

## **Report of the Director**

The data contained in the financial statements consisting of: balance sheet, profit and loss account and explanatory notes, drawn up on 31.12.2022 reflect the activity carried out by ROMCOLOR 2000 SA in 2022 and correspond to the accounting records organized and kept up to date in accordance with the legal provisions in force, agreed with the real situation of the patrimonial elements.

The entire financial-accounting activity during the period January 1 - December 31, 2022 of S.C. ROMCOLOR 2000 SA had in mind the observance of the following principles:

The principle of business continuity;

The principle of permanence of methods;

The principle of prudence;

Commitment accounting principle;

The principle of intangibility;

The principle of separate assessment of asset and liability elements;

The principle of non-compensation;

Accounting and presentation of the balance sheet and profit and loss account taking into account the economic background of the transaction or commitment in question;

The principle of assessment at acquisition cost or production cost;

The principle of the threshold of significance,

### **Business continuity**

These financial statements have been drawn up based on the principle of continuity of activity which assumes that the Company will continue its activity normally in the foreseeable future without entering into a state of liquidation or significant reduction of the activity.

In order to assess the applicability of this assumption, the management analyzes the forecasts regarding the future cash inflows. Based on these analyses, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity in the preparation of the financial statements is justified.

### **Using estimates**

The preparation of these financial statements in accordance with OMFP 1802/2014 with subsequent amendments requires the Company's management to make estimates that could affect the reported values of assets and liabilities as well as the income and expenses related to the reporting period. Actual results may differ from estimated

values. These estimates are reviewed periodically and any necessary adjustments are reported in the income statement in the period in which they were recorded. Although these individual estimates present some degree of uncertainty, its overall effect on the financial statements is considered to be insignificant.

### Share capital

On 31.12.2022, the company's paid-up capital was of 8,354,410 RON consisting of 83,544,100 shares, each with a nominal value of 0.10 RON, held by the shareholders:

Name	Number of shares	Percentage	Share capital value [RON]
PLASTIKA KRITIS	83,533,275	99.987%	8,353,328
TEODOR VLAD	10,000	0.012%	1,000
DANIEL STOENESCU	825	0.001%	82
<b>Total:</b>	<b>83,544,100</b>	<b>100.000%</b>	<b>8,354,410</b>

All shares are ordinary and nominative, they have been subscribed and their counter-value paid in full.

### INFORMATION REGARDING EMPLOYEES, DIRECTORS AND MANAGERS

The average number of employees and gross salaries granted during the years ended on December 31, 2021 and December 31, 2022 were as follows:

	December 31, 2021		December 31, 2022	
	Number of employees	Gross salaries	Number of employees	Gross salaries
Production dept.	81	7,014,635	77	8,363,785
Administrative Dept.	11	1,989,553	11	2,430,170
Sales Dept.	9	2,347,014	9	3,027,470
<b>Total</b>	<b>101</b>	<b>11,351,202</b>	<b>97</b>	<b>13,821,425</b>

During the year 2022, meal vouchers in the amount of 523,572 RON were also provided.

### Management of the company

In 2022, the Company was administered and led by Mr. Tonescu Florin as General Manager and Director.

The general manager has the power to represent the Company in relations with third parties, being able to sign any documents related to the Company's activity, his signature committing the Company from a legal point of view.

### Analysis of the result of the financial year

No.	Indicator name	December 31, 2021	December 31, 2022
<b>1</b>	<b>Net turnover</b>	<b>180,519,856</b>	<b>218,672,283</b>
2	Operating incomes	182,567,891	222,313,163
3	Operating expenses	154,171,322	193,580,945
<b>4</b>	<b>Operating result</b>	<b>28,396,569</b>	<b>28,732,218</b>
5	Financial incomes	1,428,517	2,593,441
6	Financial expenses	798,701	2,381,750
<b>7</b>	<b>Financial result</b>	<b>629,816</b>	<b>211,691</b>
8	Total incomes	183,996,408	224,906,604
9	Total expenses	154,970,023	195,962,695
<b>10</b>	<b>Gross result of the year</b>	<b>29,026,385</b>	<b>28,943,909</b>
11	Tax on profit	4,118,116	3,737,486
<b>12</b>	<b>Net result of the financial year</b>	<b>24,908,269</b>	<b>25,206,423</b>

### Operating activity

The company ROMCOLOR 2000 SA has as its main object of activity the manufacture and sale of plastic products (CAEN code 2229).

In 2022, ROMCOLOR 2000 SA registered a net turnover of 218,672,283 RON, registering an increase of approx. 21% compared to the turnover achieved in 2021.

Turnover	Financial year ended on December 31, 2021	Financial year ended on December 31, 2022
Incomes from the sale of finished goods	166,841,198	197,935,602
Incomes from the sale of goods	12,616,161	16,854,690
Incomes from various activities	1,787,938	4,569,706
Granted discounts	(725,441)	(687,715)
<b>Total</b>	<b>180,519,856</b>	<b>218,672,283</b>

### Main financial indicators

	December 31, 2021	December 31, 2022
<b>1, Liquidity indicators</b>		

a) Current liquidity indicator	8,14	11,01
b) The immediate liquidity indicator	4,13	6,88

## 2, Risk indicators

a) The degree of indebtedness	0%	0%
b) Interest coverage indicator	0	0

## 3, Activity indicators

a) Stock rotation rate	3	4
b) No. of storage days	128	98
c) Rotation speed of debits - customers	91	68
d) Turnover speed of credits - suppliers (days)	37	27
e) The speed of rotation of fixed assets	5,51	7,13
f) Rotation speed of total assets	1,22	1,27

## 4, Profitability indicators

a) Return on capital employed	0,22	0,19
b) Gross margin rate from sales	22,1%	19,67%

## Potential risks

### Market risk in the conditions of the pandemic caused by COVID 19

Market risk is manifested by the instability of the economic environment that can influence the decisions of the company's management. To counteract the unfavorable effects of market risk, the company plans its activity on a series of economic premises founded as realistically as possible. The management cannot predict the changes that will take place in Romania and their effects on the financial situation, on the operating results and the cash flows of the company in 2023. The company intends to continue its activity, in conditions of maximum safety for employees, without ceasing stopping production.

### Currency and inflation risk

The Company carries out transactions expressed in various currencies, including the euro ("EUR"), the Company's activity and results are exposed to fluctuations in the exchange rates of these currencies.

### Liquidity risk

The company's policy is to maintain sufficient liquidity to pay obligations as they become due. The Company's management is convinced that the liquidity risk is adequately monitored in the near future.

**Interest rate risk**

The interest rate risk has two components:

- rate risk;
- cash flow risk,

Rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rate.

Cash flow risk represents the risk of variation in interest costs over time.

The Company's management considers that it has no short-term and long-term financial debts bearing variable and fixed interest, which would determine the Company's exposure to both price risk and cash flow uncertainty

**Credit risk**

Credit risk represents the risk that one of the parties to the financial instrument will not fulfill its assumed obligation, thus causing the other party a financial loss.

The Company's management closely and constantly monitors the credit risk exposure.

**ORGANIZATION AND DEVELOPMENT OF INTERNAL CONTROL WITHIN THE COMPANY**

In accordance with Chapter 11 of the Accounting Regulations in accordance with the European Directives approved by OMFP 1802/2014, the company's internal control aims to ensure:

1. Compliance with the legislation in force;
2. Application of the decisions taken by the management of the unit;
3. Good functioning of the entity's internal activity;
4. Reliability of financial information;
5. The effectiveness of the entity's operations;
6. Efficient use of resources;
7. Prevention and control of the risks of not reaching the set objectives,

The purpose of the internal control is to ensure the coherence of the objectives, to identify the key success factors and to communicate to the management of the company, in real time, the information regarding the performances and perspectives.

**OBJECTIVES OF THE INTERNAL CONTROL ACTIVITY**

**Internal control procedures aim to:**

1. tracking the registration of the entity's activity and the behavior of the staff within the framework defined by the legislation in force, the values, norms and internal rules of the entity;
2. checking if the accounting, financial and management information communicated correctly reflect the entity's activity and situation.

### **COMPONENT ELEMENTS OF INTERNAL CONTROL WITHIN THE COMPANY**

The component elements that define the method of exercising internal control:

- development of appropriate procedures, methods and information systems, tools and appropriate practices;
- a clear definition of responsibilities and identification of existing resources;
- the internal dissemination of relevant, reliable information, the knowledge of which allows everyone to exercise their responsibilities;
- the development of a system that aims, on the one hand, to analyze the main identifiable risks with regard to the company's objectives and, on the other hand, to ensure the existence of procedures for managing these risks;
- exercising the appropriate control activity, for each process, activities designed to reduce the risks likely to affect the achievement of the entity's objectives;
- a permanent supervision of the internal control device, as well as an examination of its functioning,

Control activities are an integral part of the management process through which the company aims to achieve the proposed objectives.

The control aims at the application of internal control rules and procedures, at all hierarchical and functional levels: the decision-making authority regarding the definition of approvals at hierarchical levels, the evaluation of operational performances, the securing of assets, the separation of functions.

The existing procedures that refer to internal controls cover the following spheres of interest:

- Procedures related to the development of business plans;
- Access to the turnover figures and the segregation of responsibilities of the company's employees is carried out in accordance with the company's standards;
- The income and expenditure budgets are correctly controlled by the budget managers;
- The following procedures have been developed regarding the activities carried out in the company and to ensure its control in accordance with the policy promoted by the company:
  - Procedures related to Fixed Assets and Inventory Objects;
  - The procedure related to the procurement of goods and services;
  - The procedure for paying invoices to suppliers of goods and services;
  - The procedure related to cash management;

- Procedures related to the processing of orders;
- Delivery of products;
- Processing in the invoicing system of receipts from clients;
- The procedure regarding the refusal to pay BOs and CECs introduced for settlement in the banking circuit;
- The procedure regarding the recovery of outstanding debts;
- Procedures for returning merchandise from customers;
- The procedure regarding the establishment of adjustments for the depreciation of receivables - customers;
- Stock procedures
- Inventory procedures;
- Establishing adjustments for inventory depreciation;
- Procedures related to the scrapping of goods in the company's inventory,
- Procedures regarding the settlement of travel expenses in the interest of the service;
- Procedures related to the monitoring of the car park
- Procedures that ensure the protection of information security and the company's mobile assets;

The Company's management closely and constantly monitors the way control procedures are applied at all levels of interest.

#### **Events subsequent to the balance sheet date**

Until the date of signing these financial statements, we signal that we do not consider that the effects of the Coronavirus - COVID 19 pandemic can have a major influence on the financial statements of the year 2023, and can no longer lead to the adjustment of the financial statements of the year 2022. The company intends to continue its activity, under conditions of maximum safety for employees, without ceasing stopping production.

Regarding the situation of the war in Ukraine, it and related restrictions may affect the figures of 2023, due to the area in which our company operates, but we consider that there will still be no significant effects compared to the estimated figures.

March 30, 2023

Tonescu Florin,  
Director  
*Illegible signature – seal*

*I, the undersigned, Brigitte Maria Dimancea, authorized translator with authorization no. 3285, certify the exactness of this translation of the original text in Romanian language, translation which has been countersigned by me.*

**AUTHORIZED TRANSLATOR,**

