number: J07/107/1991
Regulated market of the securities: B.V.B. - Standard Category
Market symbol: CNTE
Number of shares: 239.702
Nominal value: 9.53 lei
Subscribed and paid registered capital: 2,284,360.06 lei
Securities: nominative

General presentation of the company

S.C. Conted S.A. is a joint stock company, a Romanian legal entity with unlimited life that is organized and operated according to its statute and under the Companies Law no. 31/1990 of the Law regarding the capital market no. 297/2004 and of Law no. 24/2017 on issuers of financial instruments and market operations.The company is headquartered in Dorohoi, 1st December Street No. 8, Botosani county, Romania, zip code 715200, phone 0231610067, fax 023161026, site www.conted.ro, Tax Identification Number RO 622445, Trade Register Office number: J07/107/1991.

S.C. CONTED S.A. Dorohoi is a high quality garment manufacturer, with an experience of over 55 years in the field of garment manufacturing as well as in the field of export production. The company recorded an ascending evolution, expanding its retail market through contracts with foreign companies.

The company CONTED S.A. Dorohoi is specialized in producing garments for men, women and children: suits, jackets, trousers, coats, skirts, jackets, military uniforms, jackets, vests. We mainly produce garments in lohn system (CM –cut and make), but we also can produce garments with our own fabrics (imported from France, Italy, Spain, Turkey etc.) and trims, as the customer wants (CMT – cut-make-trim). We have possibilities to develop the styles.

The company mainly works in lohn system, having clients that sell their goods in the European community. At the same time, the Company does not neglect new collaboration offers, for which samples or prototypes are made, accepting orders with smaller quantities for prospecting the market.

The registered capital of the company is of 2,284,360.06 lei, fully subscribed and paid, divided in 239,702 nominative shares to the amount of 9.53 lei/share. The company's shares are ordinary, nominative, dematerialized, and registered into account, their records being kept under the law by the Central Depository S.A. from Bucharest. The shares are of equal value and provide equal rights to the shareholders for each share. The company's securities (shares) are registered and traded at the standard category of Bucharest Stock Exchange.

1. The analysis of the company's activity

1.1. a) The main activity developed by S.C. CONTED S.A., according to the article of incorporation, is other garments manufacturing (excluding underwear), NACE code **1413**.

b) The trading company transformed itself through reorganization, on the ground of Law 15/1990 from a republican industrial enterprise.

c) During the analyses period, there were no mergers or reorganizations of the company.

d) There were no acquisitions or disposals of assets.

e) The company features the main indicators achieved in 2023 according to the International Financial Reporting Standards compared to previous periods:

1.1.1. General evaluation elements

- lei -

No	SPECIFICATION	2020	2021	2022	2023	2023/ 2022 %
1	**Total income** from which:	**14,026,116**	**12,746,060**	**31,049,520**	**43,519,339**	**40.16**
1.1.	Sales income - Turnover	11,922,997	8,106,529	31,032,941	40,955,019	31.97
2	**Total expenses**	**12,995,352**	**14,570,115**	**29,912,771**	**41,618,739**	**39.13**
3	**Gross profit/loss**	**1,030,764**	**(1,824,055)**	**1,136,749**	**1,900,600**	**67.20**
4	**Exploitation income**	**13,941,903**	**12,671,636**	**30,897,331**	**43,221,352**	**39.89**
5	**Exploitation expenses**	**12,955,181**	**14,529,627**	**29,672.959**	**40,977,533**	**38.10**
6	**Exploitation profit**	**986,722**	**(1,857,991)**	**1,224,372**	**2,243,819**	**83.26**
7	**Financial income**	**84,213**	**74,424**	**152,189**	**297,987**	**95.80**
8	**Financial expenses**	**40,171**	**40,488**	**239,812**	**641,206**	**167.38**
9	**Financial profit (loss)**	**44,042**	**33,936**	**(87,623)**	**(343,219)**	**-**
10	**Expense with the income tax**	**-**	**-**	**-**	**291,533**	**-**
11	**Net profit/loss**	**1,030,764**	**(1,824,055)**	**1,136,749**	**1,609,067**	**41.55**
12	Goods production volume	10,222,230	7,836,562	29,900,183	40,859,956	36.65
13	Labor productivity/employee	30,883	23,254	89,522	121,395	135.60
14	Profit rate to the total income	7.35%	-	3.66%	0.67%	-

15	Liquidity (available into the account)	1,269,035	168,765	816,523	1,570,808	92.38
16	Average number of the registered staff	331	337	334	337	0.90

The analysis of the presented elements, compared to the same period of the previous year 2022, shows the following:

The company's **turnover** afferent to 2023 is of 40,955,019 lei from which 40,851,980 lei export and 103,039 lei internal, compared to 2022 when we recorded 31,032,941 lei, from which 30,238,128 lei export and 794,813 lei internal.

In its structure, the turnover was achieved mainly by the sale of own production in a proportion of 98%. The value of the export sales in 2023 represents 99.75%, and the value of the internal sales represent 0.25% from the turnover.

The recorded turnover of 2023 to the amount of 40,955,019 lei has increased by a 31.97%, as against 2022.

The volume of total income achieved was to the amount of 43,519,339 lei, representing an increase by 40.16% as against the total income obtained in 2022 to the amount of 31,049,520 lei. **The volume of total expenses** to the amount of 41,618,739 lei has increased by 39.13%, compared to 2022 when we recorded the amount of 29,912,771 lei. In the volume of total expenses, the staff expenses have the highest percentage of 36.14%.

The staff expenses to the amount of 15,040,554 lei, have increased by 19.83%, compared to 2022 when they recorded the amount of 12,551,687 lei.

The exploitation income to the amount of 43,221,352 lei has increased in 2023 by 39.89% compared to 2022 when they recorded the amount of 30,897,331 lei, as well as the **exploitation expenses**, to the amount of 40,977,533 lei have increased by 38.10% compared to 2022 when they recorded the amount of 29,672,959 lei. In the total of the exploitation income, the sold production has the highest percentage, and from the exploitation expenses, the staff expenses has the highest percentage to the amount of 15,040,554 lei, representing 36.70% from the total of the exploitation expenses. The exploitation activity was concluded with profit to the amount of 2,243,819 lei, as against 2022 when we have recorded a profit to the amount of 1,224,372 lei.

The financial income to the amount of 297,987 lei comes from exchange differences.

The financial expenses to the amount of 641,206 lei come from other financial expenses. The financial result is loss to the amount of (343,219) lei as against the same period of 2022 when we recorded loss to the amount of (87,623) lei.

In the financial year 2023, the company records a **profit** of 1,609,067 lei compared to the previous year when we recorded a **profit** to the amount of 1,136,749 lei.

At the end of 2023, the cash flow was a increase of net cash amount of 754,285 lei, reflected in the balance of accounts at banks and house. On 31.12.2023, a increase of the average number of employees was registered, compared to the same period of 2022 year, from 334 to 337 employees.

1.1.2. Evaluation of the company's technical level

a) The main activity was the production of garments, profiled on the following types: men and women outer garments such as coats, suits, jackets, blazers, trousers, skirts, vests. The company income was obtained by the trading of the garments produces on the European and internal market.

b) In the production structure, a percentage of about 71% represent the jackets, 27% pants and 2% coats, jackets, vests and other products. In total income, (turnover) the jackets represent about 53%, the trousers represent about 19%, the coats 1%, costumes 22%, jackets 1%, nouvelles and other products 2% and various services 2%.

The products manufactured by S.C. CONTED S.A. are intended for both internal market and foreign market.

In 2023 the production manufactured for export represents 100%, from the total production.

c) As for the next period, the company shall focus on the varied range of products.

1.1.3. Evaluation of material and technical supply.

The company uses raw materials brought by the customer as well as raw materials supplied by the company.

1.1.4. Sales evaluation

a) The internal market sales of 2023 were of 103,039 lei, in the European community were of 40,851,980 lei.

On a medium and long term, we believe it is mandatory for us to focus on the following issues:

- Analysis of the international fashion trends;
- Analysis of the fabrics and combinations of fabrics, matching;
- Analysis of internal and international market for fabrics and trims providers;
- Identifying the market niches;
- Distribution of products through our own shop and collaborators.

b) Due to the lack of statistical data, we cannot comment on the weight of our products on the market, or on the main competitors, but we know that is an area with a special competition.

c) The company, no matter the circumstances, does not collaborate with only one customer, but with several customers, in order to avoid stagnation due to unfavorable conditions. However, we recognize that we depend on each customer, because they can always turn to geographic areas where the workforce is cheaper.

1.1.5. Evaluation of the issues related to the company's employees

a) On 31.12.2023, the staff average number was of 337 persons. From the total of the company's employees, 11 of them have higher education, the rest of the employees having secondary education, vocational schools, lower secondary schools and training courses or without training courses, the number of unqualified employees being of 135 persons.

In 2023 we have recorded a number of 13 individual work contracts legally suspended.
Regarding the qualification level, we notice the fact that the lab our market has less and less offers of qualified staff, starting with engineers from the textiles area and up to the garment workers or the mechanics from our profile industry area. From this reason, we increasingly rely on unskilled or aged staff, coming from dissolved units or units in which layoffs were made.

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We have to train all this staff at least at a minimum level, training that may last for 2-3 months, period of time in which, irrespective of the result and quality of their work, the company provides them, according to the law, the payment of the minimum gross salary guaranteed.

In 2023 the staff turnover was as follows: 70 persons left the company and another 92 were employed. Within the company, at the end of 2023, no union organizations are active.

b) There are no disputes between management and employees that might affect the company's activity.

1.1.6. Evaluation of the issues regarding the impact of the company's main activity on the environment.

We don't cause any negative impact on the environment deriving from our company's activity profile, whereas we have organized an environment monitoring activity and a collection, delivery and storage system of waste.

The company operates under the Environmental Permit no. 117 of 26.11.2019 targeted annually, according to Decision no. 239 of 13.09.2023 for the period 26.11.2023 - 26.11.2024.

The main waste derived from the company's activity is:

- textile waste, paper and cardboard waste, plastic waste, domestic waste, medical waste, fluorescent tube waste and other mercury-containing waste, synthetic hydraulic oil waste, contaminated packaging waste.

These ones are collected on categories and stored in the indoor waste repository, being then verified by authorized agents. We have contracts for collection with the following specialized agents: S.C. Vrancart S.A. Adjud, County Vrancea, S.C. Ecorec Recycling S.R.L. Buhuși, County Bacău, S.C. Stericycle Romania S.R.L. Jilava, County Ilfov, S.C. Copacart Edil S.R.L. Jariștea, County Vrancea, S.C. Inciner Waste Recycle S.R.L. Botosani, for textiles, paper and cardboard, plastics and the others mentioned above and with S.C. Fritehnic S.R.L. Suceava for domestic waste.

In order to monitor the impact on the environment of the two boilers used for the production of technological steam, on a yearly basis, with the help of authorized companies, flue gas measurements are performed, concerning the emission of pollutants into the atmosphere, test reports being issued. Up to now, according to the issued test reports, our test results were within the permissible limits.

Also, at the level of environmental impact, noise measurements are periodic performed at the property boundary, by Public Health Directorate Botoșani, the measured values being within the permissible limits. According to the law in force, trimestral, biannual and yearly basis, reports are submitted to the Environment Agency, concerning the compliance with environmental quality, and every month it is drafted the Statement regarding the liabilities towards the environment fund, for: emissions of pollutants into the atmosphere from stationary sources (steam boilers) and waste from packaging placed on the market (plastic, paper and cardboard).

1.1.7. Evaluation of research and development activity

The company did not estimate and did not incur research and development expenses in 2023.

1.1.8. Evaluation of the company's activity regarding the risks management

The company is exposed to the following risks:

- Risk related to capital
- Exchange risk
- Liquidity and cash flow risk
- Risk of price reduction
- Risk of lohn system
- Political and legislative risk
- Risk of losing some markets
- Operational risks

Legal frame regarding risks management

The company's Board of Directors has the general responsibility to establish and monitor the risk management system at the company level.

The activity is governed by the following principles:

a) The principle of delegation of professional skills;
b) The principle of decision-making autonomy;
c) The principle of objectivity;
d) The principle of investors' protection;
e) The principle of promoting the development of the stock market;
f) The principle of the active role.

The Board of Directors is also responsible for the examination and approval of the strategic, operational and financial plan of the company, as well as of the corporate structure of the company. The company's policies of risk management are defined so as to ensure the identification and analysis of the risks which the company incur, the setting of the appropriate limits and controls, as well as the monitoring of the risks and of the compliance with the set limits.

The risk management policies and systems are regularly reviewed in order to reflect the changes in the market conditions and the company's activities.

The company, by its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

The main purpose of risk management is to help understand and identify risks to which the Company is exposed so that they can be anticipated and managed so as not to affect the efficient fulfillment of the company's objectives.

Since the elements of trade receivables and payables are part of the financial instruments, the Company's management reveals that understand and know the information requirements of IFRS 7 regarding the nature and extent of risks arising from financial instruments and their importance.

The Company's strategy regarding significant risk management provides a framework for identifying, evaluation, monitoring and control of these risks, in order to keep them at acceptable levels according to the company's risk appetite and its ability to cover (absorb) these risks.

The objectives of the strategy regarding the significant risk management are:

- determination of significant risks that may arise in the normal course of the company's activity and formalization of a robust framework for their management and control, according to the objectives of the general strategy of SC CONTED S.A. This is achieved by adopting best practices, adapted to the size, profile and risk strategy of the company;
- development of risk maps to facilitate their identification, structuring and ranking according to the possible impact on the current activity;
- promoting a culture of risk awareness and management in all company structures;

Within SC CONTED S.A., the risk management activity aims to fulfill these objectives.

In the process of risk management, the company aims to develop policies, standards and procedures by means of which the significant risks may be identified, assessed, monitored and controlled or mitigated. This framework will be reviewed periodically, according to the risk profile and risk tolerance, due to the changes in legislation, the internal or external changes.

To this end, the identification and assessment of risks that may arise within the significant activities, is a permanent activity. The entire staff must understand the risks that may arise within the developed activity, and the responsibilities incumbent concerning the management of these risks. Thus, the company must provide, maintain and continually develop a robust and consistent risk culture, in all structures.

Risk regarding the capital

Capital risk management aims to ensure the ability to work in good conditions by optimizing the capital structure (equity and debt). The analysis of capital structure deals with the capital cost and the risk associated with each class.

To maintain an optimal capital structure and an appropriate level of debt, the company proposes to the shareholders an appropriate dividend policy. The Company's objectives in managing capital are to ensure the protection and the ability to reward shareholders, to maintain an optimal capital structure to reduce capital costs. The Company monitors the volume of capital raised on indebtedness.

Currency risk

Within the company business, one of the risks with a high frequency is the currency risk, which consists in the possibility of financial loss arising from the changes in exchange rates and/or correlations between them.

On the other hand, currency depreciation as against the major currencies is caused by the internal political intensity which has negatively affected financial markets, exchange rate and stock exchange.

The company's receivables and liabilities are recorded in the accounting system at their nominal value. The receivables and liabilities in foreign currencies are accounted in lei, at the exchange rate in effect at the time of operation.

Exchange differences between the date of registration of foreign currency receivables and liabilities and the date of receipt or payment thereof shall be recorded as financial income or expenses, as appropriate. The receivables, liabilities and cash in foreign currency were revalued at the end of each month.

Currency risk control measures

As a measure to reduce this risk, the company aims to continuously synchronize the import activity with the export one, by correlating the payment and cashing, as well as correlating the currencies weight, so that the moments in which payments are to be made to be as close or even simultaneously with those of export receipts. Another measure is to anticipate or to delay the payment or cashing by appropriate setting of the maturity and the introduction of precautionary margins in the price, correlated with the prognosis for the evolution of the currency in which payment is made.

Liquidity and cash-flow risk

This risk comes from the inability of the company to meet its short-term payment obligations at any time. On the other hand, the liquidity risk is caused by the increasing taxation. When we talk about taxation, we refer in the first instance to predictability and the business environment is exposed to day-to-day changes in terms of taxation (modification, creation of new taxes, contributions).

Control measures of the liquidity risk

In order to mitigate the uncollectibility risk on the internal market, the following measures were taken:

- assessing the creditworthiness of the trading partners by verification, in various ways, before the conclusion of the contract;
- monitoring of receivables by permanent control and assessment of the risks;
- developing loyalty relationships concerning the customers through regular meetings in order to know them and to approach a constructive attitude;
- setting up expenses provisions to cover the risk of nonpayment.

The risk of prices mitigation

S.C. CONTED S.A. is exposed to a risk of reducing the prices due to cheaper labor in other countries, changes in the economic, social and political.

Control measures against the price mitigation risk

In order to mitigate these risks, the company develops a policy to promote the products by emphasizing the advantages related to high quality and alignment with international regulations. On the other hand, the company aims to develop its position on the regulated markets, which have a more restrictive market access and relatively higher price levels.

The risk of lohn system

S.C. CONTED S.A. mainly produces garments in lohn system (CM –cut and make), but they can also produce garments with their own fabrics (imported from France, Italy, Spain, Turkey etc.) and trims, as the customer wants (CMT – cut-make-trim).

Over time, SC CONTED S.A. may be affected more or less by the changes in what we call environment, certain factors of this environment may adversely affect the activity of this company.

These politico-legal, economic, socio-cultural factors can have a negative impact, thus creating a high failure transposed in the market response and delays in delivery.

Politico-legal factors can influence the company's business which is operated by lohn system, by imposing some regulations that may be related to the import-export of goods, the economic factors influencing the economy of a country that can influence the purchasing power, also.

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Political and legal risk

Legislative changes aiming the textiles market lead to a legal risk that must be managed continuously. The company's effort to adapt constantly to the changing legislative requirements can generate significant additional costs and the potential future amendments to the legislative framework could have negative effects on the activity and profitability of the company.

Control measures of the legal risk

The company's strategy in managing these risks requires:

- Permanent concern to obtain the international certifications concerning manufacturing flows;
- Updating the licensing documentation for the portfolio products;
- Permanent monitoring of legislative changes at an international level.

The risk of losing some markets (contracts)

The decline in the market price of the competing products lead to a non-competitive position, the loss of the partner's interest for the Conted products, as a result of the introduction of new products on the market, lead to the loss of some markets (contracts).

Control measures for the risk of losing some markets (contracts)

To manage this risk, it is taken into account:

- continuous monitoring of the international trade policy trends and adopting a diversified export strategy, structurally and geographically speaking, through a differential approach of the developed and developing markets;
- strategic partnerships conclusion with companies holding important positions in international markets, which are able to pursue judiciously such risks;
- anticipate legislative requirements, in order to adapt products documentation to certain requirements or to compensate in other markets;
- customer loyalty;
- identifying new business partners and other cooperative arrangements (compensation)

Operational risks

One of the serious problems that the company SC CONTED S.A. is currently experiencing is related to the recruitment and employment of staff specialized in textiles. The failure to attract a sufficient number of suitably qualified personnel, migration, unadjusted labor market, and increased personnel costs are risks that could affect the activity developed by the issuer.

Among the uncertainty factors that could affect the Company's business, we mention:

- production of garments that stagnate on the circuit and in stock for more than one month, due to the delay of raw materials and trims supply from the customers;
- temporary suspension of activity because of unforeseen situations;
- the increase of the minimum gross basic salary guaranteed, which will decrease the attractiveness of light industry;

The increase of the minimum gross basic salary guaranteed for payment to the textile workers, may lead to the loss of contracts by the clothing manufactures from Romania and their gaining by the countries with cheaper labor. The profile industry is losing competitiveness year after year, and the lohn "migrates" in cheaper countries, with much lower wage levels. S.C. CONTED S.A. performs constant supervision of operational risks in order to take measures to keep them at an acceptable level, which does not threaten its financial stability, creditors, shareholders, employees, partners' interests.

1.1.9. Perspective elements concerning the trading company's activity

a) Key indicators reflecting liquidity increased in 2023 reaching positive levels as against the optimum parameters ensuring normal development of financial activity.

INDICATOR	2023	2022
Current liquidity Current assets/current liabilities 16,395,759/8,261,854	1.98	2.49
Immediate liquidity Current assets – Stocks/current liabilities 16,395,759 – 8,181,204/8,261,854	0.99	1.22
Indebtedness	0	0

b) In the year 2023 S.C. CONTED S.A. made investments in the amount of 1,203,635 lei, mainly for the needs required for carrying out the production activity in optimal conditions.

The financing of the investments is made from own sources and external ones.

c) In 2023 there were no significant events likely to significantly affect the company's income.

2. Corporate assets of the company

2.1. All assets are stated at the headquarters of the company. The functional structure features a production section which is organized in a cutting room, 1 hall for trousers manufacturing, 2 halls for jackets, coats, etc. and 1 for finishing.

2.2. Fixed assets categories, amortization and amortization degree are present in the following table:

- lei -

Current no.	Fixed assets categories	Inventory value 31.12.2023	Depreciated value 31.12.2023	Value remaining 31.12.2023	Amortization degree %
1	Land	842,140	-	842,140	-
2	Landscaping	400,731	53,799	346,932	13.43
3	Constructions	4,011,310	1,133,440	2,877,870	28.26
4	Technological equipment and vehicles	8,772,353	7,308,695	1,463,658	83,32
5	Other fixed assets	249,583	202,712	46,871	81,22
	TOTAL	**14,276,117**	**8,698,646**	**5,577,471**	**60.93**

2.3. There are no problems related to the ownership of the company's tangible assets.

3. The market for the securities issued by the company

3.1. S.C. CONTED S.A. is listed in the standard category s of B.S.E., where it is trading with the following characteristics:

Market symbol: CNTE
Ordinary, nominative, dematerialized shares
Number of issued shares: 239,702
Nominal value: 9.53 lei
Registered capital value: 2,284,360.06 lei
ISIN Code: ROCNTEACNOR9

3.2. The company policy is to continue the activity in terms of economic efficiency with profitable. The company recorded a profit on 31.12.2023, which will cover the loss from previous years.
In the last 3 years (2021, 2022, 2023) the company did not distribute dividends.

3.3. - 3.5. The Company has not issued any shares during the financial year 2023 and any bonds or other debt securities

4. Company's management

4.1. Board of Directors

a) Board of Directors presentation

SC CONTED S.A. is administered by a Board of Directors composed of 3 members, elected and appointed by the General Meeting of Shareholders from 28.11.2022, for a term of 4 years from 28.11.2022 to 28.11.2026.

The composition of the Board of Directors is:

- **The LaGarde company**, based in Paris, France, which fulfills the function of administrator - president of the Board of Directors, through the legal representative Hamidi Haissam, born on 24.09.1962 in El Koubbe, Lebanon, mechanical engineer by profession.
- **El Turk Ezzedine**, 60 years old, born on 22.01.1963 in Lebanon, Tripoli, dental technician by profession, who holds the position of administrator - member of the Board of Directors.
- **El Turk Ana Maria**, 41 years old, born on 01.03.1982 in the town of Saveni, Botoșani county, by profession a medical assistant, who performs the function of administrator - member of the Board of Directors.

At the level of the Board of Directors a president was elected. The Chairman of the Board of Directors is neither the General Manager nor the other members of the Board of Directors have executive positions in the company. The elected administrators are non-executive.

b) There is no agreement, convention or family relationship between the administrators and other persons due to whom the latter might be nominated administrators.

c) To the company's capital, the president of the Board of Directors, **LaGarde company**, participates with a percentage of 81.1186 %, according to the Consolidated Synthetic Structure of the holders of financial instruments on 31.12.2023, from Depozitarul Central S.A. Bucharest.

d) Affiliated persons – Not applicable.

4.2. Presentation of the executive management members of the company
General Manager

a) The Board of Directors, in accordance with Law 31/1990 art.143, has delegated the executive management of the company to a general manager, who is not an administrator.

The meeting of the Board of Directors dated 10.01.2023 approves the extension of the mandate of Ms. Popovici Adriana in the position of General Manager for a period of 1 year starting with 10.01.2023 until 10.01.2024.

Mrs. Popovici Adriana is 65 years old, she was born on 30.11.1958 in the town of Dorohoi, Botoșani County, she is a textile engineer by profession - textile technology and chemistry profile, with 39 years professional experience.

The General Manager is mandated with decision-making powers for the organization and management of the company's business, to use and manage the company’s funds, to represent the company towards third parties.

The General Manager has the following attributions and prerogatives:

- ✓ fulfil its obligations with the diligence of a good owner;
- ✓ implement strategies to ensure and maintain economic and development efficiency of the company;
- ✓ selection, hiring and firing of the employed personnel;
- ✓ collective work contract negotiations;
- ✓ individual work contract negotiations;
- ✓ signing legal documents in the name and on behalf of the company; legal acts for which, according to Law no. 31/1990 or the articles of incorporation, it is necessary the approval of General Assembly of Shareholders or Board of Directors at their conclusion;
- ✓ participate to the Board of Directors meetings, where he will present quarterly reports containing relevant information;
- ✓ participate to the general assemblies of the shareholders;
- ✓ declare his quality as representative of the company in all legal acts to be concluded on behalf of the company;
- ✓ observe the provisions of Law no. 31/1990 regarding the duties and responsibilities of a manager;
- ✓ approve Rules of procedure and functioning, Internal Rules and other regulations in areas such as: emergency internal service; security, under the Act. no. 319/2006 on safety and health at work

The General Manger informs the Board of Directors about the irregularities found and the measures taken or the measures that might be within the competence of the board of directors.

The General Manager or the other appointed executives may be revoked at any time by Board of Directors under the law and the mandate contract. If the revocation occurs without a due cause, the person concerned can claim damages. The Board of Directors retains the duty of representing the company in relations with the general manager or other directors appointed by the president.

The act of representing the company in dealings with third parties and the justice belongs under delegated powers, based on the mandate contract, to the General Manager.

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www.conted.ro - e-mail : secretariat@conted.ro

The managers delegated by the Board of Directors will need to be authorized by the Board of Directors, the managers/ administrators or internal auditors of other competing companies or with the same activity object cannot exercise the same trade or other competing trade on their account or somebody else's account under penalty of revocation and liability for damages.

b) There is no agreement, understanding or family link between the director and other persons by whom the director is to be named.

c) Participation of the respective person to the registered capital - Not applicable.

4.3. All the persons provided at art. **4.1. - 4.2**. are not undergoing litigations or administrative procedures related to their activity within the issuer and are capable to fulfil their attributions within the company.

4.4. Corporate governance

S.C. CONTED S.A. is administered under a unitary system in accordance with the provisions of the articles of incorporation and of Law no. 31/1990 republished, with all subsequent amendments, Subsection I - The unitary system art. 137, pt. 1 and 2, able to ensure the smooth functioning of the company. The corporate governance structures of S.C. CONTED S.A. are represented by the Board of Directors and the executive management.

S.C. CONTED S.A. is managed by a Board of Directors composed of 3 members, non-executive directors, temporary and revocable, appointed by the General Assembly of Shareholders for a period of 4 years. In its activity, the Board of Directors makes decisions.

The legally adopted decisions are binding for both the executive management of the company and for the administrators who voted against and are enforceable since their written communication, or from the moment of general notification through the Secretariat of the Board of Directors, if their content does not provide another term, subsequent to the notification date, starting with which, they will come into force. The revocation of the Board of Directors members can be made at any time by the Resolution of the General Assembly of Shareholders.

The main objective of the Board of Directors, defined and determined by the peculiarities of S.C. CONTED S.A. and by the macroeconomic context in which it operates, is the establishment of a balance between the optimum business continuity and the shareholder expectations satisfaction.

The obligations and responsibilities of the directors are regulated by the provisions regarding the mandate and those specifically provided for in the Companies Law no. 31/1990, of Law no. 297/2004 regarding the capital market, of the Law no. 24/2017 regarding the issuers of financial instruments and market operations, the regulations A.S.F. also applicable by the statutory provisions.

The Board of Directors may create advisory committees made up of members of the Board, responsible for conducting investigations and making recommendations to the Board, in areas such as audit, remuneration of directors, managers, staff, the nomination of candidates for various management positions. The Board of Directors establishes the internal rules of the committees established. The Board of Directors approves the delegation of powers and sets limits for the general manager and the other directors.

The transactions made under the powers delegated to the executive management are reported to the Board by written reports, usually quarterly.

The Board of Directors approves the delegation of powers and / or the right of representation for other managers or employees of the company, setting also their limitations. Quarterly, the Board of Directors analyzes under the report presented by the General Manager:

- In the field of production and services activity: completing the production program afferent to the trimester and preliminaries for the next trimester; equipment maintenance and repair program in the previous quarter and the measures that are envisaged for implementation of the programs planned for the next quarter;
- In the field of commercial activity: the performance of the sales program for the quarter and preliminary results for the next quarter; the situation of the receivables recorded within the commercial relationships; Ensuring the equipment needed for the production program, structure analysis of the finished products stocks and of the stock necessary level, according to the season.
- In financial and economic activity field: the achievement of the indicators from the budget of revenues and expenditures; trimestral reports afferent to trimesters I and III; the biannual report; the annual report; the production cost structure and the profitability of the sold products in the previous quarter; statement of costs incurred and the amount of production delivered on the orders closed in the previous quarter; the result of the patrimony inventory and other.

There were provided the conditions necessary to the shareholders information on financial results and on all relevant aspects of the business, by both the website and through the General Secretariat of the Board of Directors.

Both in 2023 and in the previous years, it was provided an equitable treatment to all the shareholders by promoting an effective and active communication with them.

Information related to the internal control

Within the company CONTED SA, the internal control provision mainly aims at the internal, accounting and financial control activities and the internal audit.

In the field of internal control, the following basic principles are taken into consideration:

- Compliance with regulations specific to the company's business;
- Compliance with internal working procedures and decisions of the management bodies of the company's business.

The internal, accounting and financial control of the company had in view the provision of an accounting management and of a financial follow-up of the activities to meet the defined objectives.

In terms of accounting rules, the company has elaborated:

- the accounting policies manual;
- procedures for the implementation of this manual;
- knowledge of the accounting and tax legislation development;
- carrying out specific controls on sensitive points;
- identification and appropriate treatment of anomalies;
- adapting the software to the needs of the entity;
- compliance with accounting rules;
- ensuring accuracy and completeness of accounting records;
- compliance with the qualitative characteristics of information from the financial statements so as to meet the needs of the users.

Internal audit

The internal audit is provided through a services contract by a company independent of the S.C. CONTED S.A. management, subordinated to the Board of Directors.
The internal audit is carried out based on an audit plan established in accordance with company objectives. The internal audit activity plan was approved by the Board of Directors.

The internal auditor should have an experience appropriate to its duties. The Internal Auditor shall have competence in accounting and/or auditing.

The Internal Auditor has the following attributions:

- ✓ supervision of the company's management;
- ✓ checking whether the financial statements are legally prepared and in accordance with the records, if the latter are held regularly and if the property valuation was done according to the rules for the preparation and presentation of financial statements;
- ✓ examining the claimed situations, in accordance with the law, by shareholders and depending on the findings, legal action shall be taken;
- ✓ maintenance of professional secrecy during the mandate and for at least three years after its expiry.

To this end, the Internal Auditor will present detailed reports, and the reporting manner and procedure are those provided by the rules drawn up by the Chamber of Financial Auditors of Romania.

The internal auditor shall inform the Board of Directors members the irregularities related to the administration. The internal auditor shall present at least quarterly and whenever it is necessary to analyze the audit report and/or external auditor's opinion on key issues arising from the audit of the annual financial statements/biannual reports and on the process of financial reporting and shall recommend the appropriate measures to be taken.

The Internal Auditor deliberations are recorded in a register and are presented to the Board of Directors. Quarterly, the internal auditor shall submit to the Board of Directors a report containing a summary of the work done and recommendations on matters falling within its remit, ie the financial reporting area, of the internal control and of the risk management.

Statutory audit

The statutory auditor shall audit the financial statements and the annual audit report results are presented for the information of General Assembly of Shareholders, which decide the discharge of the Board of Directors only after submission of the audit report of the financial statements of the company. The statutory auditor of the company S.C. MCO CONTAB CONSULT S.R.L. Botoșani, represented by financial auditor Merghidan C-tin Ovidiu.

In the Ordinary General Meeting of Shareholders on 24.04.2023, the appointment of the statutory auditor was approved S.C. MCO CONTAB CONSULT SRL, based in Botoșani, Aleea Curcubeului no. 11, sc. B, ap. 11, CUI 18997162, registered at the Trade Registry Office under no. J07/488/2006, represented by financial auditor Merghidan C-tin Ovidiu and the extension of the audit contract for a period of one year (end of financial year 2023).

5. Individual financial-accounting statement

5. a) Financial position

The economic and financial situation compared to the last two years is shown in the table below:

-lei -

	2020	**2021**	**2022**	**2023**	**% Elements in total assets / total liabilities 2023**	**% Elements in total assets / total liabilities 2022**	**% 2023/ 2022**
I. Total assets (TA) from which:	**12,474,781**	**11,718,497**	**16,652,309**	**22,257,283**	**100.00**	**100.00**	**33.66**
1. Fixed assets from which:	**5,443,156**	**5,023,427**	**5,063,224**	**5,830,817**	**26.20**	**30.41**	**15.16**
1.1. land and landscaping	882,939	871,789	865,153	1,189,072	5.34	5.20	37.44
1.2. constructions	3,565,803	3,280,826	3,145,880	2,877,870	12.93	18.89	-8.52
1.3. other fixed assets	980,174	856,572	1,037,951	1,628,354	7.32	6.23	56.88
1.4. tangible fixed assets in progress	14,240	14,240	14,240	14,240	0.06	0.09	-
1.5. advances granted for tangible assets	-	-	-	121,281	0.54	-	-
2. Current assets from which:	**7,021,827**	**6,689,300**	**11,581,844**	**16,395,759**	**73.66**	**69.55**	**41.56**
2.1. stocks	1,825,149	4,217,590	5,905,130	8,181,204	36.75	35.46	38.54
2.2. liabilities	3,927,643	2,302,945	4,860,191	6,643,747	29.85	29.19	36.70
2.3. cash register and bank accounts	1,269,035	168,765	816,523	1,570,808	7.06	4.90	92.38
3. Other assets	**9,798**	**5,770**	**7,241**	**30,707**	**0,14**	**0.04**	**324.07**

II. Total liabilities (TP) from which:	**12,474,781**	**11,718,497**	**16,652,309**	**22,257,283**	**100.00**	**100.00**	**33.66**
1. Total debts from which:	**2,351,109**	**3,165,594**	**6,899,279**	**10,817,041**	**48.60**	**41.43**	**56.79**
1.1. with payment under one year	2,044,576	2,887,687	4,648,969	8,146,857	36.60	27.92	75.24
1.2. with payment longer than one year	306,533	277,907	2,250,310	2,670,184	12.00	13.51	18.66
2. Provisions for employee benefits - holidays rest	**273,490**	**498,150**	**534,068**	**589,814**	**2.65**	**3.21**	**10.44**
3. Equity	**9,850,182**	**8,054,753**	**9,218,962**	**10,850,428**	**48.75**	**55.36**	**17.70**

Main assets elements that exceed 10% from the total assets	**Amount - lei**	**In total assets in 2023 (%)**
Lands and constructions	4,066,942	18.27
Liabilities	6,643,747	29.85
Stocks	8,181,204	36.76
Main liabilities elements that exceed 10% from the total liabilities	**Amount - lei**	**In total liabilities in 2023 (%)**
Paid subscribed capital	2,284,360	10.26
Reserves	4,537,609	20.39

From the comparative analysis of the balance sheet items, it was noticed an increase by 15.16% of the **fixed assets** and of the **current assets** by 41.56% compared to 2022. The weight of debt in total assets was only 51.25%, during which equity ranged between 55.36% and 48.75% of total assets.

CONTED

FASHION MANUFACTURING SINCE 1967

5. b) The overall result is the following:

- lei -

Current no.	**Overall result elements**	**2020**	**2021**	**2022**	**2023**	**2023/ 2022 (%)**
1.	**Total income**	**14,026,116**	**12,746,060**	**31,049,520**	**43,519,339**	**40.16**
1.1.	**Exploitation income, from which**	**13,941,903**	**12,671,636**	**30,897,331**	**43,221,352**	**39.89**
1.1.1.	Sales income - turnover	11,922,997	8,106,529	31,032,941	40,955,019	31.97
1.2.	**Financial income**	**84,213**	**74,424**	**152,189**	**297,987**	**95.80**
2.	**Total expenses**	**12,995,352**	**14,570,115**	**29,912,771**	**41,618,739**	**39.13**
2.1.	**Exploitation expenses, from which:**	**12,955,181**	**14,529,627**	**29,672,959**	**40,977,533**	**38.10**
2.1.1.	Expenses related to raw materials and materials	1,363,046	2,422,309	10,955,430	14,665,606	33.87
2.1.2.	External expenses related to energy and water consumption	744,818	831,598	1,659,257	1,677,300	1.09
2.1.3.	Expenses related to staff	9,778,245	9,539,829	12,551,687	15,040,554	19.83
2.1.4.	Expenses with amortization	464,117	441,621	464,363	504,868	8.72
2.1.5.	Other exploitation expenses – expenses related to the external services	644,431	1,069,610	4,006,304	9,033,455	125.48
2.1.6.	Adjustments current asset	50	-	-	4	-
	- Expenses	50	-	-	4	-
	- Incomes	-	-	-	-	-
2.1.7.	Adjustments for provisions	(39,526)	224,660	35,918	55,746	55.20
	- Expenses	255,508	458,562	489980	543,054	10.83
	- Incomes	295,034	233,902	454,062	487,308	7.32
2.2.	**Financial expenses**	**40,171**	**40,488**	**239,812**	**641,206**	**167.38**
3.	**Gross profit/loss (1-2) from which:**	**1,030,764**	**(1,824,055)**	**1,136,749**	**1,900,600**	**67.20**
3.1.	Exploitation profit/loss	986,722	(1,857,991)	1,224,372	2,243,819	83.26
3.2.	Financial profit/loss	44,042	33,936	(87,623)	(343,219)	291.70
4.	**Income tax**	**-**	**-**	**-**	**291,533**	**-**
5.	**Net profit/loss**	**1,030,764**	**(1,824,055)**	**1,136,749**	**1,609,067**	**41.55**

Indicators exceeding 20% from the total turnover	**Amount - lei**	**In turnover in 2023 (%)**
Sold production	40,893,424	99.85
Expenses related to staff	15,040,554	36.72
Expenditure on raw materials and materials	14,404,049	35.17

From the analysis of the above-mentioned information, we notice an increase by 40.16% in the income and of total expenses by 39.13 compared to the year 2022.

The categories of expenses that increased in 2023 were: the expenses with raw materials and materials by 33.87%, the external expenditure on energy and water by 1.09%, the expenses on external services by 125.48%, the personnel expenses by 19.83% and the depreciation expenses by 8.72%.

5. c) Cash – Flow

At the end of 2023, cash flows were a net increase of cash in the amount of 754,285 lei, reflected in the balance of the home and the bank accounts.

- lei -

	2020	**2021**	**2022**	**2023**
Net cash from the exploitation activities	1,193,086	(1,074,265)	1,086,761	2,008,569
Net cash from the investment activities	(91,101)	(25,983)	(439,033)	(1,254,284)
Net cash from the financing activities	(194)	(22)	-	-
Net increase /decrease of cash an cash equivalent	1,101,791	(1,100.270)	647,758	754,285
Cash and cash equivalent at the beginning of the period January 1st	167,244	1,269,035	168,765	816,523
Cash and cash equivalent at the end of the period 31st of December	1,269,035	168,765	816,523	1,570,808

The financial statements have been prepared in accordance with:

- Order 881 of June 25. 2012 on the application by the companies whose securities are admitted for trading on a regulated market, of International Financial Reporting Standards;
- International Financial Reporting Standards (IFRS) as adopted by the European Union;
- Accounting Law 82 of December 24.1991;
- Order 2844 of December 12. 2016 for the approval of Accounting Regulations complying with International Financial Reporting Standards;

The financial statements were approved by the Board of Directors in its meeting on March 13. 2024. The reporting currency of the financial statements is leu.

At the date of the report drafting, the company management has no knowledge of events, economic changes or other factors of uncertainty that could significantly affect the company's income or liquidities, other than those already specified.

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

S.C. CONTED S.A.
Separate financial statements
on December 31^{st}, 2023

prepared in accordance with the International Standards of Financial Submission adopted by the European Union according to the Ministry of Public Finance Order no. 2844/2016, as amended

The separate financial statements prepared on December 31st, 2023 have been heard

Separate financial statements

STATEMENT OF FINANCIAL STATUS

	Note	31.12.2023	31.12.2022
Assets			
Tangible assets	12	5,577,471	4,885,693
Intangible assets	13	117,825	163,921
Tangible fixed assets under construction	12	14,240	14,240
Advances for tangible fixed assets	11	121,281	-
Total Non-current Assets		**5,830,817**	**5,063,224**
Inventories	14	8,181,204	5,905,130
Trade receivables and other receivables	15	6,643,747	4,860,191
Prepayments	15	30,707	7,241
Cash and cash equivalents	16	1,570,808	816,523
Total Current Assets		**16,426,466**	**11,589,085**
Total Assets		**22,257,283**	**16,652,309**
Equity			
Share capital subscribed	17	2,284,360	2,284,360
Other items of equity		(227,911)	(250,310)
Revaluation reserve	17	2,095,873	2,235,866
Legal reserve	17	456,661	456,661
Other reserves	17	4,080,948	4,080,948
Retained earnings		551,430	(725,312)
Year result	17	1,609,067	1,136,749
Total Equity		**10,850,428**	**9,218,962**
Payables			
Long Term Payables			
Payables regarding the deferred income tax	19	227,911	250,310
Debts regarding loans - credit		2,327,276	2,000,000
Total Long Term Payables		**2,555,187**	**2,250,310**
Current Payables			
Trade payables and other payables	19	8,261,854	4,648,969
Provisions for employee benefits	20	589,814	534,068
Total Current Payables		**8,851,668**	**5,183,037**
Total Payables		**11,406,855**	**7,433,347**
Total Equity and Payables		**22,257,283**	**16,652,309**

The separate financial statements were approved by the Board of Directors at the meeting of 13.03.2024 and signed on behalf of it by:

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

The notes from 1 to 23 are integral part of the financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER ITEMS OF THE GLOBAL RESULT

Continuos activities	**Note**	**31.12.2023**	**31.12.2022**
Incomes	5	40,955,019	31,032,941
Revenue from costs of product stocks and production in progress	6	1,970,824	(205,540)
Other incomes	6	295,509	69,930
Total Operational incomes	**6**	**43,221,352**	**30,897,331**
Expenses with raw materials and consumables	7	14,625,934	10,912,288
Expenses with merchandise	7	39,672	43,142
Expenses with facilities	7	1,677,300	1,659,257
Expenses with salaries, social securities and other benefits	8	15,040,554	12,551,687
Expenses with amortization	12,13	504,868	464,363
Adjustments current asset		4	-
- Expenses		4	-
- Incomes		-	-
Adjustments for provisions	20	55,746	35,918
- Expenses		*543,054*	*489,980*
- Incomes		*487,308*	*454,062*
Other expenses	7	9,033,455	4,006,304
Total Operational expenses	**7**	**40,977,533**	**29,672,959**
Operational activities result		**2,243,819**	**1,224,372**
Financial incomes	10	297,987	152,189
Financial expenses	10	641,206	239,812
Financial result		**(343.219)**	**(87,623)**
Result before taxation		**1,900,600**	**1,136,749**
Expense with the income tax		291,533	-
Result continuous activities		**1,609,067**	**1,136.749**
Other items of the global result		**22,399**	**27,460**
- Deferred income tax recognized in equity account, for the surplus realized from the revaluation reserve to the extent amortized using the asset transferred to retained earnings		22,399	27,597
Total global result related to the term		**1,631,466**	**1,164,209**
Attributable profit/loss	**18**	**1,609,067**	**1,136,749**
Result per basic action	18	6,71	4.742
Result per diluted action	18	6,71	4.742

The separate financial statements were approved by the Board of Directors at the meeting of 13.03.2024 and signed on behalf of it by:

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED 31 December 2023

	Share capital called up and paid up	Other equity items	Revaluation reserves	Legal reserves	Other reserves	Financial year result	Carried forward result	Total euity
Balance as at 01 January 2023	**2,284,360**	**(250,310)**	**2,235,866**	**456,661**	**4,080,948**	**1,136,749**	**(725,312)**	**9,218,962**
Net result of the period	-	-	-	-	-	**1,609,067**	-	**1,609,067**
Net result transfer of the term in the carried forward result – year 2022	-	-	-	-	-	**(1,136,749)**	**1,136,749**	-
Other items of global result								
Surplus from revaluation reserves of tangible assets, amortized measure of the use asset transferred to retained earnings	-	-	(139,993)	-	-	-	139,993	-
Deferred income tax recognized in equity account, for the surplus realized from the revaluation reserve to the extent amortized using the asset transferred to retained earnings	-	22,399	-	-	-	-	-	22,399
Total items of global result	-	**22,399**	**(139,993)**	-	-	-	**139,993**	**22,399**
Total global result related to term	-	**22,399**	**(139,993)**	-	-	**472,318**	**1,276,742**	**1,631,466**
Transactions with the shareholders, directly recognized in equity								
Dividends to pay related to 2022 year	-	-	-	-	-	-	-	-
Total transactions with the shareholders, directly recognized in equity	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	**2,284,360**	**(227,911)**	**2,095,873**	**456,661**	**4,080,948**	**1,609,067**	**551,430**	**10,850,428**

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

The notes from 1 to 23 are integral part of the financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED 31 December 2022

	Share capital called up and paid up	Other equity items	Revaluation reserves	Legal reserves	Other reserves	Financial year result	Carried forward result	Total euity
Balance as at 01 January 2022	**2,284,360**	**(277,907)**	**2,408,346**	**456,661**	**4,080,948**	**(1,824,055)**	**926,400**	**8,054,753**
Net result of the period	-	-	-	-	-	**1,136,749**	-	**1,136,749**
Net result transfer of the term in the carried forward result – year 2021	-	-	-	-	-	**1,824,055**	**(1,824,055)**	-
Other items of global result								
Surplus from revaluation reserves of tangible assets, amortized measure of the use asset transferred to retained earnings	-	-	(172,480)	-	-	-	172,480	-
Deferred income tax recognized in equity account, for the surplus realized from the revaluation reserve to the extent amortized using the asset transferred to retained earnings	-	27,597	-	-	-	-	-	27,597
Retained earnings from correction of accounting errors	-	-	-	-	-	-	(137)	(137)
Total items of global result	-	**27,597**	**(172,480)**	-	-	-	**172,343**	**27,460**
Total global result related to term	-	**27,597**	**(172,480)**	-	-	**2,960,804**	**(1,651,712)**	**1,164,209**
Transactions with the shareholders, directly recognized in equity								
Dividends to pay related to 2021 year	-	-	-	-	-	-	-	-
Total transactions with the shareholders, directly recognized in equity	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	**2,284,360**	**(250,310)**	**2,235,866**	**456,661**	**4,080,948**	**1,136,749**	**(725,312)**	**9,218,962**

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

TREASURY FLOW STATEMENT

Treasury flows by operating activities	**31.12.2023**	**31.12.2022**
Cash receipts from the clients, by the sale of assets, services and merchandise	22,128,311	23,924,265
Cashed interests	410	30
Payments to suppliers	(20,105,873)	(14,438,924)
Payments to employees	(8,283,759)	(6,613,438)
Payments to the state budget and the social security budget	(4,672,050)	(3,908,583)
Other operating transactions	13.470.418	2,123,411
- Cash	16,104,927	3,717,557
- Payments	(2,634,509)	(1,594,146)
Cash generated by operating activities	**2,537,457**	**1,086,761**
Paid up interests	(266,606)	-
Paid up income tax	(262,282)	-
Net cash by operating activities	**2,008,569**	**1,086,761**
Treasury flows by investment activities		
Payments for the procurement of shares	-	-
Payments for the procurement of tangible assets	(1,284,066)	(439,003)
Cashments by the sale of tangible assets	29,782	-
Received dividends	-	-
Net cash by investment activities	**(1,254,284)**	**(439,003)**
Treasury flows by financing activities		
Cashments by the issue of capital	-	-
Cashments of cash by credits	-	-
Cash repayment of the loaned amounts	-	-
Paid up dividends	-	-
Currency exchange rate variation effect on credits and payables	-	-
Net cash by financing activities	-	-
Net cash and cash equivalent increase/decrease	**754,285**	**647,758**
Cash and cash equivalent at the beginning of period 01 January	**816,523**	**168,765**
Cash and cash equivalent at the end of period 31 December	**1,570,808**	**816,523**

The separate financial statements were approved by the Board of Directors at the meeting of 13.03.2024 and signed on behalf of it by:

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

The notes from 1 to 23 are integral part of the financial statements

SCHEDULE NOTES

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 1. Reporting entity

S.C. Conted S.A. is a public limited liability company, with Romanian legal personality, established on indefinite term, organized and operating according to the status and based on the Limited liability company law no. 31/1990, as well as by the Law regarding the capital market no. 297/2004 and of Law no. 24/2017 on issuers of financial instruments and market operations. The company changed by reorganization, subject to Law 15/1990, from a republican industrial business.

The company has its registered office in Dorohoi, 1st December Street No. 8, Botosani county, Romania, zip code 715200, phone 0231610067, fax 023161026, website www.conted.ro, Tax Identification Number RO 622445, Trade Register Office number: J07/107/1991.

S.C. CONTED S.A. Dorohoi is a manufacturer of high quality footwear, with a longer period than 55 years in the field of textiles wear, as well as in the export manufacture.

The company had an ascending evolution, expanding its outlet, by agreements with foreign companies. The CONTED S.A. Dorohoi company is specialized in the manufacture of textiles wear for men, women and children, i.e.: man suits, man coats, man trousers, man overcoats, woman overcoats, woman skirts, woman trousers, woman jackets, woman suits, military uniforms, child jackets and child overcoats. The Company mainly manufactures textiles wear under the lohn (CM – cut and make) system, but it can manufacture textiles wear by its own fabrics (imported from France, Italy, Spain, Turkey, etc.) and auxiliary, on the client's wish (CMT – cut-make-trim). The company has development possibilities of the models.

The Company mainly works under lohn system, with clients that expose their merchandise in the European community. At the same time, the Company does not neglect the new cooperation proposals, wherefore the tests or prototypes are made, accepting orders with smaller quantities for the market research.

In the production structure, a percentage of about 71% represent the jackets, 27% pants and 2% coats, jackets and other products. In total income, (turnover) the jackets represent about 53%, the trousers represent about 19%, the coats 1%, costumes 22%, jackets 1%, nouvelles and other products 2% and various services 2%.

The products made by S.C. CONTED S.A. are both intended to the internal market and to external market. The export production represents 100% in 2023 of the total of issued production.

The share capital of the company is 2,284,360.06 lei, fully subscribed and paid up, divided in 239,702 nominal shares amounting 9.53 lei/share. The shares of the company are ordinary, nominal, un-substantiated, stressed by registration in the account, their record being maintained, according to law, by the Central Depository S.A. Bucharest. The shares are equal as value and grant equal rights to the shareholders for each share. The securities of the Company (shares) are registered and transacted on the standard category of shares of the Exchange Stock of Bucharest.

The main activity of S.C. CONTED S.A., according to the act of establishment, is the manufacture of other garments (excluding underwear) NACE code 1413. The company doesn't own debentures, callable shares or other envelopes.

S.C CONTED S.A. is administered by a Board of Directors composed of 3 members, elected and appointed by the General Meeting of Shareholders from 28.11.2022 for a term of 4 years from 28.11.2022 to 28.11.2026.

At the level of the Board of Directors a president was elected. The president of the Board of Directors is not a General Manager and nor the other members of the Board of Directors have executive positions within the company. The elected administrators are non-executive.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 1. Reporting entity (continuare)

The Board of Directors elected in the Ordinary General Meeting of Shareholders of 28.11.2022 has the following composition:

	Surname and first name	Position within Board of Directors
1.	S.C. LAGARDE Paris France	Administrator - President
2.	El Turk Ezzedine	Administrator - Member
3.	El Turk Ana Maria	Administrator – Member

The administrators of S.C. CONTED S.A. must answer the requirements provided by the regulations incident to the operation of company as public limited liability company and exercise their commission by the accomplishment of liabilities imposed by Art. 144 of Law 31, republished, as further amended and completed:

- the prudence and diligence liability – imposes the administrators the liability of acting prudently and diligently (as professional). The reference to a "good administrator" is conceived as an objective assessment criterion. The prudence and diligence liability includes the liability of acting based upon adequate information;
- The business judgment rule – introduces the business judgment rule, as a counter-ponder to the prudence and diligence liability: according to this rule, the administrators who make business decisions, by the just belief that they act informed and for the company, and they cannot be made liable for the damages further registered by the company, as consequence to the relevant decisions;
- the loyalty liability to the company – imposes the administrators a loyalty liability towards the company: once appointed, the administrators must act for the priority benefit of the company, not as representatives of shareholders or of persons outside the company;
- The liability of not disclosing the business secrets of the company – prohibits the administrators to disclose the confidential information and the business secrets of the company to third parties. This logically comes on the completion of their loyalty liability towards the company.

According to IAS 10.7, the Financial statements were approved by the Management Board on the meeting of 13.03.2024.

NOTE 2. Basis of preparation

a. Statement of conformity

The financial statements include the statement of financial position, the statement of profit or loss and other items of the global result, the statement of changes of equity, the treasury flow statement and explanatory notes.

The financial statements were prepared in accordance with:

- Order 881 of 25 June 2012, regarding the application by the trading companies whereof securities are allowed to transaction on a regulated market of the International Financial Reporting Standards.
- The International Financial Reporting Standards (IFRS) adopted by the European Union.
- Law 82 of 24 December 1991 of accountancy;
- Order 2844 of 12 December 2016 for the approval of Accounting regulations according to the International Financial Reporting Standards;

The transition date to International Financial Reporting Standards has been January 1st 2012.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 2. Basis of preparation (continuation)

b. Basis of evaluation

The financial statements have been prepared on the basis of historical cost, with the exception of buildings, landscaping (special constructions belonging to the land) and lands that are valued at fair value.

The accounting policies have been consequently applied to all the periods shown by these financial statements, respectively on the conclusion of statements of financial positions as of December 31st, 2023 and December 31st, 2022.

These financial statements have been concluded based on the continuance of activity principle, which supposes that the company normally continues its operation, without entering under liquidation state or significant decrease of activity.

c. Functional currency and description currency

Financial statements are described in lei, this being also the functional currency of the Company. All the financial information is described in lei, rounded, without decimals.

d. Foreign currency

The transactions of the Company in a foreign currency are registered at the exchange rates communicated by the National Bank of Romania for the date of transactions. The balances in foreign currency are exchanged into lei on the exchange rates communicated by NBR on 31 December 2022.

The gains and losses resulted by the discount of transactions in a foreign currency and by the exchange of assets and currency liabilities expressed in a foreign currency are recognized in the profit and loss account, within the financial result.

The assets and non-monetary liabilities that are evaluated on the historical cost in foreign currency are registered in lei at the exchange rate on the transaction date. The assets and non-monetary liabilities expressed in the foreign currency that are evaluated on the real value are registered in lei, at the exchange rate of the date when the real value was established. The differences of exchange are described in the profit or loss account. The exchange rates of the main foreign currencies are as follows:

CURRENCY	Exchange rate 31 December 2023	Exchange rate 31 December 2022
EUR	**4.9746**	**4.9474**
USD	**4.4958**	**4.6346**

e. Use of estimates and professional arguments

The preparation of financial statements in accordance with IFRS adopted by the European Union supposes from the management, the use of estimates and hypotheses that affect the application of accounting policies, as well as the reported value of assets, liabilities, incomes and expenses.

The estimates and their related judgments rely on historical data and other factors considered eloquent under the given circumstances, and the result of these factors forms the basis of judgments used for the establishment of the carrying amount of assets and liabilities, wherefore there are no other available evaluation sources. The effective results may be different than the estimated values.

The estimates and judgments are periodically reviewed. The revisions of accounting estimates are recognized during the period when the estimate is reviewed, if the revision only affects that period or during the current period and further periods, if the revision both affects the current period and the further periods. The effect of change related to the current period is recognized as income or expense during the current period. If any, the effect on the further periods is recognized as income or expense during those further periods.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 2. Basis of preparation (continuation)

The company management considers that the possible differences towards these estimates will not have a significant influence over the financial statements in the near future.

The estimates and hypotheses are especially used for depreciation adjustments of fixed assets, the estimate of the useful life time of a depreciable asset, for the depreciation adjustment of receivables, for the provisions, for the recognition of assets regarding deferred tax.

In accordance with IAS 36, both the intangible assets and the tangible assets are analyzed in order to identify whether they have depreciation indexes at the balance sheet date.

If the net carrying amount of an asset is higher than its recoverable amount, a depreciation loss is recognized for the decrease of net carrying amount of the relevant asset at the level of recoverable amount. If the reasons of recognition of depreciation loss disappear during the following periods, the net carrying amount of asset is adjusted up to the level of net carrying amount, which would have been established if no depreciation loss was recognized.

The evaluation for depreciation of receivables is separately issued and relies on the best estimate of the management regarding the current amount of cash flows that are foreseen to be received. The company reviews its trade receivables and other kind of receivables at every date of the financial position, to evaluate if it must register amount depreciation in the profit and loss account.

Especially the professional reasoning of the management is necessary for the estimate of amount and for the coordination of treasury flows regarding several factors, and the real results may be different, leading to further changes of adjustments.

The assets regarding deferred tax are recognized for fiscal losses, provided that it is possible that a taxable profit shall be, wherefrom the losses are covered. The application of professional reasoning for the establishment of the value of assets regarding deferred tax, which may be recognized, based on the probability with respect to the period and level of the further taxable profit, as well as the future strategies of tax planning.

The company management estimates at the end reporting period the amount of leave not taken by company employees.

f. Related parties

A person or a close relative of the relevant person is considered related to a Company, if that person:

- It holds the control or the joint control over the Company;
- It has a significant influence over the Company; or
- It is a member of the personnel – key management

The key management personnel represents those persons who have the authority and responsibility of directly or indirectly planning, managing and controlling the activities of the Company, including any manager (executive or not) of entity. The transactions with the key personnel include exclusively the salary benefits granted to them, as described.

An entity is related to the Company if it meets either of the following conditions:

- The entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is related to the others);
- An entity is related entity or joint venture of the other entity (or related entity or joint venture of a member of the group whereto the other entity takes part);
- Both entities are joint ventures of the same third party;
- The entity is a plan of post-hiring benefits for the employees of reporting entity or of an entity related to the reporting entity. Provided that even the reporting entity represents itself such a plan, the sponsor employers are also related to the reporting entity;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 2. Basis of preparation (continuation)

- The entity is controlled or jointly controlled by a related person;
- A related person who holds the control significantly influences the entity or is a member of the management key personnel of entity (or of the parent company of the entity).

The Company does not develop transactions with the above mentioned entities.

g. Reporting by segments

A segment is a distinct part of the Company, which supplies certain products or services (business segment) or supplies products and services in a certain geographic environment (geographic segment) and which is subjected to different risks and benefits than of the other segments. From the point of view of the business segments, the Company does not identify distinct parts from the point of view of risks and related benefits.

Business segment

- manufacture of other garments (except for the underwear)

2023

Outlet		Quantity	Value
- external	France	163,482	28,615,362
	Spain	11,025	9,151,580
	Portugal	4,434	1,208,720
	Malta	1,009	156,486
	USA	3,097	566,979
	Asia	203	32,977
Total external		**183,250**	**39,732,104**
- internal		206	71,994
Total internal		**206**	**71,994**
TOTAL		**183,456**	**39,804,098**

2022

Outlet		Quantity	Value
- external	France	167,952	24,714,737
	Spain	3,714	2,729,362
	Portugal	21,663	2,405,708
Total external		**193,329**	**29,849,807**
- internal		5,583	790,969
Total internal		**5,583**	**790,969**
TOTAL		**198,912**	**30,640,776**

By the described statement, it is ascertained that the French market holds the highest rate of the total volume of exports, of 39,732,104, (2022: 29,849,807) amounting 28,615,362 (2022: 24,714,737) at a rate of 72%, (2022: 83%). The coats and trousers represent approximate 96%, (2022: 87%) of the total volume of delivered products.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 2. Basis of preparation (continuation)

The internal markets represents 0.18%, (2022: 3%) of the total sales of 39,804,098, (2022: 30,640,776).

In the 2023 year, from the total of sales, of 40,955,019, (2022: 31,032,941), the amount of 39,804,098 (2022: 30,640,776) represents the direct sales of products.

The external markets represents 97%, (2022: 97%) of the total sales of 39,804,098, (2022: 30,640,776), and the largest share on the foreign market is held by the coats product in percentage of 46%, (2022: 46%) of the total delivered products.

With respect to the direct sales of products on the external market, amounting 39,732,104, (2022: 29,849,807), the amount of 9,151,580, (2022: 11,606,444) represents the sales to the main external client, at the rate of 23%, (2022: 39%), and the following customers on the foreign market registered a percentage of 22%, (2022: 17%), sales amounting to 8,712,169, (2022: 5,186,361), respectively 17%, (2022: 15%), sales amounting to 6,604,738, (2022: 4,512,336).

The results by segments are the results reported to the Management Board and to the General Manager and include both the directly assigned items to a segment and those assigned by reasonable assignment bases. The non-assigned items include debts, assets and debts for the profit interest, cash and cash equivalents.

The assets shown for the activity segment especially include tangible assets and intangible assets, inventories and receivables, mainly excluding cash and current accounts at the banks.

The shown debts include the operational debts, excluding the delayed profit interest. All the assets of the Company are situated in Romania. The activity of the Company develops in Romania.

The Company has a reporting segment - Manufacture of other clothing items (excluding the undergarments)

	31.12.2023	31.12.2022
Sales	40,955,019	31,032,941
Other incomes	2,266,333	(135,610)
Total operating incomes	**43,221,352**	**30,897,331**
Amortization	504,868	464,363
Operational expense, other than the amortization	40,472,665	29,208,596
Operational result	**2,243,819**	**1,224,372**
Profit/loss financial	**(343.219)**	**(87,623)**
Net profit/loss before taxation	**1,900,600**	**1,136,749**
Expense with the income tax	291,533	-
Net profit/loss	**1,609,067**	**1,136,749**
Assets	22,257,283	16,652,309
Debts	10,817,041	6,899,279
The non-assigned assets include	-	-
Cash and cash equivalents	-	-
The non-assigned debts include	**227,911**	**250,310**
Deferred profit interest	227,911	250,310

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 2. Basis of preparation (continuation)
h. The initial application of new and revised standards

The following amendments brought to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union are enforceable for the current period:

- **Amendmentsto IAS 12 "Income Taxes"- Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (issued on 7 May 2021, effective for annual periods beginning on or after January 1, 2023);
- **IFRS 17 "Insurance Contracts"** (adopted by the IASB on May 18, 2017, including **Amendments to IFRS 17** (published on June 25, 2020, effective for annual periods beginning on or after January 1, 2023);
- **Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current** – deferral of effective date (issued on January 23, 2020 and 15 July 2020 in force for annual periods beginning on or after January 1, 2023);
- **Amendements to IAS 1 "Presentation of Financial Statements" - disclosure of accounting policies and IFRS 2 - Practical Statement** (issued on February 12, 2021, effective for annual periods beginning on or after January 1, 2023);
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates, errors" - definition of accounting estimates** (issued on February 12, 2021, effective for annual periods beginning on or after January 1, 2023);

i. Standards and interpretations issued by the IASB but not adopted by the EU

Currently, the IFRS adopted by the EU do not shoe significant differences compared to the regulations adopted by the International Accountancy Standards Board (IASB) except the following standards, amendments brought to the existing standards and interpretations, that have not been approved by the EU on the date of the financial statements publishing (the entry into force dates mentioned below are entirely for the IFRS)

- **Amendments to IAS 1 "Presentation of financial statements":**
  - **Classification of liabilities as current or non-current date** (issued on January 23, 2020, effective for annual periods beginning on or after January 1, 2024)
  - **Classification of liabilities as current or non-current** - postponement of the effective date (issued on July 15, 2020, effective for annual periods beginning on or after January 1, 2024)
  - **Fixed liabilities with agreements** (issued on October 31, 2022 effective for annual periods beginning on or after January 1, 2024)
- **Amendments to IFRS 16 "Leases" - Lease liabilities in a sale and leaseback** (issued on 22 September 2022, effective for annual periods beginning on or after 1 January 2024)
- **Amendments to IAS 7,, Statement of Cash Flows'' and IFRS 7 „Financial Instruments'' Disclosures: Supplier Financing Agreements** (issued on May 25, 2023, effective for annual periods beginning on or after January 1, 2024)
- **Amendments to IAS 21 „Effects of changes in foreign exchange rates''** (issued on August 15, 2023, effective for annual periods beginning on or after January 1, 2025)

The company estimates that the adoption of these standards, the amendments to the existing standards and the interpretations won't have a significant impact on the financial statements in the initial period of the adoption.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies

According to the *International Accountancy Standard 8 "Accounting policies, changes of the accounting estimates and errors"*, the accounting policies describe the specific principles, bases, agreements, rules and practices, applied by this company for the preparation and description of financial statements.

The company selected and consequently applies the accounting policies for the transactions, other events and similar conditions, unless a standard or an interpretation provides or specifically allows the classification of items wherefore the application of different accounting policies could be appropriate. If a standard or an interpretation provides or allows such a classification, an appropriate accounting policy must be selected and applied to each category, consequently.

The Company only changes an accounting policy if the change:

a. is imposed by a standard or an interpretation; or
b. has as result the financial statements that provide reliable and more relevant information regarding the effects of transactions, of other events or conditions on the financial position, financial performance or the treasury flows of the entity.

We present a summary of the significant accounting policies that have been consequently applied to all the periods shown by the financial statements:

a. Intangible assets, Tangible assets and real estate investments

a.1. Intangible assets

Initial evaluation

The Company chose to be evaluated on the procurement cost, according to IAS 38 "Intangible assets''.

Evaluation after the initial recognition

The Company chose as accounting policy for the evaluation of intangible assets after the initial recognition, the cost based model.

The Company opted to use the linear amortization method for the amortization of intangible assets. The intangible assets registered by the Company include informatics programs, licenses and different softwares and accounted in the accounts 205 "Transfers, patents and procured licenses" and account 208 "Other intangible assets ". These are shown at their historical cost, less the amortization and the possible value adjustments. No value adjustments were registered for the mentioned periods.

The Company does not hold intangible assets internally generated or acquired by a governmental subsidy and neither holds intangible assets with indefinite useful life terms.

The Company does not hold assets classified as held for sale or included in a group intended to transfer, classified as held for sale, in accordance with IFRS 5. They are linearly amortized during 3 years. For the establishment whether an intangible asset evaluated on the cost is depreciated, the company applies IAS 36.

A depreciation loss must be immediately recognized in the profit or loss. For the purpose of description in the profit and loss account, the gains or losses that occur with the ceasing of use or the output of an intangible asset, is established as difference between the incomes generated by the output of asset and its non-amortized amount, including the expenses for its de-registration, and must be described as net amount in the profit and loss account, according to IAS 38.

The further expenses regarding intangible assets are only capitalized when they increase the further economic benefits generated by the asset they refer to. The expenses that don't meet these criteria are recognized as expenses on their occurrence.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)
a.2. Tangible assets
Initial evaluation

The tangible assets are initially recognized on the procurement cost and are described on the net amounts of accumulated amortization and the loss by the accumulated depreciation. An item of tangible assets that meets the recognition conditions as asset must be evaluated at its cost.

Elements cost

The cost of a tangible asset is made of:

a. its purchase price, including the import customs fees and the non-recoverable purchase fees, after the deduction of trade discounts and rebates;
b. any costs that may be directly assigned to the bringing of asset to the place and state necessary for its operation;
c. the initial estimate of the dismantling and removal costs of the restoration item of the place where it is located, a liability borne by the entity on the acquirement of investment.

For the accountancy of these costs, the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets" are applied.

Evaluation after the initial recognition

After recognition as an asset, a tangible assets item, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. After recognition as an asset, a tangible asset item whereof just value may be reliably evaluated must be accounted at a revaluated amount, this being it's just amount, on the revaluation date less any accumulated amortization and any accumulated impairment loss for property, class „construction group" and „real estate investments" and carried at cost less depreciation and accumulated impairment adjustments for other groups of assets.

The revaluations must be made sufficiently regular to make sure that the accounting amount is not significantly different than the one that would have been established by the use of just amount at the end of reporting period. The rate of evaluations depends on the changes of just amount of revaluated tangible assets. Provided that the just amount of an asset is significantly different than the accounting amount, a new revaluation is required.

When a tangible asset item is revaluated, any amortization cumulated on the revaluation date is considered by the company as follows: it is re-treated proportionally to the change of gross accounting amount of assets, so that the accounting amount of asset, after the revaluation, to be equal to its revaluated amount.

Consequently, the rate of revaluations depends on the changes of the just amount of tangible assets. Provided that the just amount of a revaluated item of tangible assets on the balance sheet date is significantly different than its accounting amount, a new revaluation is necessary.

Provided that the just amounts are volatile, i.e. the lands and buildings, the frequent revaluations may be necessary. Provided that the just amounts are stable for a long term, i.e. the installations and machineries, the evaluations may be necessary less often. IAS 16 suggests that the annual revaluations may be necessary if there are significant and volatile changes of amounts.

If a tangible asset item is revaluated, then the entire category of tangible assets whereby that item takes part, must be revaluated. The residual amount of asset and the useful life time of asset are reviewed at least at the end of financial period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

The Company performs the reclassification of tangible assets as real estate investments, when a land or a building (or both) under the patrimony of Company, meet the following conditions:

- They are rather used for incomes by rents than for incomes by the current operating activity;
- Although partially rented, the un-rented part being used for the current operating activity, the two parts could not be distinctly sold by the Company;
- An insignificant part is held to be used for the production or supply of assets or services or for the administrative purpose.

The amortization of an asset begins when it is available to use, i.e. when it is on the place and state necessary to be able to operate as the management wants.

The amortization of an assets ceases on the first date between the date when the asset is classified as held for sale (or included in a group intended to transfer, which is classified as held for the sale), in accordance with IFRS 5 and the date when the asset is to be recognized.

Consequently, the amortization does not cease when the asset is not used or is decommissioned, unless it is fully amortized.

The lands and buildings are separable assets and are distinctly accounted, even when they are acquired together. The land is not amortized. The plot presented in the financial statements has been revised on 31.12.2013, according to International Valuation Standards, by Mr. Laţcu Nicolae expert appraiser, qualified professional ANEVAR member.

If the cost of the land includes decommissioning, removal, restoration costs, these costs are amortized during the period when the benefits are obtained, as consequence to these costs.

The amortization method used reflects the foreseen rate of consumption of the further economic benefits of asset by the unit. S.C. Conted S.A. opted to use the linear amortization method for the systematic assignment of the amount of assets during their life term. The residual amount, the life time and the amortization method are reviewed on the date of financial statements.

The foreseen periods by the main groups of tangible assets are as follows:

Asset	**Years**
Buildings (constructions)	40 - 60
Technical equipment and machinery	8 - 12
Measurement, control and adjustment machinery and equipment	2 - 4
Transport facilities	4 - 6
Furniture, office machinery, protection equipments, human and material assets	9 - 15

Depreciation policy applied by the company

In accordance with IAS 36, both the intangible assets and the tangible assets are investigated in order to identify whether they have depreciation traces on the balance sheet date. For the intangible assets with an indefinite life term, the depreciation test is annually issued, even if it is no depreciation index.

If the net accounting amount of an asset is higher than its recoverable amount, a depreciation loss is recognized to lower the net accounting amount of the relevant asset to the level of recoverable amount. If the reasons of depreciation loss recognition disappear during the further periods, the net accounting amount of asset is adjusted until the level of net accounting amount, which would have been established unless no depreciation loss was recognized. The difference is described as other operating incomes.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

The accounting amount of a tangible asset item is de-recognized on transfer or when no further benefits are foreseen by its use or transfer. The revaluation surplus included in equity, corresponding to a tangible asset item is directly transferred into the carried forward result, when the asset is de-recognized, on transfer or cassation.

The gain or loss resulting by the de-recognition of a tangible asset item must be included in the profit or loss when the item is de-recognized. If the items of tangible assets, which have been held for rental to the others, are repeatedly sold, these assets are to be transferred into inventories at the accounting amount on the date when they cease to be rented and are held for sale. The cashments by the sale of these assets are recognized as incomes, in accordance with IAS 18 „Incomes".

a.3. Real estate investments

Initial evaluation

The evaluation of real estate investment on initial recognition is made on cost according to IAS 40 "Real estate investments". The cost of a real estate investment is made of the purchase price plus any directly assignable expenses (professional honorariums for legal services, the fees for the transfer of the right of property, etc.).

A real estate investment is held to obtain incomes by rents or for the increase of the amount of share capital or both. Consequently, a real estate investment generates treasury flows, which are in a great extent independent of other assets held by an entity.

Evaluation after recognition

The accounting policy of the Company, regarding further evaluation of real estate investments relies on the evaluation model on its just amount.

b. Inventories

In accordance with IAS 2 "Inventories", these are assets:

- held for resale during the normal development of activity
- during production for such a sale or
- as materials and other consumables that are to be used in the production process or for the provision of services.

The inventories are described on the lowest amount between cost and the net issuable amount.

The cost of stocks relies on the first in – first out principle. The costs of end products and semi-manufactured products include materials, direct labor, other direct costs, regime expenses and the general administration expenses, related to production (based on the exploitation activity).

The net issuable amount is estimated based on the sale price, related to normal activity, less the estimated costs for the finalization and sale. For the damaged inventories or the inventories with a slow motion, the adjustments are established based on the management estimates.

The establishment and restoration of adjustments for the depreciation of costs are made on the profit and loss account. The company uses for the establishment of cost on the outflow to materials supplied according to IAS 2, the first in, first out (FIFO) method. The average cost method is used for the finished goods.

c. Receivables and other similar assets

Except for the derivative financial instruments, which are recognized on the just amount and of the items expressed by a foreign currency, which are translated on the closure exchange rate, the receivables and other similar assets are described on the amortized cost. The receivables and trade payables reflect the relations of business to other businesses regarding the supply and outlet of assets and services. The receivables related to the state budget may also be registered in the accountancy.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

The evaluation on balance sheet of the receivables and payables expressed in foreign currency and of those with discount in lei, depending on the rate of exchange of a foreign currency is made on the currency rate of exchange communicated by the National Bank of Romania, valid on the conclusion date of financial year.

The receivables related to it's own personnel result by advances granted to them, on account of salaries and by other receivables. The following take part to this category: un-justified treasury advances, salaries, un-due premiums or additions, due equivalent value of the labor equipment (part quote), amount of due rents, amount of imputations for due material damages, amends and penalties.

The trade receivables reflect the rights of business to other natural or legal entities, established by the sales of assets, performance of works and service provisions, wherefore it must receive a value equivalent or a counter-provision.

The trade receivables that the trading company registers result by the services provided by it in its reports with third parties, according to the object of activity. Occasionally, the trading company may invoice to third parties certain assets that don't have any other usefulness within the trading company or may calculate penalties due to third parties.

When foreseen that a receivable will not be fully cashed, adjustments for depreciation are registered in the accountancy, at the level of the amount that cannot be recovered anymore.

The de-registration of receivables takes place consequently to their cashment or transfer to a third party. The current receivables may also be decreased from the record, by mutual compensation of receivables and payables between the third parties, observing the legal provisions.

The decrease from the record of receivables whereof cashment terms are foreseen is made after the company obtains documents that certify that all the legal proceedings for their recovery were made. The de-registered receivables are registered in the order and record account outside the balance sheet and are further observed.

d. Cash and cash equivalent

The bank accounts include: amounts to cash, like cheques and trade effects submitted to the banks, lei and foreign currency liquid assets, cheques of the entity, short term bank credits, as well as the interests corresponding to liquid assets and credits granted by banks in the current accounts.

The payable and cashable interest, related to the financial year in progress, are registered at financial expense or financial income, as the case may be. The accountancy of liquid assets on the banks/cash office and of their movement, consequently to issued cashments and payments are separately registered, in lei and foreign currency.

The operations regarding cashments and payments in foreign currency are registered in the accountancy at the currency exchange rate, communicated by the National Bank of Romania, on the date of operation.

The foreign currency sale-purchase operations, including those within the contracts with discount on term, are registered in accountancy at the exchange rate used by the trading bank, where the bid with foreign currency is made.

At the end of each reporting period, the liquid assets in foreign currency and other treasury assets, like the state interests in foreign currency, letters of credit and deposits in foreign currency are evaluated at the exchange rate of the monetary market, communicated by the National Bank of Romania, of the last business day of the relevant month.

For the payment of liabilities to suppliers, the trading company may require the opening of letters of credit at banks, in lei or foreign currency, for them. For the preparation of treasury flow statement, it is considered that the cash is the cash of the cash office and in the current bank accounts.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

e. Payables

The payable represents a current payable of the company, resulted by past events and whereby discount, it is expected to result an outflow of resources that embed the economic benefits.

The payable is recognized in accountancy and described by the financial statements when it is possible that an outflow of resources carrying economic benefits shall result by the payment of a current liability (probability) and when the amount whereto this discount will be issued, may be credibly evaluated (credibility).

Current liabilities are those liabilities that must be paid within a period of up to one year.
A liability shall be classified as short-term liability, also called a current liability when:
a) it is expected to be settled during the normal operating cycle of the company;
b) it is primarily held for trading purposes;
c) it is due within 12 months after the balance sheet date;
d) the company does not have an unconditional right to defer the payment of the liability for at least 12 months following the balance sheet date.

All other liabilities shall be classified as ***long-term liabilities***, even where they must be settled within 12 months following the balance sheet date if:
- the original term was for a period exceeding 12 months;
- the company intends to refinance the long-term bond and its intention is supported by a refinance agreement, or by a payment rescheduling agreement, which is completed before the financial statements are authorized for publication.

Liabilities are carried out at the amortized cost, except for derivative financial instruments which are presented at their fair value. Long-term liabilities are discounted using the effective interest method. The discount rate used for this purpose is the rate in force at the end of the year for instruments taken into consideration as liabilities with similar maturities. The accounting value of other payables is their fair value as they have generally short-term maturities.

The company derecognizes a liability when its contractual obligations are discharged or canceled or expired. If goods and services provided in relation to current activities were not billed, but if the delivery was actually made, and their value is available, the obligation is recorded as a liability (not as a provision).

The amounts representing the dividends distributed from the net profit of the reporting period are shown in the following year in the retained earnings so that, after the approval by the General Assembly of Shareholders related to this destinations, they shall be shown into the account 457 "Dividends payable".

f. Income tax, including deferred tax

The accounting consideration for income taxes is the objective of IAS 12. In pursuing this objective, IAS 12 notes the following:
- it is inherent in the recognition of an asset or of a liability which will be settled or recovered as an asset or liability, and that recovery or settlement may give rise to future tax consequences that would be recognized at the same time the asset or liabilities
- an entity should account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves.

The income tax for the year includes the current tax and deferred tax. The income tax is recognized in the profit or loss situation, as well as in other elements of the comprehensive income if the tax is related to the elements recognized in its own equity.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

Current income tax

The tax currently payable is based on taxable profit for the year. The taxable profit differs from the profit as reported into the profit and loss account as it excludes the items of income or expense that are taxable or deductible in other years and it further excludes the items that will never become taxable or deductible.

The liability of the company related to the current profit tax is calculated using tax rates that have been provided by the law or in a draft at the end of the year. Currently, the tax rate is 16%.

Deferred tax

The income tax which, according to IAS 12, is recognized in other items of the comprehensive income, defined in accordance with the provisions of IFRS, are indicated into the account 1034 "Current income tax and deferred income tax recognized in equity account", specifically tracking the current income tax and deferred tax.

This account also indicates the deferred tax corresponding to the legal reserves. This account also indicates the deferred tax corresponding to the legal reserves and other reserves provided by the Fiscal Code, as further amended and completed.

The account 1034 "Current income tax and deferred income tax recognized in equity account" does not indicate the income tax corresponding to the retained earnings or other components of equity, as they are directly recorded in the respective item of its own equity.

The deferred tax is recorded using the balance sheet method for the temporary differences of the assets and liabilities (differences between the accounting values indicated in the company's balance sheet and their tax base).

The tax loss reported is included in the calculation of deferred tax assets.

The liability related to the deferred tax is recognized only to the extent that it is likely to obtain a taxable profit into the future, after compensating with the tax loss of the previous years and with the income tax to be recovered.

g. Recognition of income

The revenue is considered as the gross entry of economic benefits during the period, arising in the course of normal activities of the company, when those entries result into increases in equity, other than increases relating to contributions of the participants into their own equity.

The revenue includes only the gross entries of economic benefits received or receivable by the company on its behalf. The revenue is to be assessed in accordance with IAS 18 "Revenue" at their fair value of the consideration received or receivable. The revenue is reduced in line with the estimated value of the goods returned by the customers, rebates and other similar items.

Sale of assets

The revenues resulting from the sale of goods are recognized when all the following conditions are met:

- The company has transferred to the buyer the significant risks and advantages resulting from the ownership of the goods;
- The company no longer manages the goods sold at level it would have done if it had still been the owner of the goods and it does not hold the effective control over the respective goods;
- the amount of the revenue can be measured in a reliably manner;
- it is likely that the economic benefits associated with the transaction to be generated to the company;
- the transaction costs can be measured in a reliably manner.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

The income from ordinary activities is recorded when it is likely that the company to have possible economic benefits into the future and when these benefits can be measured in a reliably manner. The amount of the revenue arising from a transaction is usually determined by an agreement between the company and the buyer or the user of the asset. The revenues are assessed at their fair value of the consideration received or receivable, taking into account the amount of any trade discounts and rebates by volume granted.

The consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the entry of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable.

This is the situation that is applicable also for the situation of the delivery contracts provided that there is a vendor credit, if the company can provide to the buyer an interest free credit or can accept from it trade effects with a lower interest rate than the market as consideration for sale property.

For commercial contracts concluded as a vendor with deferred payment the difference between the fair value and the nominal value of the consideration is recognized as interest income. The fair value of the consideration is determined by discounting all the future receivables, using a rate of interest by default. To discount all the future receivables, the company has chosen to use the rate of interest determined by the internal procedure.

Service provision

When the outcome of a transaction involving the service provision can be estimated in a reliable manner, the revenue associated with the transaction shall be recognized depending on the stage of completion of the transaction at the closing date of the reporting period.

The outcome of a transaction can be estimated in a reliable manner when all the following conditions are met:

- the amount of the revenue can be measured in a reliable manner;
- it is likely that the economic benefits associated with the transaction would be generated for the company;
- the stage of completion of the transaction at the closing date of the balance sheet can be measured in a reliable manner;
- the costs incurred for the transaction and the costs to complete the transaction can be measured in a reliable manner.

For the recognition of revenue depending on the stage of completion of the transaction, the company uses the "percentage of completion method". According to this method, the revenues are recognized in the accounting periods when the services are provided.

The recognition of revenue on this basis provides useful information on the size of the service provision activity and its results during this period. The revenues are recognized only when it is likely that the economic benefits associated with the transaction would be generated for the company.

When an uncertainty arises about the collectability of an amount already included in revenue, the amount cannot be collected or the amount which collection has ceased to be likely is recognized as an expense rather than as an adjustment of the amount of revenue originally recognized. When the outcome of a transaction involving the provision of services cannot be estimated in a reliable manner, the revenue shall be recognized only within the limit of the expenses recognized that can be recoverable.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

The rental revenues are recognized into the profit and loss account linearly, during the period of the rental agreement.

Dividends and interests

Interests shall be recognized using the effective interest method. Interest revenues are recognized depending on the elapsed time. If the interests received are related to the periods prior to the acquisition of the interest-bearing investment, only the subsequent interest is recognized as an interest, the other part reduces the costs of the bonds.

Royalties shall be recognized based on the on the accrual accounting, in accordance with the trade fund of the contract in question. When an uncertainty arises about the collectability of an amount already included into the revenue, the amount cannot be collected or the amount which collectability has ceased to be likely is recognized as an expense rather than as an adjustment of the amount of the revenue originally recognized.

The incomes consisting in divides are recognized when the shareholder's right to receive its payment is recognized. The incomes consisting in divides are recorded on their gross value, including the dividend tax, which is recognized as a current expense in the period when the distribution was approved.

The interest incomes are recognized based on the on the accrual accounting, by reference to the principal outstanding and the effective rate of interest, that rate which discounts exactly the estimated future cash receivable.

h. Benefits of employees

Short term benefits

The liabilities with short term benefits, granted to the employees, are not updated and are recognized in the statement of global result, as the related service is provided. The short term benefits, granted to employees, include the salaries, premiums and social securities, paid annual leave. The short term benefits are recognized as expense when the services are provided.

A provision is recognized for amounts that are expected to be paid in the form of short-term cash receipts, provided that the Company currently has a legal or constructive obligation to pay those amounts as a result of past service provided by employees, and that obligation can be estimated reliably.

The Company makes payments on account of its own employees to the pension system of the Romanian state, the health insurances and unemployment fund, during the normal activity. All the employees of the company are members and are liable to contribute to the pension system of Romanian state. All the related contributions are recognized in the profit and loss account of the period, when they are made.

The Company does not have other additional liabilities, is not employed in any independent pension system and consequently, it does not have any liabilities in this respect, and it is not employed in any other post-employment benefit system. The Company is not liable to provide further services to the ex or current employees.

The Company is not currently granting benefits as partnership of employees to the profit. It is no such a plan now, whereby it is foreseen that the liability of the company of granting benefits as own shares of entity (or another instruments of equity).

i. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when to settle the obligation is likely to be required outflow affecting economic benefits will be required to settle the obligation and can be achieved when a good reliable estimate of the amount of the obligation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)

Provisions for restructuring, litigation and other provisions for risks and charges are recognized when the Company has a present legal or constructive obligation arising from past events, when to settle the obligation is likely to be required outflow of resources and may be cee made a reliable estimate of the amount of the obligation needles. Restructuring provisions include direct costs arising from restructuring namely those that are necessarily entailed by the restructuring and are not related to the conduct of the company's business continues.

The company set up provisions for employee benefits in the short term holidays of outstanding. Determination of the amount of the allowance is based on estimates established payment obligation (given the manner of payment of leave).

j. Result of the period

The profit or loss is jointly established in the accountancy, from the beginning of financial year. The result of the year is established as difference between the incomes and expenses of the year. The definitive result of the financial year is established on its conclusion and represents the final balance of the profit and loss account.

The profit distribution is issued in accordance with the enforceable legal provisions.

The amounts representing reserves, resulted by the profit of the current financial year, based on certain legal provisions, i.e. the legal reserve established based on the provisions of Law 31/1990 is registered at the end of the current year.

The accounting profit rest upon this distribution is taken over at the beginning of the financial year, after the year wherefore the annual financial statements are prepared in the account 1171 "Carried forward result, representing the non-distributed profit or the un-covered loss", wherefrom it is distributed on the other destinations decided by the General Meeting of Shareholders, observing the legal provisions.

The registration in the accountancy of the accounting profit destinations is made after the General Meeting of Shareholders approved the profit distribution, by the registration of amounts representing dividends due to shareholders, reserves and other destinations, according to law.

k. Result per share

IAS 33 "Result per share" provides that, if an entity describes consolidated financial statements and separate financial statements, the description of the result per share is only prepared based on the consolidated information. If it chooses to describe the result per share, based on its separate financial statement, it must describe such information regarding the result per share only in the circumstance of global result.

This case, it must not describe the result per share in the consolidated financial statements. The Company chose to describe the result per share by these separate financial statements. The basic result per share is calculated dividing the profit or loss assignable to the ordinary share holders of the company on the weighted average of circulatory ordinary shares during the period and is described by note 19.

l. Legal reserve

In accordance with the Romanian legislation, the companies must distribute an amount equal to at least 5% of the profit before taxation, under legal reserves, until these reach 20% of the share capital. When this level was reached, the company may issue additional assignments only from the net profit. The legal reserve is deductible within a quote of 5% applied on the accounting profit, before the establishment of income tax.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 3. Significant accounting policies (continuation)
m. Revaluation reserves

The revaluations are issued with sufficient frequency, so that the accounting value would not differ substantially from the value which would have been determined using the fair value as of the date of the balance sheet.

In this respect, the Company issued the revaluation of the fixed tangible assets – construction group and of the real estate investments with independent assessors as of 31 December 2006, 31 December 2009, 31 December 2012, 31 December 2013, 31 December 2016 and 31 December 2019.

On December 31, 2019 were revalued tangible, „construction" group 212 and group 2112 „ landscaping". Revaluation effects were accounted for using the remaining unamortised value revaluation process which involves the cancellation of accumulated depreciation to bring the construction to the net book value and added value recording. Revalued amount is the fair value at the date of the revaluation less any subsequent accumulated amortization. (Note 12)

The difference between the value resulted from the revaluation and the net accounting value of the intangible assets is presented at the reserve of the revaluation, as a distinctive sub-element in the „Ownership equity" group. If the result of the revaluation is an increase compared to the net accounting value, then this issue will be addressed as follows: as an increase of the reserve from the revaluation presented within the ownership equity group, if a prior decrease acknowledged as an expense related to that particular asset or as an income which would compensate the expense with the decrease priory acknowledged for that asset did not exist.

If the result of the revaluation is a decrease of the net accounting value, this would be addressed as an expense with the entire value of the depreciation when the reserve from the revaluation is not recorded as an amount related to that asset (addition from the revaluation) or a decrease of the reserve from the revaluation with the minimum between the value of that reserve and the value of the decrease, and the potential difference which was not covered is recorded as an expense.

The addition from revaluation is included in the reserve from revaluation is transferred to the reported result when this addition represents an issued earning. The earning is considered as being issued when the asset for which the reserve from revaluation is extracted from the inventory.

After the date at which the IFRS entered into force, any increase or decrease of the fair value as a result of the revaluation will be acknowledged in the situation of the global result.

NOTA 4. Establishment of just amount

The just amount is the price on the main market or on the most advantageous market, which could be obtained for the sale of asset or the transfer of payable, after which the transaction and transport costs were taken into account.

The factors that the entity must take into account for the evaluation of just amount are:

- asset or payable that is evaluated;
- market;
- market participants;
- price.

There are specific mentions for the non-financial assets, payables, capital instruments and financial instruments. For an evaluation on just amount, it is necessary that the entity establishes the adequate evaluation techniques, taking into account the available data for the conclusion of input data that represent the hypotheses, which the market participants would have used for the establishment of the value of asset or payable and the classification level of input data in the hierarchy of just amount.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTA 4. Establishment of just amount (continuation)

Certain accounting policies of the Company and description requirements of information need the establishment of just amount, both for the financial assets and payables, and for the non-financial ones. For the evaluation of the assets or of the debts, the Company uses as much as possible the information that may be noticed on the market. The hierarchy of the fair value classifies the input data for the evaluation techniques used for the evaluation of the fair value on three levels, as follows:

- Level 1 – quoted price (non-adjusted) on active markets for identical assets or debts which can be accessed by the entity at the date of the evaluation;
- Level 2 – input data, other than the quoted prices, included in Level 1, which can be traceable for the asset or for the debt, either directly or indirectly;
- Level 3 - input data which cannot be tracked for the asset or for the debt.

If the input data for the evaluation of the fair value of an asset can be classified on several levels of the hierarchy of the fair value, the evaluation at the fair value is entirely classified on the same level of the hierarchy of the fair value as an input data with the lowest level of incertitude which is significant for the entire evaluation. The Company acknowledges the transfers between the levels of the hierarchy of the fair value at the end of the reporting period, in which the modification occurred.

Where appropriate, the additional information regarding the hypotheses used for the establishment of just amount are described by the notes specific to the relevant asset or payable. (Tangible assets,real estate investments).

The Company issues the revaluation of tangible assets in its patrimony with a sufficient regularity for them being described by the financial statements on a just amount.

NOTE 5. Incomes

	31.12.2023	31.12.2022
Asset sales	40,090,659	30,880,804
Service provisions	864,360	152,137
Total	**40,955,019**	**31,032,941**

The turnover of Company, related to 2023 year is 40,955,019 whereof 40,851,980 export and 103,039 internal, compared to 2022 when we registered 31,032,941, whereof 30,238,128 export and 794,813 internal. The turnover was mainly issued in the structure by the sale of its own production at the rate of 98%. The amount of export sales in 2023 year represents 99.75%, (2022: 97.44%), and the amount of internal sales represents 0.25%, (2022: 2.56%) of the turnover.

NOTE 6. Operating incomes

	31.12.2023	31.12.2022
Incomes	40,955,019	31,032,941
Revenue from costs of product stocks and production in progress	1,970,824	(205,540)
Other incomes	295,509	69,930
Total	**43,221,252**	**30,897,331**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 7. Operating expenses

	31.12.2023	**31.12.2022**
Expense with raw materials and consumables	14,625,934	10,912,288
Expense with energy and water	1,677,300	1,659,257
Expense with merchandise	39,672	43,142
Total cost of materials	**16,342,906**	**12,614,687**
Expenses for salaries, social contributions and other benefits	**15,040,554**	**12,551,687**
Other operating expense, whereof:	**9,033,455**	**4,006,304**
Expense with the external provisions:	8,686,719	3,746,000
- Postal and telecommunication expense charges	*38,167*	*27,645*
- Expense with maintenance and repairs	*73,081*	*41,488*
- Expense with advertisement and protocol	*19,463*	*27,966*
- Expense with securities	*37,388*	*20,878*
- Expense with transport and travels	*758,103*	*584,142*
- Expenses for the banking and similar	*62,902*	*14,469*
- Other expenses with services provided by third parties	*7,697,615*	*3,029,412*
Expenses with other interests, fees and similar payments	292,001	255,627
Expenses with environment protection	354	362
Other expenses	54,381	4,315
Expenses for the amortization	**504,868**	**464,363**
Adjustments current asset	**4**	**-**
- Expenses	4	-
- Incomes	-	-
Adjustments for provisions	**55,746**	**35,918**
- Expenses	543,054	489,980
- Incomes	487,308	454,062
Total	**40,977,533**	**29,672,959**

Amounting to 7,697,615 (2022: 3,029,412) „*Other expenses with services provided by third parties* "are included expenditure on internal audit and statutory audit in the amount of 29,800 (2022: 28,000).

NOTE 8. Expenses with salaries, social securities and other benefits

- Expenses with salaries and social securities

	31.12.2023	**31.12.2022**
Expenses with salaries	13,694,013	11,310,971
Expenses with mandatory social securities	407,641	377,426
Expenses with meal tickets	938,900	863,290
Total	**15,040,554**	**12,551,687**

The issued gross salary fund (the salary fund, respectively, without medical rests borne by the employer), during the 2023 year was 13,694,013 compared to 2022 year, when we registered 11,310,971.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 8. Expenses with salaries, social securities and other benefits (continuation)

If the contributions related to the salary fund, borne by the Company, are added to these amounts, medical rest supported by the employer and other expenses with the labor force, considered as social expense, entirely amounting 407,641, (2022: 377,426), as well as the expenses with the granted meal tickets and gift vouchers, amounting 938,900, (2022: 863,290), it results a total expense with the staff, amounting 15,040,554, (2022 : 12,551,687).

- Expenses with other benefits for the employees

	Short term	
	31.12.2023	**31.12.2022**
Benefits for the employees	**938,900**	**863,290**
Meal tickets	938,900	863,290

NOTE 9. Average number of employees

a) Employees

The medium number of employees progressed as follows:

	31.12.2023	**31.12.2022**
Management personnel	5	5
Administrative personnel	41	41
Production personnel	291	288
Total	**337**	**334**

b) The structure of employees by the training level is shown below:

	31.12.2023	**31.12.2022**
	%	%
Higher education personnel	3.26	3.29
Secondary education personnel	5.06	4.73
Technical education personnel	5.34	5.76
Handicraft and qualification education	46.29	52.09
Un-qualified personnel	40.05	34.13
Medium number of employees	**337**	**334**

NOTE 10. Financial incomes and expenses

	31.12.2023	**31.12.2022**
Incomes by interests	410	29
Incomes by exchange rate differences	297,577	152,160
Total financial incomes	**297,987**	**152,189**
Interest Expenses	266,605	-
Other expenses	374,601	239,812
Ttal financial expense	**641,206**	**239,812**
Net financial result	**(343,219)**	**(87,623)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 10. Financial incomes and expenses (continuation)

The financial incomes mostly include the income from exchange rate differences favorabile. The financial expenses include the interest expenses, the expenses for the rate of exchange differences unfavorabile and the expenses regarding the discounts granted. All the expenses and incomes are recognized in the statement of profit or loss.

NOTE 11. Expense with income tax

Profit reconciliation before the taxation	**31.12.2023**	**31.12.2022**
Accounting profit/loss	1,609,067	1,136,749
Items similar to incomes by other re-treatments	140,542	173,029
Discounts	504,868	464,363
Other non-taxable income	487,308	454,062
Non-deductible expenses	1,400,827	963,865
Taxable profit/tax loss for the reporting year	2,158,260	1,355,218
Tax loss to be carried over from previous years	(336,181)	(1,691,399)
Taxable profit tax loss to be recovered in subsequent years	1,822,079	(336,181)

NOTE 12. Tangible assets

Tangible assets 212 „construction group" were revalued at 31 December 2006, 31 December 2009, 31 December 2012, by independent evaluators, according to regulations in force at the time.

Evaluations were based on fair value, being the nearest transaction and the inflation rate from that date, taking into account their physical condition and market value.

On 31.12.2013 the last revaluation of the tangible assets group 212 "Constructions" and the land (which exist within the patrimony at this date) occurred. The depreciation was re-addressed proportionally with the modification of the gross accounting value of the asset, so that the accounting value of the asset, after the re-evaluation, will be equal with the revaluated value. The scope of the evaluation of the land was the estimation of the market value in order to be registered in the accounting evidence at the fair accounting value. The fair value of the lands was determined based on the comparable market method, which reflects the recent transaction prices for the same properties.

The evaluation method applied to the "building'' group is the direct comparison method. The revaluation envisaged the adjustment of the net accounting value of the elements included in these categories on their fair value considering their physical status and their market value.

All buildings and lands are identified on their revaluated value, this value representing the fair value at the date of the revaluation minus any priory accumulated depreciation and any losses acquired by means of depreciation.

The review was conducted according to International Valuation Standards, by Ms. Laţcu Nicolae, expert qualified professional appraiser authorized member of ANEVAR. The fair value was settled on each asset in gross revaluated values, and as their related depreciation.

On December 31, 2016 were revalued tangible, „Construction Group 212" and 215 „real estate investments". Revaluation effects were accounted for using the remaining unamortised value revaluation process which involves the cancellation of accumulated depreciation to bring the construction to the net book value and added value recording. Revalued amount is the fair value at the date of the revaluation less any subsequent accumulated amortization.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 12. Tangible assets (continuation)

Valuation method applied under 'construction' is the replacement net cost method. The review was conducted according to International Valuation Standards 2016 by Mr. Dan Rusu Zaharia, expert qualified, professional appraiser authorized member ANEVAR.

It was determined the fair value of each asset. The revaluation surplus was recognized as revaluation reserve in equity. At 31 December 2016, based on internal analyzes, the Company's management estimates that the net carrying amount approximates fair value of the land. In the year 2017 and 2018 year no tangible assets were valued.

On December 31, 2019 were revalued tangible, „Construction" group 212 and group 2112„ landscaping". Revaluation effects were accounted for using the remaining unamortised value revaluation process which involves the cancellation of accumulated depreciation to bring the construction to the net book value and added value recording. Revalued amount is the fair value at the date of the revaluation less any subsequent accumulated amortization.

Valuation method applied is the replacement net cost method. The review was conducted according to International Valuation Standards 2018 by Mr. Dan Rusu Zaharia, expert qualified, professional appraiser authorized member ANEVAR.

It was determined the fair value of each asset. The revaluation surplus was recognized as revaluation reserve in equity. At 31 December 2019, based on internal analyzes, the Company's management estimates that the net carrying amount approximates fair value of the land. In 2020 and 2021, the tangible assets were not evaluated. (land and group 212, "Buildings")

In 2022 and 2023, tangible assets were not evaluated (land and group 212, "Constructions"). Considering that there are no major changes in the volume of tangible assets (land and group 212 "Constructions"), the management of the Company considers that it is not necessary to evaluate the tangible assets, estimates that the net book value of the land and group 212 "Constructions" approximates the value just. On 31.12.2023, the company registers "Tangible fixed assets in progress" in the amount of 14,240 representing works in progress.

Based on IFRS 13 - Fair value measurement, below are presented levels of assessment and evaluation approach.

Group	evaluation approach	Level evaluation	Entry data
Land	The fair value of land is determined by applying the market comparison. Assessment is carried out based on observable market inputs.	level 2	Price per square meter
Construction and Landscaping	The cost approach. Final fair value is determined by applying depreciated replacement cost. Assessment is carried out based on observable market inputs.	level 3	Estimated cost of building and estimation of accrued depreciation (physical,functional and external).
Investment property	The cost approach. Final fair value is determined by applying direct market comparison. Assessment is carried out based on observable market inputs.	level 3	Estimated cost of building and estimation of accrued depreciation (physical,functional and external).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 12. Tangible assets (continuation)

	Land and landscaping	Buildings	Technical equipment and transport facilities	Other tangible assets	Tangible fixed assets in progress	Avances for tangible fixed assets	Total
Cost							
Balance as at 1 January 2023	**915,456**	**4,011,310**	**8,743,299**	**249,583**	**14,240**	**-**	**13,933,888**
Procurements - increase in value	327,415	-	803,467	-	-	121,281	1,252,163
Outflows of fixed assets	-	-	774,413	-	-	-	774,413
Balance as at 31 December 2023	**1,242,871**	**4,011,310**	**8,772,353**	**249,583**	**14,240**	**121,281**	**14,411,638**
Amortization							
Balance as at 1 January 2023	**50,303**	**865,430**	**7,922,767**	**195,455**	-	-	**9,033,955**
Amortization during the year	3,496	268,010	160,341	7,257	-	-	439,104
Depreciation its output	-	-	774,413	-	-	-	774,413
Balance as at 31 December 2023	**53,799**	**1,133,440**	**7,308,695**	**202,712**	-	-	**8,698,646**
Balance as at 1 January 2023	**865,153**	**3,145,880**	**820,532**	**54,128**	**14,240**	-	**4,899,933**
Balance as at 31 December 2023	**1,189,072**	**2,877,870**	**1,463,658**	**46,871**	**14,240**	**121,281**	**5,712,992**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 12. Tangible assets (continuation)

	Land and landscaping	Buildings	Technical equipment and transport facilities	Other tangible assets	Tangible fixed assets in progress	Total
Cost						
Balance as at 1 January 2022	**915,456**	**3,856,416**	**8,573,042**	**249,583**	**14,240**	**13,608,737**
Procurements - increase in value	-	154,894	170,257	-	-	325,151
Outflows of fixed assets	-	-	-	-	-	-
Balance as at 31 December 2022	**915,456**	**4,011,310**	**8,743,299**	**249,583**	**14,240**	**13,933,888**
Amortization						
Balance as at 1 January 2022	**43,667**	**575,590**	**7,780,177**	**188,197**	-	**8,587,631**
Amortization during the year	6,636	289,840	142,590	7,258	-	446,324
Depreciation its output	-	-	-	-	-	-
Balance as at 31 December 2022	**50,303**	**865,430**	**7,922,767**	**195,455**	-	**9,033,955**
					-	
Balance as at 1 January 2022	**871,789**	**3,280,826**	**792,865**	**61,386**	**14,240**	**5,021,106**
Balance as at 31 December 2022	**865,153**	**3,145,880**	**820,532**	**54,128**	**14,240**	**4,899,933**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 13. Intangible assets

	Concessions of patents, licenses and trade marks	Other intangibles	Total
Cost			
Balance as at 1 January 2023	**43,391**	**347,778**	**391,169**
Procurements	73	20,225	20,298
Outflows of intangible assets	-	-	-
Balance as at 31 December 2023	**43,464**	**368,003**	**411,467**
Amortization			
Balance as at 1 January 2023	**40,720**	**187,158**	**227,878**
Amortization during the year	1,018	64,746	65,764
Depreciation its output	-	-	-
Balance as at 31 December 2023	**41,738**	**251,904**	**293,642**
Balance as at 1 January 2023	**2,671**	**160,620**	**163,291**
Balance as at 31 December 2023	**1,726**	**116,099**	**117,825**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 13. Intangible assets

	Concessions of patents, licenses and trade marks	Other intangibles	Total
Cost			
Balance as at 1 January 2022	**40,416**	**171,744**	**212,160**
Procurements	2,975	176,034	179,009
Outflows of intangible assets	-	-	-
Balance as at 31 December 2022	**43,391**	**347,778**	**391,169**
Amortization			
Balance as at 1 January 2022	**39,758**	**170,081**	**209,839**
Amortization during the year	962	17,077	18,039
Depreciation its output	-	-	-
Balance as at 31 December 2022	**40,720**	**187,158**	**227,878**
Balance as at 1 January 2022	**658**	**1,663**	**2,321**
Balance as at 31 December 2022	**2,671**	**160,620**	**163,291**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 13. Intangible assets (continuation)

The intangible assets on 31 December 2023, at the net value of 117,825 (01 January 2023: 163,291), represent the non-amortized part of licenses and informatics programs used.
The amortization term of intangible assets is 3 years.

NOTE 14. Inventories

	31.12.2023	31.12.2022
Raw materials and consumables	3,436,076	3,062,405
Work in progress	1,548,837	858,119
Finished goods	3,195,761	1,952,045
Advances for stocks	530	32,561
Total	**8,181,204**	**5,905,130**

The stocks registered in 2023 a rotation speed of (6.13 rotations/year), compared to the year 2022 (5.39 rotations/year). For the establishment of cost on the outflow of the administration of materials, the company uses the first in, first out method (FIFO).

The cost of stocks recognized as expense during the 2023 year with respect to the permanent operations was 14,665,606 (2022: 10,955,430). The company did not register discounts of the accounting value of stocks recognized as expense during the year.

NOTE 15. Trade receivables and similar receivables, other receivables and advance expense

	31.12.2023	31.12.2022
Trade receivables	6,507,432	4,732,596
VAT to be collected	83,168	99,512
Non-exigible VAT	13,775	12,703
Other receivables	39,372	15,380
Total	**6,643,747**	**4,860,191**
Advance expenses	30,707	7,241

The trade receivables are registered on the rated value and are described in the analytical accountancy per each natural or legal entity. The receivables in foreign currency were evaluated based on the enforceable rate of exchange at the end of the year, and the differences of the exchange rate were recognized as incomes or expenses of the period.
The balance as at 31.12.2023 of the main receivables is made of:

- Internal clients, amounting 2,567.
- External and intra-community clients, amounting 6,504,865

The recovery period of receivables increased in 2023 to 62 days compared to 2022 year, when it was 37 days. The Company has to recover from customers on 31.12.2023 the amount of 6,507,432 of which the outstanding amount at maturity is 2,419,979.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 15. Trade receivables and similar receivables, other receivables and advance expense (continuation)

The structure by aging of trade receivables on the date of 31 December 2023 was:

- non past due, amounting 4,087,453
- outstanding debts between 0 and 30 days, amounting 1,973,166
- outstanding debts between 31 and 60 days, amounting 33,337
- outstanding debts between 61 and 90 days, amounting 66,050
- outstanding debts between 91 and 180 days, amounting 4,845
- outstanding debts between 181 and 365 days, amounting 182,336
- outstanding over 365 days the amount of 160,245

The Company considers that the recognition of an adjustment for depreciation for the outstanding trading receivables is not necessary, because the sold of trading receivables corresponds to the customers with a good payment history.

The trade receivables of the Company are expressed by the following foreign currencies:

	31.12.2023	31.12.2022
Foreign currency		
EUR lei equivalent	6,504,865	4,730,148
LEI	2,567	2,448
Total	**6,507,432**	**4,732,596**

The advance expenses amounting 30,707 on 31 December 2023, (7,241 la 1 January 2023) mainly represent insurance premiums for civil liability insurances for administrators, insurance for the transport facilities and different subscriptions.

NOTE 16. Cash and cash equivalents

On the date of 31.12.2023 cash and cash equivalents amounting 1,570,808 lei increased by 92.38% compared to the cash and cash equivalents registered on 31.12.2022 amounting 816,523 and it is made of:

	31.12.2023	31.12.2022
Cash in the cash office	3,944	1,920
Bank current accounts	1,566,864	814,603
Total	**1,570,808**	**816,523**

The current accounts opened at the banks, are permanently available to the Company and are not restricted.

	Initial balance 31.12.2022	Cashments	Payments	Final balance 31.12.2023
cash in the cash office	1,920	598,141	596,117	3,944
current accounts at the	814,603	103,508,346	102,756,085	1,566,864
Cash equivalents	-	1,093,139	1,093,139	-
Total	**816,523**	**105,199,626**	**104,445,341**	**1,570,808**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 17. Share capital and reserves

Equities

We present information regarding the goals, policies and processes of share capital management, according to IAS 1.134 observing the information that include [IAS 1.135]: quality information concerning the goals, policies and processes of the capital of entity management, including the description of capital they manage, the way that the goals are accomplished, the quantity data regarding the share capital, changes from a period to another. The ordinary shares are classified as a part of equity.

The Company recognizes changes in the share capital under the conditions provided by applicable law and only after their approval by the General Shareholders Meeting and registration in the Trade Register. Additional costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of tax effects.

a. Share capital

The share capital of company on the date of 31 December 2023 is 2,284,360.06 lei, fully subscribed and paid up, divided in 239,702 nominal shares, amounting 9.53. The shares of the company are ordinary, nominal, de-materialized, registered by registration in the account, their record being kept, according to law, by Central Depository S.A. Bucharest.

The shares have equal values and grant equal rights to the shareholders for each share.
The securities (shares) of the Company are registered and traded on the standard category of shares of the Stock of Exchange of Bucharest. In the 2023 year, the share capital of the company was not changed, in respect of its adjustment or decrease.
The structure of the company shareholding is:

31 December 2023	**Number of shareholders**	**Number of shares**	**Amount (lei)**	**%**
SC Lagarde Paris France	1	194,443	1,853,042	81.1186
Other shareholders, whereof:	414	45,259	431,318	18.8814
- legal entities		17,913	170,711	7.4731
- natural entities		27,346	260,607	11.4083
TOTAL	**415**	**239,702**	**2,284,360**	**100.00**

31 December 2022	**Number of shareholders**	**Number of shares**	**Amount (lei)**	**%**
SC Lagarde Paris France	1	194,443	1,853,042	81.1186
Other shareholders, whereof:	425	45,259	431,318	18.8814
- legal entities		14,558	138,738	6,0734
- natural entities		30,701	292,580	12.8080
TOTAL	**426**	**239,702**	**2,284,360**	**100.00**

The structure of shareholders holding over 10% of share capital is:

Shareholder	**Number of shares**	**Percent (%)**
SC Lagarde Paris France	194,443	81.1186

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 17. Share capital and reserves (continuation)

b. Tangible asset revaluation reserves

The reserves from the revaluation of tangible assets at December 31, 2023 increased by 139,993 as of December 31, 2022, representing the surplus from the revaluation reserve realized as the use of the asset transferred to the account 1175 „The result reported representing the surplus realized from revaluation reserves".

c. Reserves

The legal reserves of the company, on 31 December 2023, 31 December 2022, respectively, amount 456,661, as consequence to the establishment of legal reserve (5% of the accounting profit, established according the Tax Code and Law 31/1990 as further amended and completed).
The legal reserves cannot be distributed to the shareholders.

Other reserves

The company registers on 1 st of January, 2023, respectively on december 31, 2023 **„other reserves"** account 1068 amounting 4,080,948, including reserves representing tax incentives established in the years 2000-2003.

	31.12.2023	**31.12.2022**
Tangible asset revaluation reserves	2,095,873	2,235,866
Legal reserves	456,661	456,661
Other reserves	4,080,948	4,080,948
Total	**6,633,482**	**6,773,475**

d. Result of the financial	**31.12.2023**	**31.12.2022**
Operating profit/loss	2,243,819	1,224,372
Financial profit//loss	(343,219)	(87,623)
Gross profit/loss	**1,900,600**	**1,136,749**
Expense with the income tax	291,533	-
Net profit/loss	**1,609,067**	**1,136,749**

NOTE 18. Result per share

During the 2023 year, no changes occurred in the structure of share capital. The result per share is shown by the Statement of profit or loss and other items of the global result.

The calculation of the basic share profit was issued based on the profit assignable to shareholders and the number of ordinary shares. The diluted result per share is equal to the basic result per share, because the company did not register potential ordinary shares.

The Company did not issue and redeem any shares during the 2023 year.

Issued shares	239,702
Circulatory shares on 01 January 2023	239,702
Circulatory shares on 31 December 2023	239,702

Weighted average 239.702 x 12/12 = 239,702

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 18. Result per share (continuation)

Profit assignable to shareholders

	31.12.2023	31.12.2022
Profit/loss of the period	**1,609,067**	**1,136,749**
Number of ordinary shares	239.702	239.702
Basic profit/loss per share	6,71	4,742
Diluted profit/loss per share	6,71	4,742

Dividends

The amounts representing dividends distributed from the net profit of the reporting period are registered in the following year in the carried forward result, following that, after the approval of the General Assembly of Shareholders of this destination, to be reflected in the account 457 "Payable dividends".

The dividends are considered as a profit distribution during the period whereby they have been declared and approved by the General Assembly of Shareholders. The dividends declared before the reporting date are registered as payment liabilities on the reporting date. The amount of dividends proposed or declared before the authorization of financial statements for issuance is the same as the amount of dividends after the approval of financial statements by the Board of Directors.

For the year 2023, no dividends are distributed, the company has registered profit, which will cover the loss from previous years.

NOTE 19. Trade payables and other payables

	31.12.2023	31.12.2022
Customer - creditors	45,511	524,421
Trade payables – suppliers	4,631,402	2,975,560
Payables with personnel and similar accounts	401,802	314,226
Debts to social security and the state budget, other taxes and fees	749,778	834,762
Amounts owed to credit institutions	2,433,361	-
Provisions for employee benefits	589,814	534,068
Total current payables	**8,851,668**	**5,183,037**
Payables with deferred tax	227,911	250,310
Debts regarding loans - credit	2,327,276	2,000,000
Total long term payables	**2,555,187**	**2,250,310**
Total payables	**11,406,855**	**7,433,347**

The payables are registered on the rated value and noted in the analytical accountancy per natural or legal entity. The payables in foreign currency were evaluated based on the currency rate of exchange enforceable at the end of the year, and the differences of the exchange rate were recognized as incomes or expenses of that period.

The Company owes the suppliers, on the date of 31.12.2023 the amount of 4,631,402, creasing by 55.65% than the date of 31.12.2022 when it registered 2,975,560. The amount represents the equivalent value of the different issued provisions or assets received from the suppliers.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 19. Trade payables and other payables (continuation)

On the date of 31.12.2023 their composition was mainly as follows :

- Procurement suppliers, service provisions, amounting 1,312,486
- Suppliers representing procurements outside EU amounting 612,297
- Suppliers representing intra - Community acquisitions and services of 2,622,543
- Suppliers of un-arrived invoices 42,349
- Suppliers fixed assets 41,727

The old-age structure of commercial debts - suppliers on December 31, 2023, unpaid at the agreed term of 3,769,793 is the following:

- outstanding over 30 days amount of 2,867,565
- outstanding over 90 days amount of 732,568
- overdue in one year amount of 169,660

The payables with personnel, with the budget of social securities and the state budget represent current liabilities related to December 2023, with the exigibility term in the 2024 year.

NOTE 20. Provisions

The provision constituted for the benefits of short-term employees for the unused leave, presented in the financial statements at 31.12.2023 in the amount of 589,814 represents:

- the amount of 751 for 11 days of rest leave related to the persons on leave of the child's growth, remained from the provision established on 31.12.2016 for the rest days not made for 2016.

- the sum of 2,108 for 28 days of rest leave related to the persons on leave of the child's growth, remained from the provision set up on 31.12.2017 for the rest days not made for the year 2017.

- the amount of 455 for 5 days of rest leave from the provision established on 31.12.2018 for the rest days not completed for the year 2018.

- the amount of 801 for 8 days of rest leave from the provision established on 31.12.2019 for the rest days not completed for the year 2019.

- the amount of 107 for 1 day of rest leave from the provision established on 31.12.2020 for the rest days not completed for the year 2020.

- the amount of 2,188 for 20 days of rest leave from the provision established on 31.12.2021 for the rest days not completed for the year 2021.

- the amount of 40,350 for 283 days of rest leave from the provision established on 31.12.2022 for the rest days not completed for the year 2022.

- the amount of 543,054 for 3,157 days of unpaid rest leave related to 2023, constituted in December 2023.

In 2023, revenues from provisions amounting to 487,308 were recorded, as a result of the rest leave not made since 2018, 2019, 2020, 2021 and 2022. The provision will be adjusted as the rest leave is performed.

NOTE 21. Risk management

The main purpose of risk management is to help understanding and identifying the risks which the Company is exposed to, so that they can be anticipated and managed as not to affect the efficient fulfillment of the Company's objectives.

Since the elements of trade receivables and payables are part of the financial instruments, the Company's management reveals that understand and know the information requirements of IFRS 7 regarding the nature and extent of risks arising from financial instruments and their importance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 21. Risk management

The Company's strategy regarding the management of significant risks provides a framework for identifying, assessing, monitoring and control of these risks, in order to maintain them at acceptable levels depending on the company's risk appetite and its ability to cover (absorb) these risks.

The objectives of the strategy related to the significant risk management are as follows:

- determination of significant risks that may arise during the normal course of business of the company and the formalization of a robust framework for their management and control, in line with the objectives of the overall business strategies of S.C. CONTED S.A.. This can be achieved by adopting the best practices, adapted to the size, risk profile and strategy of the company;
- developing the risk mapping to facilitate their identification, to structure them and to rank them depending on the possible impact on the current activity;
- promoting a culture of awareness and risk management in all company structures.

Within S.C. CONTED S.A., the risk management activity is aimed to fulfill these objectives. Within the process of risk management, the company aims to develop policies, standards and procedures by which it can identify, assess, monitor and control or mitigate the significant risks. This framework will be reviewed periodically, according to the risk profile and risk tolerance, as well as due to the changes in legislation, variations of the internal or external regulations.

To this end, the identification and assessment of risks that may arise in the conduct of significant activities is an ongoing activity. The whole personnel must understand the risks that may arise during the performance of the activity, as well as the responsibilities incumbent related to the management of these risks. Thus, the company must provide, maintain and continually develop a robust and consistent risk culture, in all structures.

a) Risk related to capital

The management of the risk related to the capital is aimed to ensure the ability to work under good conditions by optimizing the capital structure (equity and payable). Within the analysis of the capital structure the cost of the capital and the risk associated to each class is taken into account. In order to maintain an optimal capital structure and an appropriate level of payable, the company proposes to its shareholders an appropriate dividend policy.

The Company's objectives in managing capital are to ensure the protection and the ability to reward shareholders, to maintain an optimal capital structure to reduce capital costs. The Company monitors the volume of capital raised on indebtedness. This rate is the ratio between net debt and total equity. Net debt is calculated as total debt net of cash. Total capital is calculated as equity plus net debt.

	31.12.2023	**31.12.2022**
Total liabilities	11,406,855	7,433,347
Cash and cash equivalents	1,570,808	816,523
Total equity	10,850,428	9,218,962
Net debt indicator	0.91	0.72

b) Currency risk

Within the business of the company, one of the risks that are frequently met is the currency risk, which is the possibility of incurring financial losses arising from variations of the rates of exchange and/or correlations between them.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 21. Risk management (continuation)

On the other hand, the depreciation of the national currency against major currencies is determined by the intensity of domestic policy which has negative consequences on the financial markets, on the exchange rate and on the stock exchange. The receivables and payables of the company are recorded into the accounting books of the company at their nominal value. The receivables and liabilities in foreign currencies are registered into the accounting books in lei, at the rate of exchange in force at the time of operation performance.

The differences in the rate of exchange between the date of registration of receivables and of the payables in foreign currency, the date of collection, respectively the date of payment thereof shall be recorded as financial income or expenses, as appropriate.

The receivables, payables and availabilities in foreign currency were revalued at the end of each month.

Which expose the Company to currency risk is EUR. The resulting differences are included in the Statement of comprehensive income and does not affect cash flow until the liquidation of the debt.

The company has at December 31, 2023 cash and cash equivalents, trade receivables and trade payables in foreign currencies.

The exchange rates of the national currency against the EUR and USD, calculated as the average rate recorded during the reporting year and the previous year and the exchange rates communicated by the National Bank of Romania on the last day of the year were:

Currency	**Medium course**		**Spot rate at the reporting date**	
	2023	**2022**	**2023**	**2022**
EUR	4.9465	4.9315	4.9746	4.9474
USD	4.5743	4.6885	4.4958	4.6346

Sensitivity analysis

2023

	EUR **1 EUR = 4.9746**	**RON** **1 RON**	**TOTAL**
Cash and cash equivalents	1,506,871	63,937	1,570,808
Trade receivables and other receivables	6,544,226	99,521	6,643,747
Total	**8,051,097**	**163,458**	**8,214,555**
Trade payables and other payables	(4,598,715)	(3,663,139)	(8,261,854)
Total	**(4,598,715)**	**(3,663,139)**	**(8,261,854)**

2022

	EUR **1 EUR = 4.9474**	**RON** **1 RON**	**TOTAL**
Cash and cash equivalents	495,276	321,247	816,523
Trade receivables and other receivables	4,730,148	130,043	4,860,191
Total	**5,225,424**	**451,290**	**5,676,714**
Trade payables and other payables	(2,141,833)	(2,507,136)	(4,648,969)
Total	**(2,141,833)**	**(2,507,136)**	**(4,648,969)**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 21. Risk management (continuation)
Sensitivity analysis of currency risk

The Company is exposed mainly to EUR. The table below details the Company's sensitivity to an increase/decrease of 5% in RON against those currencies. 5% is the sensitivity rate used by management reports on currency risk. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency conversion into RON shows the change at the end of the reporting period due to a change in the exchange rate by 5% compared to the exchange rate prevailing at the time. A positive number indicates an increase in earnings and equity occurs where the functional currency to currency.

2023

	EUR 1 EUR = 4.9746	RON 1 RON	TOTAL
Position Net Asset/(Debt)	3,452,382	(3,499,681)	(47,299)
Profit/(Loss)	**172,619**	**-**	**172,619**

2022

	EUR 1 EUR = 4.9474	RON 1 RON	TOTAL
Position Net Asset/(Debt)	3,083,591	(2,055,846)	1,027,745
Profit/(Loss)	**154,180**	**-**	**154,180**

Currency risk control measures

As a measure to reduce this risk, the company aims to synchronize at all times its import activity with the export activity, correlating the payment terms and collection thereof, as well as the correlation of the share of the rates of exchange so that the moments when the payments are to be made to be as close or even simultaneously with those coming from export receipts.

Another measure is to anticipate or delay the payment or receipt properly determining the maturity date and to introduce certain price margins for insurance, correlated with the forecasts for the evolution of the currency in which payment is made.

c) Liquidity risk and cash flow

This risk results from the incapacity of the company to meet its payment liabilities at any time on short term. On the other hand, the liquidity risk is caused by increased taxation. When we talk about inland revenue, we are talking first about predictability, and the business environment is exposed to sudden changes related to the tax matters (modification, apparition of new taxes, and contributions).

Control measures of the liquidity risk

In order to reduce the risk of not collecting the payments on the domestic market, the following measures have been taken:

- assessing the creditworthiness of trading partners by checking on multiple ways, before concluding the contract;
- monitoring of receivables by permanent control and assessment of risks;
- developing loyalty relationships with the customers by periodical meetings to know them and approaching a constructive approach;
- establishing the expenses provisions to cover the risk of default.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 21. Risk management (continuation)

d) Price reducing risk

S.C. CONTED S.A. Dorohoi is exposed to a risk of reducing the prices due to cheaper labor in other countries, changes in the economic, social and political.

Control measures of price reducing risk

In order to mitigate these risks, the company has implemented a policy to promote the products by emphasizing the advantages related to high quality and alignment with international regulations. On the other hand, it has in mind to develop its position on regulated markets, which has more restrictive conditions for access on the market and relatively higher price levels.

e) Risks of lohn system

Mainly S.C. CONTED S.A. produces textiles using the lohn system (CM – cut and make) but it can produce textiles with its own fabrics (imported from France, Italy, Spain, Turkey etc.) and auxiliary, at the customer's request (CMT – cut-make-trim).

Over the time, S.C. CONTED S.A. may be more or less affected by the changes of what we call environment or external factors, certain factors of this environment may adversely affect the activity of this company. These political, legal, economic, social and cultural factors can have a negative impact, therefore creating a failure transposed in high response time into the market and delays in delivery.

Political and legal factors can influence the company's business that operates according to the lohn system by imposing regulations that may be related to import-export of goods, economic factors that influence the economy of a country which can also influence the purchasing power.

f) Political and legislative risk

Legislative changes related to the textiles market lead to a legal risk that must be managed at all times. The company's effort to adapt constantly to variating legislative requirements can generate significant additional costs and potential future amendments to the legislative framework could have negative effects on the activity and profitability of the company.

Legislative risk control measures

The strategy of the company in managing these risks entails:

- a permanent concern to obtain the international certifications of the manufacturing flows;
- updating the licensing documentation for the products in the portfolio;
- permanent monitoring of legislative changes at international level.

g) Risks to losing certain markets (contracts)

The decline in the market price of the competing products lead to a non-competitive position, the loss of the partner's interest for the Conted products, as a result of the introduction of new products on the market, lead to the loss of some markets (contracts).

Measures to control the risk of loss of certain markets (contracts)

To manage this risk the company takes into account:

- tracking continually the trends of the international trade policy and adopting a strategy of diversified export, structurally and geographically, with a differential approach of developed markets and of developing countries;
- concluding strategic partnerships with companies which hold important positions on the international markets, which are able to pursue judiciously such risks;
- anticipating the legislative requirements, to adapt the product documentation to certain requirements or to compensate on the other markets;
- customer retention;
- identifying new business partners and other methods of cooperation (compensation).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS ACCORDING TO IFRS

NOTE 21. Risk management (continuation)

h) Operating risks

One of the serious problems that S.C. CONTED S.A. is currently facing is that related to the recruitment and employment of staff specialized in textiles. Failure to attract a sufficient number of suitably qualified personnel, migration, incapacity to adapt to the labor market, and increased personnel costs are risks that might affect the work done by the issuer.

Among the uncertainty factors that could affect the Company's business we can mention:

- producing clothing that can stand on the circuit and on stock for more than one month, due to delay of supply with raw materials and auxiliary materials from customers;
- temporary suspension of activity due to unexpected circumstances;
- increasing the minimum gross salary guaranteed for payment, which will decrease the attractiveness of light industry;

The increase the minimum gross salary guaranteed for payment at the level of the country of the workers in the textile industry, may lead to loss of contracts by clothing factories in Romania and they are transferred to countries with cheaper labor force. The related industry is losing its competitiveness year after year, and the lohn system "migrates" into cheaper countries with much lower wage levels.

S.C. CONTED S.A. implements a constant supervision of operational risks in order to take measures to keep them at an acceptable level, which does not threaten its financial stability, the interests of the creditors, shareholders, employees, and partners.

NOTE 22. Related parties

The Company has no share capital in other companies.

Transactions with the key management personnel

Loans granted to the manager

The company did not grant advances, credits or loans to the administration and management institution members in 2023 year.

Benefits of the key management personnel

The waging rights of the General Manager are established by the Board of Directors in accordance with the legal provisions and the contract of mandate. The remuneration of the Management Board members are approved by the General Meeting of the Shareholders.

Granted waging rights	**Nr. persoane**	**2023**	**2022**
General Manager	1	117,505	118,391
Management Board Members	3	2,863,215	195,264

NOTE 23. Further events

There are no further events that may influence these financial statements.

The separate financial statements were approved by the Board of Directors at the meeting of 13.03.2024 and signed on behalf of it by:

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

Chief Economic Office,
Ec. Mihai Elena

Mihai

AFFIDAVIT
according to the provisions of art. 30 from the Accounting Law no. 82/1991

The undersigned HAMIDI HAISSAM, as Representative of the President of the Board of Directors of S.C. CONTED S.A., headquartered in Dorohoi, str. 1 Decembrie, nr. 8, registered at the Trade Registry under no. J07/107/1991, VAT code RO 622445, I undertake entire responsibility for the drafting of the individual yearly financial statements at 31.12.2023 and I confirm the following:

a) The accounting policies used at the drafting of individual yearly financial statements at 31.12.2023 are in compliance with the International Financial Reporting Standards adopted by the European Union.

b) The individual financial statements at 31.12.2023 offer an accurate and precise image of the assets, liabilities, financial position, comprehensive income and of the other information related to the developed activity.

c) The Board of Directors report on the financial year 2023 contains an accurate analysis of the company's development and performances, as well as a description of the main risks and uncertainties specific to the developed activity.

d) S.C. CONTED S.A. develops its activity in a continuous manner.

Representative of the President of the Board of Directors,
Eng. HAMIDI HAISSAM

The state of compliance with the new Corporate Governance Code of Bucharest Stock Exchange on 31.12.2023

Indicator	The code's provisions that must be observed	Observed by the company	The company does not observe or partially observes	The non-compliance reason
A1	All companies should have an internal regulation of the Board which includes terms of reference / responsibilities of the Board and the key management positions of the company, and which applies, inter alia, the General Principles of Section A.		X	The company has not adopted an operational regulation for the Board of Directors. The Board of Directors' responsibilities, the key positions and the operating mode are the ones provided by the articles of incorporation and the legal provisions.
A2	The provisions for managing the conflicts of interest should be included in the Board regulation. In any event, the Board members must notify the Board about any conflicts of interest that have arisen or may arise and refrain from participating in discussions (inclusively by default, except the case where the default would prevent the formation of quorum) and from the vote for adopting a decision regarding the issue leading to the afferent conflict of interests.		X	There are no provisions for managing the conflicts of interest.
A3	The Board of Directors or the Supervisory Board must be made of at least five members.		X	The Bylaws provides 3 members, according to art. 137, paragraph 2 from Law 31/1990.

A4	The majority of the Board of Directors members must have no executive position. At least one member of the Board of Directors or of the Supervisory Board must be independent concerning the companies in the Standard Category.		X	The 3 members of the Board of Directors are non-executive administrators.
A5	Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions within the Board of some non-profit companies and institutions, should be disclosed to the shareholders and potential investors before the nomination and during his tenure.		X	It shall be implemented.
A6	Any member of the Board must provide to it information on any relation to a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation extends to any relation that may affect the member's position against the issues decided by the Board.	X		
A7	The company must appoint a secretary of the Board responsible for supporting the activities of the latter.	X		
A8	The corporate governance statement shall inform if there was an evaluation of the Board under the guidance of the President or of the Nomination Committee and, if so, shall		X	The Board of Directors has not adopted a policy/ guidelines concerning the Board evaluation.

	summarize the key measures and changes resulting from it. The company must have a policy / guidelines on the Board evaluation, including the purpose, criteria and frequency of the evaluation process.			
A9	The corporate governance statement must contain information on the number of meetings of the Board of Directors and Committees during the last year, the participation of directors (in person and in absentia) and a report of the Board and committees on their activities.	X		
A10	The corporate governance statement must contain information on the exact number of independent members from the Board of Directors or the Supervisory Board.	X		
B1	The Board should establish an audit committee in which at least one member must be an independent non-executive director. Most members, including the president, must have shown to have the appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have a proven and appropriate accounting or auditing experience.		X	Without an independent non-executive director, and due to their impossibility to provide a majority of independent directors within the audit committee, the Board of Directors has not established such a committee, keeping these responsibilities for themselves.

B2	The president of the audit committee must be an independent non-executive member.		X	No audit committee being established, there is no question of electing an independent non-executive director to manage the committee.
B3	Within its responsibilities, the audit committee should conduct an annual evaluation of the internal inspection system.		X	Without an audit committee, the Board of Directors is the one who receives the inspection reports of the internal auditor and who is responsible for the annual evaluation of the internal inspection system.
B4	The evaluation should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal inspection reports submitted to the audit committee of the Board, the timeliness and effectiveness with which the executive management solves the deficiencies or weaknesses identified during the internal inspection relevant national and submission of relevant reports to the attention of the Board.		X	If no audit committee has been established, the Board of Directors is the one to be responsible for the evaluation of the internal audit activity concerning the efficacy, the adequacy of the risk management and internal inspection reports drawn up by the internal audit, the timeliness and effectiveness of the measures taken to remedy the weaknesses revealed by these ones.
B5	The audit committee should evaluate the conflicts of interests related to the transactions of the company and of its subsidiaries with the affiliated parties.		X	As long as no audit committee is established, the evaluation of the conflicts of interests related to the transactions of the company and its subsidiaries with related parties is the responsibility of the Board of Directors. The company has no subsidiaries.

B6	The audit committee should evaluate the efficiency of the internal inspection system and of the risk management system.		X	The analysis of the internal inspection system and risk management system efficiency is also carried out by the Board of Directors, as long as no audit committee is established.
B7	The audit committee should monitor the implementation of the legal standards and the internal audit standards generally accepted. The audit committee shall receive and assess the reports of the internal audit team.		X	The Board of Directors receives and evaluates the internal audit reports, monitors the implementation and observance of the generally accepted standards, ensuring thus this function specific to the audit committee.
B8	Whenever the Code mentions reports or analyses initiated by the Audit Committee, these ones have to be followed by periodic or ad-hoc (at least annually) or ad-hoc reports that have to be subsequently submitted to the Board.		X	Without an audit committee, there is no periodic reporting phase of the audit committee by the Board of Directors.
B9	None of the shareholders may be given preferential treatment over other shareholders in relation to transactions and agreements made by the company with shareholders and their affiliates.	X		
B10	The Board should adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relations whose value is equal to or greater than 5% of the net assets of the company (according to the	X		

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	latest financial report) is approved by the Board following a mandatory opinion of the Board's and is properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to the reporting requirements.			
B11	Internal audits must be made by a structurally separated division (the internal audit department) within the company or by employment of an independent third party.	X		
B12	In order to ensure the fulfillment of the internal audit department main functions, the latter should report from a functional perspective to the Board through the audit committee. For administrative purposes and under the management obligations to monitor and reduce risks, the audit department must report directly to the Chief Executive Officer.	X		
C1	The company must publish on its website the remuneration policy and to include a statement in the annual report on the implementation of the remuneration policy during the concerned annual period. The remuneration policy should be drawn up so as to allow shareholders the understanding of the principles and arguments		X	The company does not publish on its website a remuneration policy, but the notes of the annual financial statements contain information regarding the remuneration of directors and executives for the analyzed period.

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	underlying the remuneration of the Board members and of the CEO, as well as of the Executive Board members in the dual system. This policy should describe the manner in which the management of the process is taking place and the manner in which the decisions regarding the remuneration are taken, to detail the components of the executive management remuneration (such as salary, annual bonuses, long-term incentives related to shares value, benefits in kind, pensions and others) and to describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the length of the executive officer contract and the notice period stipulated in the contract, and any compensation for unjust dismissal. [...] Any significant change occurred within the remuneration policy should be timely published on the website of the company.			
D1	The company must hold an Investors Relations department – by indicating the responsible person/ persons or the organizational unit. In addition to the information required by the law, the company must	X		

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	include on its website a section dedicated to the Investors Relations, in Romanian and English, with all the relevant information for investors, including:			
D1.1.	The main corporate regulations: articles of incorporation, procedures regarding the general meetings of shareholders;	X		
D1.2.	The professional CVs of the management members of the company, other professional commitments of the Board members, including executive and non-executive positions within the boards of directors of companies or non-profit institutions;		X	It shall be implemented.
D1.3.	The current and periodic reports (quarterly, biannual and annual) - at least those specified in paragraph D.8 - including the current reports with detailed information on non-compliance with this Code;	X		
D1.4.	Information on the general meetings of shareholders: the agenda and the informational materials; the procedure for electing the Board members; the arguments supporting nominations for the election within the Board, together with their professional CVs; the shareholders' questions regarding the items on the agenda and the company's responses, including the decisions taken;	X		

D1.5.	Information on corporate events, such as payment of dividends and other distributions to the shareholders, or other events leading to the acquisition or limitation of a shareholder's rights, including the deadlines and principles for such operations. This information will be published within a period to allow investors to take investment decisions;	X		
D1.6.	The name and contact details of a person who can provide, upon request, relevant information;	X		
D1.7.	The company's overviews (e.g., the overviews for investors, the overviews regarding the quarterly results, etc.), the financial statements (quarterly, biannual, annual), the audit reports and annual reports.	X		
D2	The company will have a policy regarding the annual dividend distribution or other benefits to shareholders, as proposed by the CEO or the Executive Board and adopted by the Board, as a set of guidelines that the company intends to follow on the distribution of net profit. The principles of the policy regarding the annual distribution to shareholders will be published on the website of the company.	X		
D3	The company will adopt a policy regarding forecasts,	X		

	whether they are made public or not. The forecasts refer to findings quantified conclusions of some research aimed at determining the overall impact of a number of factors relating to a future period (so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results being able to significantly differ from the initially presented predictions. The policy regarding forecasts will determine the frequency, period had in view and the content of the forecasts. If published, the forecasts can only be included in the annual, biannual or quarterly reports. The policy regarding forecasts will be published on the website of the company.			
D4	The General Meetings of Shareholders rules should not limit the participation of shareholders to the general meetings and the exercise of their rights. The changes to the rules will enter into force no sooner than the following meeting of shareholders.	X		
D5	The external auditors will attend the general meeting of shareholders when their reports are discussed at these meetings.	X		
D6	The Board will present the annual general meeting of	X		

	shareholders a brief assessment of the internal inspection and significant risks management systems, as well as some opinions on certain issues subject to the decision of the general meeting.			
D7	Any specialist, adviser, expert or financial analyst may participate to the shareholders' meeting based on a prior invitation from the Board. The accredited journalists may also participate to the general meeting of shareholders, unless the Board President decides otherwise.	X		
D8	The quarterly and biannual financial reports shall include information both in Romanian and in English on the key factors generating changes at the level of sales, operating profit, net profit and of other relevant financial indicators, both from one quarter to another and from one year to another.	X		
D9	A company shall hold at least two meetings/ teleconferences with analysts and investors every year. The information presented on these occasions shall be published within the Investor Relations section of the company's website at the	X		

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	time of meetings/ teleconferences.			
D10	If a company supports various forms of artistic and cultural expression, sporting, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of the company as part of its mission and development strategy, they shall publish the policy concerning their activity in this field.	X		

Representative of the President of the Board of Directors,
Eng. Hamidi Haissam

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "CONTED" S.A. Dorohoi

Report on financial individual statements

Opinion

1. We audited the enclosed financial statements of the trading company CONTED S.A. (hereby referred to as the „Company"),with registered office in Dorohoi, street 1st December 1918 no. 8, unique identification code 622445, which comprise the statement of financial position at 31 December 2023, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

2. The individual financial statement at 31 December 2023 are identified as follows:

1. Net assets/Total shareholder's equity. 10.850.428 lei
2. The net result of the financial year: ….. 1.609.067 lei

3. In our opinion, the annexed financial situations of SC CONTED SA suplly an exact image of the financial position of the Company at the date of 31 December 2023, as well as the result of the operations and the cash flows for the financial year ended at this date, in accordance with the Order of the Public Finances Ministry number 2844/2016 for the Accounting Regulations in conformity with the International Standards of Financial Reports.

The basis of the opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs). REGULATION (EU) No 537 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (in the folowing „Regulation") and Law nr. 162/2017 („ Law"). Our responsibilities under those standards are further described in the „Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance whith the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) toghether whith the ethical requirements that are relevant to the audit of the financial statements in Romania, included Regulation and Law, and we have fulfilled our ethical responsabilities in accordance whith this requirements and the IESBA Code. We believe

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion .

Key audit issues

5. The key audit issues are those issues that, in our professional reasoning, had the greatest importance to audit the financial statements of the current period. These issues were addressed in the context of the audit of the financial statements as a whole and in forming our opinion, and we do not offer a separate opinion on these issues.

Key audit issues	***Approach taken in the audit***
1. Revenue recognition Revenues represent a significant amount of 40.955 thousand lei. **Refer Note 5 „Revenues”** The income recognition policy is presented in note 3 "Accounting Policies” point. g.–„Revenue Recognition. " According to the International Standards of Audit, there is an implicit risk in recognizing revenue, thanks to the pressure that management can feel in connection with obtaining the results planned. The company generates income on the basis contractual agreements concluded with its customers for the sale of products and provision of services. Revenues are recognized at the time delivering products to the customer based on contract conditions.	Our audit procedures included, among others: - evaluating the principles of recognition of revenue in accordance with IAS 18 "Revenue" and in relation to the accounting policies of the company; - testing the existence and effectiveness of internal controls as well as performing detail tests to verify correct recording a transactions; - examining the accuracy of adjustments made by society to respect the principle of the exercises independence, considering delivery terms and contractual provisions on the modalities of delivery; -Sample testing of trade receivables on December 31st, 2023 by sending confirmation letters. -examining the sales record after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related income has been accounted for in the corresponding financial period
2. Analysis of depreciation of tangible assets According to Note 14 “Stocks”, as of December 31, 2023, the total stocks are worth 8,181.20 thousand lei and represent a significant percentage of the total assets of	. Our audit procedures for testing the existence of inventories consisted mainly of, but were not limited to, the participation in the inventory of inventory items according

the company, their valuation implying a high level of management judgment. These stocks consist mainly of raw materials, semi-finished products, work in progress and finished products.

Inventory valuation is, in principle, at the lower of cost and net realizable value.

The cost assessment includes various components such as the cost of purchase or the cost of production, including the trade discounts received.

For finished products, the net realizable value is estimated at the cost of production.

to the Inventory Chart approved by management, including reconciling the auditor's count with that of the company's representatives, any physically / morally depreciated stocks.

In order to validate the valuation of the acquisition / production cost of inventories, we performed detailed tests on the valuation in relation to the requirements of IAS 2 “Inventories”.

We checked the estimates of the net realizable value in relation to the sale price and we checked whether there were stocks that were sold with a negative margin by analyzing the recent sales invoices from January and February 2024.

Other information – The Report of the Administrators

6. The directors are responsible for the preparation and presentation of other information. Such information includes the directors' report but does not include the individual financial statements and the auditor's report about this.

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

In relation to our audit of the individual financial statements for the financial year ended December 31, 2023, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or appears to be materially misstated.

Other Reporting Responsibilities Regarding Other Information – The Report of the Administrators

7. Regarding the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with Order of the Ministry of Public Finance no. 2844/2016, points 15-19 of the Accounting Regulations compliant with International Financial Reporting Standards.

Based solely on the activities carried out during the audit of the individual financial statements, in our opinion:
a) The information presented in the Directors' Report for the financial year ended December 31, 2023, for which the financial statements were prepared, is, in all material respects, consistent with the financial statements;

b) The Directors' Report has been prepared, in all material respects, in accordance with Order of the Ministry of Public Finance no. 2844/2016, points 15-19 of the Accounting Regulations compliant with International Financial Reporting Standards.

Furthermore, based on our knowledge and understanding of the Company and its environment gained during the audit of the financial statements for the financial year ended December 31, 2023, we are required to report whether we have identified any material misstatements in the Directors' Report. We have nothing to report in this regard.

Responsibilities of Management and Governance Responsible Individuals for the Financial Statements

8. Management is responsible for the fair preparation and presentation of the financial statements in accordance with Order of the Ministry of Public Finance no. 2844/2016 approving the Accounting Regulations compliant with International Financial Reporting Standards and for the internal control that management considers necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so
10. Governance responsible individuals are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

11. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the International Audit Standards will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

12. As part of an ISA audit, we exercise professional judgment and maintain professional skepticism during the audit. Also:

- We identify and assess the risks of the financial statements caused either by fraud or by error, and design and execute audit procedures in response to such risks and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of non-detecting a material misstatement due to fraud is higher than the risk of non-detecting of a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations and avoiding internal control;

- We consider the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company;

- We assess the adequacy of the accounting policies used and the reasonableness of accounting estimations and related presentations made by management;
- We formulate a conclusion regarding the suitability of the accounting used by the management based on the business continuity and we determine, based on the audit evidence obtained, if there is a significant uncertainty relating to events or conditions that could generate significant doubts regarding the company's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw the attention in the auditor's report on the presentations related to the financial statements or, if these presentations are inadequate, we must change our opinion. Our conclusions are based on the audit evidence obtained until the date of the auditor's report. However, future events or circumstances may cause the company to no longer operate on the basis of the principle of the continuity of the business;
- We generally assess the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to the persons responsible for governance, among other things, the planned scope and timing of the audit, as well as the main audit findings, including any internal control weaknesses that we identified during the audit.

14. We are also required to provide the persons responsible for governance, with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all the relationships and other matters that may reasonably be thought to bear our independence, and where applicable, the related safeguards.

15. From the matters communicated with the persons responsible for governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We are required to describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter and when, in extremely rare circumstances, we determine that a matter that has not otherwise been publicly disclose should not be communicated in our report in view of the significance of the adverse consequences that can reasonably be expected to arise as a result of such communication.

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

16. In accordance with Law no. 162/2017 on the statutory audit of annual financial statements and consolidated annual financial statements and amending certain normative acts, we are required to express an opinion on the compliance of the financial statements with the requirements of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for specifying a single electronic reporting format ("ESEF RTS requirements")

Responsibility of Management

17. The Company's management is responsible for preparing financial statements in a digital format that complies with the ESEF RTS requirements. This responsibility includes preparing the financial statements in the applicable xHTML format, including ensuring consistency between the financial statements in digital format and the signed financial statements.

Auditor's Responsibility

18. Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF RTS requirements, based on the evidence obtained. We conducted our mission in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the compliance of the financial statements with the ESEF RTS requirements. The nature, timing, and extent of the procedures selected depend on the auditor's professional judgment, including the assessment of significant risks of deviation from the ESEF RTS requirements due to fraud or error. Our procedures included assessing the adequacy of the financial statements format and evaluating the consistency between the financial statements in digital format and the signed and audited financial statements stamped by us for identification purposes.

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

Opinion

19. In our opinion, the financial statements of the Company included in the annual report for the financial year ended December 31, 2023, have been prepared, in all material respects, in accordance with the ESEF RTS requirements.

Report on other legal and regulatory provisions

20. We were appointed by the General Meeting of Shareholders on April 24, 2023 to audit the financial statements of S.C. CONTED S.A. for the financial year ended 31 December 2023.

We confirm that:

- Our audit opinion is consistent with the supplementary report presented to the Company's Audit Committee, which we issued on the same date as this report. Additionally, during the conduct of our audit, we maintained independence from the audited entity.

- We have not provided the Company with prohibited non-audit services, as mentioned in Article 5(1) of EU Regulation no. 537/2014.

The audit engagement partner responsible for the mission upon which this independent auditor's report is based is MERGHIDAN CONSTANTIN-OVIDIU.

S.C. MCO CONTAB CONSULT S.R.L. registered in the Electronic Public Register of financial auditors and audit firms with no. FA1105	MERGHIDAN CONSTANTIN OVIDIU registered in the Electronic Public Register of financial auditors and audit firms with no. AF1809

Dorohoi, March 25,2024

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de Audit: MCO CONTAB CONSULT S.R.L.
Registru Public Electronic: FA 1105

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: MERGHIDAN CONSTANTIN - OVIDIU
Registru Public Electronic: AF 1809