

ANNUAL MANAGEMENT REPORT YEAR 2022

Prepared according to Regulation No. 5/2018 of A.S.F. for the financial year 2022



Identification data of CARBOCHIM SA

Registered office: Piata 1 Mai Nr.3, Cluj-Napoca

Phone/Fax: 0264437005/ 0264437026

Tax Reference Number and VAT Code: RO 201535

Trade Register Number: J12/123/1991

Subscribed and Paid-up Share Capital: RON 12,313,405

Email: Sales@carbochim.ro

Website: <https://www.carbochim.ro>

Regulated market where the issued shares are traded: Bucharest Stock Exchange - category II (symbol: CBC)

LEI code: 315700GD1WTAQ2QBME83

The main features of the securities issued by the Company

As at December 31, 2022, the situation was the following:

- Face value: RON 2.5/share

Number of shares: 4,925,362

Share capital: RON 12,313,405

- Registered shares, issued in dematerialized form, registered in the independent register Depozitarul Central S.A., according to contract no. 42757 of September 16, 2008.

Reporting Period: Year 2022 (Period from January 1 to December 31, 2022)

1. Review of the Company's activity***1.1. a) Description of the basic activity of the Company.***

a) Carbochim SA operates as a joint stock company according to Law 31/1990 republished, as subsequently amended and supplemented, and its main activity is "Production of abrasive products". According to NACE classifications - NACE code 2391.

b) Year of incorporation of the Company:

CARBOCHIM S.A. was set up as a joint-stock company in 1991, by transforming the former I.I.S. CARBOCHIM and has its registered office in ROMANIA, CLUJ-NAPOCA City, Piata 1 Mai nr. 3.

The Company was founded initially in 1949, for the production of coal products, and the activity scope had changed by subsequent investment, leading to the production and sale of abrasive products: vitrified bonded grinding wheels, bakelite bonded grinding wheels, elastic bonded grinding wheels, mineral bonded abrasives, abrasive cutting and deburring grinding wheels, abrasive paper, cloth paper combined, and volcano fiber. Moreover, the activity includes internal and external trade activities, services on maintenance and repair of machinery, space rental.

c) Description of any significant merger or reorganization of the Company, its subsidiaries or controlled companies during the financial year.

Not applicable. There were no significant mergers or reorganizations during the year under review, i.e. Financial Year 2022.

d) Description of acquisitions and/or disposals of assets.

Purchase of non-current assets (accepted in 2022) :	RON 9,877,992
-Land	RON 8,381,272
- Buildings:	RON 1,440,279
- Technological equipment:	RON 33,349
-Means of transport	- RON
- Measurement equipment and devices	RON 10,917
- Devices, office supplies, equipment	- RON
- Intangible assets	RON 12,175
- Investments in progress as at December 31, 2022:	RON 8,896,036
Write-offs of assets (asset value)	RON 3,181,285
Sales of assets (asset value)	RON 121,975

The sales contract was concluded with the reservation of ownership right no. 966/March 24, 2022, through which the land with constructions located in Cluj-Napoca, P-ta 1 Mai nr. 3 is sold, according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/January 5, 2022. As of December 31, 2022, land and buildings amounting to RON 54,641,972 were transferred to assets held for sale.

The Sales and Purchase Agreement no. 1070/April 4, 2022 was entered into, through which the land with constructions located in Cluj-Napoca, B-dul Muncii nr. 18 is sold, according to the Resolution of the Extraordinary General Meeting of Shareholders No. 1/January 5, 2022, in order to relocate the activity of the Company.

e) Description of the main results of the assessment of the Company's activity.

During 2022, the value of sales of abrasive products was approx. 1% higher than the previous year. The operating revenues recorded in 2022 were by approx. 5% higher than those recorded in 2021. This increase in revenue, correlated with the increase in operating expenses by approx. 10% led to an operating profit of only RON 42,566 compared to RON 1,724,342 in 2021.

1.2. Overall assessment elements:

INDICATOR	2022/RON
<i>Net profit</i>	26,067
<i>Turnover</i>	34,457,638
<i>Intra-Community export or delivery</i>	1,612,378
<i>Operating income</i>	36,210,325
<i>Operating expenditure</i>	36,167,759
<i>% of the market held (in Romania)</i>	15%
<i>Liquidity (cash and cash equivalents as at December 31, 2022)</i>	1,066,282

1.3. Assessment of the Company's technical level.

Description of the main products and/or services provided, stating:

Carbochim SA produces a wide range of abrasive products, such as:

- Bonded grinding wheels: ceramic, organic, mineral and elastic;
- Cutting and deburring grinding wheels;
- Abrasive on paper, canvas in the form of: endless strips, rolls, sheets, flat wheels, lamellar wheels and others.

Furthermore, the Company has various collaboration contracts with other manufacturers to complete the assortment range.

a) The main outlets for each product or service and the distribution methods.

The main market for the sale of the products is the internal market and the distribution of the products is carried out both directly by the Company and through the authorized representatives or distributors. On the external market, sales are carried out directly by the Company, the most important intra-Community deliveries and exports are in: Poland, Hungary, Germany, England, Austria, The Netherlands and Switzerland.

b) The share of the Company's turnover and total turnover accounted for by each category of products or services over the last three years.

PRODUCTS CARBOCHIM	2020		2021		2022	
	% revenue	% turnover	% revenue	% turnover	% revenue	% turnover
Grinding wheels	61.93	59.62	64.74	61.98	57.43	60.36
Coated abrasives	36.87	35.48	34.04	32.59	31.19	32.78

c) The new products contemplated which will involve a significant volume of assets shall be affected in the next financial year and the stage of development of these products.

Considering the strong competition in the retail market, the Company has focused on the development of abrasive products that are used in the industry: automotive, bearings, metallurgy and others. High-tech abrasive products based on state-of-the-art abrasive materials have been assimilated to these industries.

1.4. Assessment of the technical-material supply activity (indigenous sources, import sources). Disclosure of security of supply sources, raw material prices and levels of raw material and material inventories.

The main utilities, electricity and gas are purchased on the domestic market.

Some of the basic raw materials are purchased on the European market (Germany, Italy, Hungary, Austria, Poland, Slovenia, France) and imported from the Asian market (China, Korea). In general, there are at least two suppliers for each raw material.

Raw material stocks are generally within normal limits, except for those supplied from the Asian market or those with a long production cycle, where a reserve stock is built up, in order to avoid stoppages due to long delivery times.

1.5. Assessment of the sale activity.

a) Description of the sequential development of sales on the internal and/or external market and of the medium- and long-term sales prospects.

In view of the global crisis caused by the coronavirus pandemic, which is expected to plunge the European Union and the Eurozone into a recession, the full impact of this crisis being still impossible to predict and prevent in its entirety, the targets set for 2023 are:

- 5% increase in sales of finished products compared to the level of 2022;*
- Orientation towards the performance of its own distribution system through the efficient use of the resources of the territorial places of business –Ploiesti and Bucharest.*

In 2022, the Company's activity was carried out in a difficult macroeconomic environment, which required constant adaptation of short-term strategies to achieve the proposed objectives.

b) Description of the competitive situation in the Company's field of activity, of the market share of the Company's products or services and of the main competitors.

Carbochim SA operates in a variable competitive environment, which changes in the "Price Policy" component advocated by the competing companies. In this context, we assess that the situation in 2023 will have the same competitive profile as in previous years, and the changes that may occur will not pose a threat to the marketing policy adopted.

c) Description of any significant dependence of the Company on a single customer or group of customers the loss of which would have a material adverse effect on the Company's revenues.

Given the wide range of products of the Company, as well as its large customer base, there is no customer that could materially affect the Company's operations. There is a wide range of trading partners in the internal market that contribute to the sales achieved by the Company. However, none of them has the potential to have a material adverse effect on the Company's results, the customer/product portfolio is in a stable condition.

1.6. Assessment of the human resources aspects of the Company.

a) Disclosing the number and level of training of the Company's employees, and the degree of syndication of the workforce.

The average number of staff in 2023 was 161 employees.

More than 42% of employees have been working in the Company for more than 2-3 decades, giving the Company with extensive and sound experience in the manufacture and marketing of abrasive products.

The level of education of employees is as follows: 29% higher education, 65% secondary education (high school, foreman school, vocational school, apprenticeship) and 6% general education.

The degree of syndication of the workforce within the Company is 59%.

b) A description of the relationship between Management and employees and of any elements of conflict that characterize this relationship.

In 2022, the relations between the Company's management and employees were professional and free any conflicts whatsoever. A Collective Bargaining is concluded at Company level which is renegotiated on an annual basis.

1.7. Assessment of the aspects related to the impact of the basic activity of the issuer on the environment.

The Company holds all the environmental permits and permits necessary for the activity carried out. There are no pending or threatened legal actions for breach of environmental protection legislation. The Company is certified according to ISO 9001:2015 and ISO 14001:2015, with an integrated quality-environment system.

1.8. Assessment of the research and development activity.

Research and development activities are geared towards:

- Design and approval of new products, especially those required by industry;*
- Improvement and technological development required by the quality and technical requirements of the specific products;*
- Technological optimization through the purchase of new, efficient and high-performance equipment, aimed at achieving the main objectives of the Company, namely cost reduction, increasing product quality and meeting customer requirements.*

1.9. Assessment of the trade activity regarding risk management.

Like any player in a competitive market, the Company is always exposed to both changes in the prices of raw materials, gas and electricity, as well as to local or global developments in the prices of finished products and to the evolutions of exchange rates.

In 2022, the Company's activity was exposed to the following types of risks:

*- **Currency risk.** The Company is exposed to currency risk through its exposure to different currencies, namely USD and EUR. Currency risk is associated to assets and liabilities recognized, in particular payables towards external suppliers of raw material and materials, as well as loans and leases.*

In April 2018, the Company entered into a framework contract for derivative financial transactions for FORWARD foreign exchange operations to partially cover foreign exchange risk for USD, therefore the Company applied the hedge accounting.

The impact of this type of risk on the profit and loss account in 2022 was - RON 17,617.

The impact on the profit and loss account assuming a 10% increase in EUR applied at the Balance Sheet date, with all other variables remaining constant, would be RON -254,598.

The depreciation trend of RON in relation to USD, which occurred in 2015, continued the following years, also affected the profit and loss account of 2022, given that an important part of the raw materials are supplied from the Asian market. Furthermore, the trend of depreciation of RON against EUR continued in 2022, a trend which continues in 2023 and which has influenced the profit and loss account of 2022, given that an important part of the raw materials are supplied from the European Union.

*- **Interest rate risk.** The Company is exposed to interest rate risk through its long and short-term loans, most of which have variable rates, related to ROBOR index for loans in RON, EURIBOR for loans in EUR respectively. The Company has entered into interest-bearing loan agreements with Unicredit Bank, Banca*

Comerciala Romana and Raiffeisen Bank. As at December 31, 2022, a potential increase in the interest rate of 1% would have an impact on the income statement of RON 1,174.

- **Price risk**, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. In 2022, there were significant increases in electricity and natural gas prices, which were due to the energy crisis in the European market. In the first half of 2022, the upward trend in raw materials and materials prices continued, with significant increases in 2021 due to the impact of the COVID 19 pandemic and shipping problems caused by the container crisis on the world market.

- **Credit risk** is mainly related to cash and cash equivalents and trade receivables. The Company has developed a number of policies the application of which ensures that the sales of products and services takes place to appropriate customers. The carrying amount of receivables, net of provisions for doubtful debts, represents the maximum exposure to credit risk.

The credit risk of trade receivables that are neither provisioned nor outstanding, can be assessed through internal analysis since there is no information about external risk indicators for customers.

- **Liquidity risk,**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an appropriate level of committed credit facilities.

Forecasts of cash flows are prepared by the Company's Finance Department, which monitors forecasts of the Company's liquidity requirements to ensure that there is sufficient cash to meet the operational requirements, while always maintaining a sufficient margin in undrawn committed lending facilities, so the Company does not breach the limits of loans or arrangements relating to loans for all credit facilities.

1.10. Prospective elements regarding the Company's activity.

The Extraordinary General Meeting of Shareholders of CARBOCHIM SA convened in its meeting of January 5, 2022 decided by unanimous vote the relocation of the entire activity carried out by the Company in the new building was purchased by the Company under the conditions approved in the same meeting of the General Meeting of Shareholders and the alienation by sale to one or more buyers of the real estates owned by the Company, located in Cluj-Napoca, P-ța 1 Mai, nr. 3, Cluj County and composed of the land plots and the constructions located thereon. (Resolution of the General Meeting of Shareholders no. 1/January 5, 2022).

In 2023, an important factor of uncertainty that can seriously affect the activity of the Company is the crisis generated at European level by the war in Ukraine, which overlapped the effects of the Covid-19 crisis is expected to send the European Union and the Eurozone into a recession.

Another major factor of uncertainty that can seriously affect the European and Romanian economy and implicitly the activity of the Company is the crisis in the American banking system that could be triggered by the bankruptcy of Silicon Valley Bank.

The full impact of these crises is still impossible to predict and prevent in its entirety.

In 2023 as well, the liquidity of the Company could be affected by the increased payment terms of our customers, due to the lack of liquidity in the market, by the influence of the RON-US and RON-USD exchange rates, and by the prices for electricity, natural gas and fuels, if they remain at the current level or if the current upward trend continues in the future.

1.11. Statement on corporate governance code.

Carbochim SA has shares listed at Bucharest Stock Exchange. As a result, the Company applies all the legal provisions in force: Law 31/1990 updated, Order of the Ministry of Public Finance 2844/2016, as subsequently amended and supplemented, for the approval of the Accounting Regulations according to International Financial Reporting Standards, ASF Regulation no. 5/2018 on reports, Law 297/2004 on the capital market, Bucharest Stock Exchange regulations and others. All these acts are public.

Until the date of this Report, the Company has not adopted the Corporate Governance Code issued by the Bucharest Stock Exchange in 2015. The Company has started the necessary steps to adhere to this Code. The Board of Directors will analyze and decide on the conditions and influences in the Company's corporate governance strategy.

The status of compliance with the Bucharest Stock Exchange Corporate Governance Code was presented by the Company in the Current Report dated January 22, 2016, which can be found on the website www.carbochim.ro, in the Despre noi/Actionari/An 2016/Diverse section.

The Company keeps its accounts in accordance with the current legislation and has its own embedded IT system.

The Financial Statements are prepared in accordance with the accounting policies legally adopted by the Company and the legislation in force, which are checked and approved by the Economic Director, the Chief Executive Officer and, where applicable, by the Board of Directors.

Carbochim SA has an internal control system in place for its main activities, with defined working procedures.

The duties performed by the internal control in the Company include but are not limited to, the following:

- Examination of the legality, regularity and conformity of operations;*
- Identifying errors, waste, mismanagement and, on these grounds, proposing measures and solutions to recover damages and sanctioning those responsible, as appropriate;*
- Overseeing the operation of systems for substantiating planning, programming, organizing, coordinating decision, monitoring and controlling the implementation of decisions;*
- Assessing the efficiency and effectiveness with which the existing Management and execution systems at Company level use the financial, human and physical resources to achieve the objectives and obtain the results set.*

The structure and the functioning of the executive, management and supervisory bodies are in accordance with the legislation in force and the Articles of Association of the Company. The General Meeting of Shareholders is the Governing Body of the Company, which decides on its activity and determines its economic and commercial policy. The General Meetings are ordinary and extraordinary, and the duties of each are laid down by the Articles of Incorporation. The Company is managed by a Board of Directors composed of 5 Directors, who may also be Shareholders, elected by the General Meeting of Shareholders for a term of 4 years, with the possibility of being re-elected for further terms of 4 years. At its first Meeting, the Board of Directors shall elect a Chairman from among its members. The Chairman of the Board of Directors is the Chief Executive Officer under the contract of office. The Executive Directors are appointed by the Chief Executive Officer and report to the Chief Executive Officer. The composition of the Company's Management and Governing Bodies is set out in section 4 of this Report. An Audit Committee consisting of two members was established within the Board of Directors in 2017.

The internal audit activity is outsourced, a contract has been signed with a self-employed person with an audit qualification, in accordance with the legal requirements.

The internal audit reports directly to the Company's Board of Directors.

The Company has entered into a contract with a licensed financial auditor, according to the legal requirements, which checks the Financial Statements according to the legal provisions in force.

The General Meeting of Shareholders has the duties provided for by Law 31/1990, as amended, and by the Articles of Incorporation of the Company in force on the date when the General Meeting is held

The manner in which the General Meeting of Shareholders is held and its key duties are in accordance with the legislation in force and the Articles of Association of the Company.

Shareholders' rights and the manner in which they may be exercised are provided for in the applicable law.

2. Company's tangible assets.

2.1. Disclosure of the location and characteristics of the main production capacities owned by the Company.

The production capacities owned by the Company are entirely located in Cluj-Napoca, P-ta 1 Mai, nr. 3.

The two production capacities of Carbochim S.A. are:

Abrasive Wheels Department with a capacity of 3,000 t/year.

Bonded Abrasives Department with a capacity of 4,000 thousand sq m/year.

2.2. Description and analysis of the wear and tear of the Company's properties.

An average degree of wear can be estimated at approx. 39%, considering that there are assets from 1965-1970, but also assets from 2000-2020.

Importantly, most of the properties (constructions) date back from 1973-1979 and they are in good condition. Furthermore, all machinery and equipment are in good working order, allowing production to be carried out at a higher quality level.

2.3. Disclosure of potential ownership issues regarding the Company's property, plant and equipment.

Not applicable.

3. The securities market issued by the Company.

3.1. Disclosure of the markets in Romania and in other countries where the securities issued by the Company are traded.

The Company is the issuer of registered shares traded on the category II of Bucharest Stock Exchange, CBC symbol.

3.2. Description of the Company's dividend policy. Disclosure of the dividends due/paid/accumulated in the last 3 years and, if applicable, the reasons for any reduction in dividends during the last 3 years.

Over the last 2 years, the Company's policy has been to not distribute dividends to the Shareholders, the net profits generated have been transferred to the retained earnings and have been used to capitalize the Company and to support its activity during this difficult period that we all go through.

The situation of dividends distributed and paid in the last 3 years is as follows:

- No dividends were distributed in 2020, but net dividends amounting to RON 12,446 were paid to Shareholders from the dividends distributed in previous years.

- No dividends were distributed in 2021, but net dividends amounting to RON 1,010 were paid to Shareholders from the dividends distributed in previous years.

- No dividends were distributed in 2022, but net dividends amounting to RON 552 were paid to Shareholders from the dividends distributed in previous years.

3.3. Description of any activities of the Company to purchase its own shares.

Not applicable.

3.4. If the Company has subsidiaries, disclosure of the number and face value of the shares issued by the Parent Company owned by the subsidiaries.

Not applicable. The Company has no subsidiaries but has two places of business, in Bucharest and Ploiesti.

3.5. If the Company has issued bonds and/or other debt securities, a statement of how the company has discharged its obligations in respect of such securities.

Not applicable. The Company did not issue bonds or other debt securities.

4. Company's management.

4.1. Disclosure of the list of the Company's Directors and of the following information for each Director.

During 2022, the Company was managed by a Board of Directors consisting of 5 members.

On February 24, 2022, the Ordinary General Meeting of Shareholders took place, during which the Shareholders of Carbochim elected the following members of the Board of Directors for a term of 4 years, for the period February 26, 2022 - February 26, 2026, in accordance with the Resolution of the Ordinary General Meeting of Shareholders no. 1/February 24, 2022 : Mr Popoviciu Viorel - Dorin - Chairman, Mr Giurgiu Adrian, Mr Turbatu Ioan, Mr Ungurean Tudor and Mr Stoicescu Daniel – Silviu.

- a) CV (surname, first name, age, qualification, professional experience, position and seniority).
- b) Any agreement, covenant or family relationship between the relevant Director and another person due to which the relevant person was appointed Director;
- c) Director's participation in the Company's equity;
- d) List of persons affiliated to the Company.

4.1.1. POPOVICIU VIOREL DORIN member of the Board of Directors and Chairman of the Board of Directors throughout January 1, 2022 - February 26, 2026. He is 68 years old and is an engineer.

- a) All positions held within the Company are: Trainee Engineer, Engineer, Senior Engineer, General Manager, Manager, Chief Executive Officer, 40 years seniority.
- b) Not applicable.
- c) Owned 145,670 shares as at December 31, 2022.
- d) They are disclosed in Note 22 to the Financial Statements and in the Appendix to this Report.

4.1.2 STOICESCU DANIEL SILVIU, member of the Board of Directors throughout **January 1, 2022 - February 26, 2026**. He is 52 years old and is a lawyer.

- a) Has not held or does not hold any other positions within the Company.
- b) Not applicable.
- c) Held 15 shares as at December 31, 2022.
- d) They are disclosed in Note 22 to the Financial Statements and in the Appendix to this Report.

4.1.3 GIURGIU ADRIAN, member of the Board of Directors throughout **January 1, 2022 - February 26, 2026**. He is 40 years old and is an economist.

- a) Has not held or does not hold any other positions within the Company.
- b) Not applicable.
- c) Does not hold.
- d) Not applicable.

4.1.7 TURBATU IOAN, member of the Board of Directors throughout **January 1, 2022 - February 26, 2026**.

He is 63 years old and is an engineer.

- a) Has not held or does not hold any other positions within the Company.
- b) Not applicable.
- c) Does not hold.
- d) Not applicable.

4.1.8 UNGUREAN TUDOR, member of the Board of Directors throughout **January 1, 2022 - February 26, 2026**.

He is 43 years old and is a legal adviser.

- a) Has not held or does not hold any other positions within the Company.
- b) Not applicable.
- c) Does not hold.
- d) Not applicable.

4.2. Disclosure of the list of members of the Company's Executive Management.

For each, the disclosure of the following information:

The Executive Management is provided by a Chief Executive Officer Manger who performs his duties under the contract of office signed with the Board of Directors and a team of 3 Chief Executives.

- a) Term for which the person is part of the Executive Management;
- b) Any agreement, covenant or family relationship between the relevant person and another person due to which the relevant person was appointed a member of the Executive Management;
- c) The relevant person's participation in the Company's equity.

4.2.1. POPOVICIU VIOREL-DORIN, Chief Executive Officer

- a) Contract of office for the period **2022-2026**;
- b) Not applicable.
- c) Owned 145,670 shares as at December 31, 2022.

4.2.2. BARABULA MIHAELA-MARIA, Economic Director;

- a) Employee under employment contract for an indefinite period;
- b) Not applicable.
- c) Does not hold.

4.2.3. GIURGIU LIANA, Sales Manager;

- a) Employee under employment contract for an indefinite period;
- b) Not applicable.
- c) Does not hold.

4.2.4. CAREAN NASTASIA, Technical and Production Manager;

- a) Employee under employment contract for an indefinite period;
- b) Not applicable.
- c) Does not hold.

4.3. For all persons referred to in 4.1 and 4.2, disclosure of any disputes or administrative proceedings in which they have been involved during the past 5 years relating to their activity within the issuer, as well as those concerning the relevant person's ability to perform their duties within the issuer.

Not applicable.

5. Financial and accounting statement.

Disclosure of the economic and financial statement, compared to the last 3 years, with reference to:

a) Balance Sheet items: assets representing at least 10% of total assets; cash and other cash equivalents; reinvested earnings; total assets; total liabilities.

The overall asset statement is disclosed as follows:

		2020	2021	2022
Total assets	RON	93,431,948	95,861,837	116,659,422
Inventories	RON	14,416,412	15,241,090	16,757,830
Inventories	%	15.43	15.90	14.36
Assets classified as held for sale	RON	0	0	54,641,972
Assets classified as held for sale	%	0	0	46.84
Trade receivables	RON	5,357,088	6,259,122	6,051,405
Trade receivables	%	5.73	6.53	5.19
Other assets	RON	305,119	994,118	1,031,119
Other assets	%	0.33	1.04	0.88
Current income tax recoverable	RON	0	0	110,680
Cash and cash equivalents	RON	979,149	900,973	1,066,282
Cash and cash equivalents	%	1.05	0.94	0.91
Investment properties	RON	7,124,301	7,124,302	3,765,120
Investment properties	%	7.63	7.43	3.23
Intangible assets	RON	0	69	8,793
Property, plant and equipment	RON	65,211,879	65,304,163	31,029,172

Property, plant and equipment	%	69.80	68.12	26.60
Investments in equity instruments	RON	38,000	38,000	38,000
Right of use of leased assets	RON	0	0	2,159,049

The overall liability statement is disclosed as follows:

		2020	2021	2022
Total liabilities	RON	93,431,948	95,861,837	116,659,422
Share capital	RON	12,325,438	12,313,405	12,313,405
Adjustments of share capital	RON	-	-	0
Other components of equity	RON	57,387,745	57,309,069	56,749,810
Retained earnings	RON	9,301,233	10,897,235	11,566,853
Long-term loans	RON	1,432,625	1,165,705	714,465
Finance lease liabilities	RON	0	0	1,721,902
Long-term provisions	RON	274,014	290,591	276,403
Deferred tax liability	RON	6,901,859	6,762,736	6,669,926
Current share of long-term loans	RON	2,310,166	3,011,953	2,183,952
Current share of financial lease liabilities	RON	0	0	577,192
Trade payables and of other nature	RON	3,468,237	4,096,970	23,885,514
Current income tax	RON	30,631	14,173	0

For the financial year 2022, the Annual Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, in accordance with the provisions of Order of the Ministry of Public Finance no. 2844 /2016 approving the Accounting Regulations in accordance with the International Financial Reporting Standards.

b) Profit account, net sales, gross income, cost items and expenses with a share of at least 20% in net sales or gross income, risk provisions and for miscellaneous expenses, with reference to any sale or cessation of a segment of activity carried out in the last year or to be performed in the following year; dividends declared and paid.

Evolution of the profit and loss account:

		2020	2021	2022
Total revenue	RON	32,862,955	34,614,818	36,307,161
Total expenses	RON	-31,279,560	32,996,031	36,247,008
Gross profit	RON	1,583,395	1,618,787	60,153
Income taxes (current and deferred)	RON	-211,954	-177,576	-34,086
Net profit	RON	1,371,441	1,441,211	26,067
Cost elements representing more than 20% of total revenue				
		2020	2021	2022
- Expenses on raw materials, goods and consumables	%	30.70	30.27	27.15

- Employee benefit expenses	%	44.43	44.80	50.17
- Depreciation and impairment expenses	RON	-2,161,198	-2,094,729	-2,270,735
- Other operating expenditure		-4,249,967	-4,809,630	-5,897,400
- Dividends distributed as of the end of the period	RON	0	0	0*
- Dividends paid during the relevant year (including the related tax)	RON	12,446	1,010	552

* The Board of Directors proposal to distribute the net profit does not provide for the distribution of dividends from the net profit of 2022 in the Ordinary General Meeting of Shareholders of April 2023.

In 2022, there was no divestments or closures of any business segment and we do not expect any in 2023 either.

c) Cash flow: all changes in the level of cash within the basic activity, investments and financial activity, the level of cash at the beginning and end of the period.

	2020	2021	2022
Net cash from operating activities	5,318,865	2,327,121	633,312
Net cash from investment activities	-2,641,397	-2,828,463	1,159,757
Net cash from financing activities	-2,723,179	-2,828,467	-1,627,760
Cash flows - total	-45,711	-78,176	165,309
Cash at the beginning of period	1,024,860	979,149	900,973
Cash at the end of period	979,149	900,973	1,066,282

In 2020, investment expenditure totalled RON 3,334,431 and investments amounting to RON 116,370 were completed.

In 2021, investment expenses totaled RON 2,045,823 and investments amounting to RON 3,790,566 were completed.

In 2022, investment expenses totaled RON 17,120,844 and investments amounting to RON 9,877,991 were completed.

6. Signatures

Engineer Popoviciu Viorel-Dorin
Chairman of the Board of Directors

Economist Barabula Mihaela-Maria
Economic Director

Appendices.

a) The Company's Articles of Association, if amended in the reported year.

The Articles of Association of the Company have been amended according to the Decision of the General Meeting of Shareholders No. 1/ April 27, 2022, Amendment consisting of supplementing Article 6 with a new NACE Code "3511 - Production of electricity".

b) Material contracts entered into by the Company in the reported year.

The Sales Contract no. 966/March 24, 2022, through which the land with constructions located in Cluj-Napoca, P-ta 1 Mai nr. 3 is sold, according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/January 5, 2022. The Current Report no. 282/March 25, 2022 was prepared and sent to Bucharest Stock Exchange and ASF by which the conclusion of the Contract was reported.

The Sales and Purchase Agreement no. 1070/April 4, 2022 was entered into, through which the land with constructions located in Cluj-Napoca, B-dul Muncii nr. 18 is sold, according to the Resolution of the Extraordinary General Meeting of Shareholders No. 1/January 5, 2022, in order to relocate the activity of the Company.

c) Documents of resignation/dismissal, if there were such situations among the members of the administration, the executive management, the independent financial auditor.

Not applicable.

d) List of the Company's subsidiaries and of the companies controlled by the Company.

Not applicable.

e) List of persons affiliated to the Company, with whom the Company carried out transactions in 2022:

- CARBOREF SRL	Cluj-Napoca
- RIVUS INVESTMENTS SRL	Iasi

The value of transactions with the above companies is disclosed in the Notes to the Financial Statements of 2022.