ELTON CORPORATION S.A

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
prepared in accordance with IFRS
31 December 2024

ELTON CORPORATION S.A

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2024

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ELTON CORPORATION S.A

BOARD OF ADMINISTRATORS

Board of Administration:	Alkisti Papathanasiou Ilektra Papathanasiou Kaiti Andreou
Independent Auditors:	Finexpert - Boscolo Audit & Advisory SRL 5 Popa Petre Street corp A,5th Fl.,office 501 2nd District,Bucharest Romania
Legal Advisers:	Law Office Marcel Toader 39 I.C. Bratianu Blvd., Block P6 3rd District, Bucharest Romania SCA Neamtu & Neascu Aldescu 8 Titus Street 040166 Bucharest Romania
Registered office:	5 Campului Street Pantelimon, Ilfov County Romania
Bankers:	Unicredit Tiriac Bank Vista Bank State Treasury
Registration number:	Trade Register: J23/1996/2002 Vat number: RO 10102512

ELTON CORPORATION S.A

MANAGEMENT REPORT

The Board of Administrators presents its report and audited financial statements of the Company for the year ended 31 December 2024.

Principal activities and nature of operations of the Company
The principal activity of the Company, which is unchanged from last year, is the wholesale distribution of chemical products.

Review of current position, future developments, and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 5 and 6 of the financial statements.

Dividends
The Board of Administrators recommend the payment of a dividend of 15% from the net profit of the year, the rest of 85% is to be retained.

Share capital
There was no increase in share capital of the Company during the year under review.

Board of Administrators
The members of the Company's Board of Administrators as at 31 December 2024 and at the date of this report are presented on page 1. The new Board of Administrators was appointed throughout the year ended 31 December 2024.

In accordance with the Company's Articles of Association all Administrators presently members of the Board continue in office.

The new Board of Directors composition was approved by the company shareholders on 01.11.2024 through Resolution No 62, which also revoked the previous composition of BoD.

Events after the reporting period
There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors
The Independent Auditors, Finexpert - Boscolo Audit & Advisory SRL, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Administrators,

....	....	....
Alkisti Papathanasiou	Brindusa Alexandru	Livia Simpetru
Administrator	General Manager	Financial Manager

SOCIETATE COMERCIALĂ ELTON CORPORATION S.A. ILFOV - ROMÂNIA

Bucharest, 4 April 2025

Finexpert-Boscolo Audit and Advisory
Member Crowe Global

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ELTON CORPORATION S.A.

Report on the consolidated financial statements

Opinion

1. We have audited the accompanying consolidated financial statements of ELTON CORPORATION S.A. (the "Company") and its subsidiary, as of 31 December 2024, which comprise the consolidated statement of financial position, the consolidated statements of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the company ELTON CORPORATION S.A. as at 31 December 2024, its financial performance, its cash flows and movement in equity for the year then ended, in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing adopted by the Chamber of Financial Auditors of Romania ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

4. This report is made solely to the Company's shareholders, as a whole. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a whole, for our audit work, for this report, or for the opinion we have formed.

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Responsibility of the Board of Directors for the consolidated financial statements

5. The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal controls as the Board of Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibility

8. Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

   As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.

   - obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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- conclude on the appropriateness Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

Conformity of the Administrators' Board report with the consolidated financial statements

9. In connection with our audit of the consolidated financial statements, we have read the attached Board of Administrator's report, and we mention the following:

   a) in the Board of Administrator's report we did not identified informations that are not consistent in all material respects with the informations presented in the accompanying consolidated financial statements.

   b) the Board of Administrator's report identified above include, in all material respects, the information required by The International Financial Reporting Standards („IFRS").

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c) based on our knowledge and understanding acquired during the audit of the consolidated financial statements for the year ended 31 December 2024 related to the Company and its environment, we did not identified any information included in the Board of Administrator's report to be significantly misstated.

Camillo Giovannini

Registered with the Chamber of Auditors in Romania

With authorization no. 4354/2012

Registered with the Authority for Public Supervision of the Statutory Audit Activity

With authorization no. AF 4354

Finexpert-Boscolo Audit & Advisory srl

FINEXPERT-BOSCOLO AUDIT AND ADVISORY S.R.L.
CAMERA AUDITORILOR
Aut. Nr. 334
ROMÂNIA

Finexpert-Boscolo Audit and Advisory SRL

Popa Petre Street, No.5 , District 2, Bucharest

Registered with the Chamber of Auditors in Romania

With authorization no. 334/2002

Registered with the Authority for Public Supervision of the Statutory Audit Activity

With authorization no. FA334

April 04, 2025

Bucharest, Romania

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Note	2024 €	2023 €
Revenue	7	44.771.586	48.243.250
Cost of sales		(37.283.081)	(40.696.523)
Gross profit		**7.488.505**	**7.546.727**
Other operating income	8	317.226	169.577
Selling and distribution expenses		(3.388.398)	(3.156.977)
Administration expenses		(1.483.444)	(1.313.508)
Other expenses	9	(618.869)	(1.028.134)
Operating profit		**2.315.020**	**2.217.685**
Finance income		1.062.830	1.576.816
Finance costs		(1.103.225)	(1.464.822)
Net Monetary (inflated gain/loss)		(1.593.463)	(2.983.679)
Net finance costs	11	**(1.633.858)**	**(2.871.685)**
Profit before tax		**681.162**	**(654.000)**
Tax	12	(292.075)	(441.855)
Net profit for the year		**389.087**	**(1.095.855)**
Other comprehensive income			
Exchange difference arising on the translation of the Financial Statements to presentation currency		1.315.334	123.268
Other comprehensive income for the year		**1.315.334**	**123.268**
Total comprehensive income for the year		**1.704.421**	**(972.587)**

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FOR IDENTIFICATION PURPOSES

ELTON CORPORATION S.A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Note	2024	2023
ASSETS		**€**	**€**
Non-current assets			
Property, plant and equipment	12	3.285.492	3.255.820
Right-of-use assets	13	491.275	411.083
Intangible assets	14	94.946	1.601
Goodwill		362.336	362.336
Investments in subsidiaries	15		
Guarantees	19	3.380	6.270
Other non-current assets			-
Deffered tax assets		100.422	24.484
		4.337.853	**4.061.594**
Current assets			
Inventories	17	9.347.829	7.771.484
Trade and other receivables	18	9.688.604	9.435.148
Loans receivable	16		
Refundable taxes	18	1.449.923	917.525
Cash and cash equivalents	19	905.884	2.822.959
Total assets		**21.392.240**	**20.947.116**
		25.730.093	**25.008.710**
EQUITY AND LIABILITIES			
Equity			
Share capital	20	5.341.844	5.341.844
Other reserves			-
Other Components of Equity			-
Revaluation reserve - land and buildings		1.009.113	1.031.496
Legal reserve		946.621	813.536
Translation reserve		(1.049.206)	(2.364.540)
Retained earnings		13.924.596	13.824.120
Total equity		**20.172.968**	**18.646.456**
Non-controlling interests		-	-
Due to related parties – loans (Long Term)		-	-
Reserve for staff retirement indemnities		16.194	21.404
Deferred income taxes			
Finance lease obligations		265.816	240.982
		282.010	**262.386**
Current liabilities			
Trade and other payables	24	4.940.394	4.858.986
Due to related parties – other (Short Term)		86.340	141.596
Borrowings	21	4.142	913.923
Lease liabilities	22	244.239	185.364
		5.275.115	**6.099.869**
Total liabilities		**5.557.125**	**6.362.255**
Total equity and liabilities		**25.730.093**	**25.008.710**

On 4 April 2025 the Board of Administrators of Elton Corporation S.A authorized these consolidated financial statements for issue.

....	....	....
Alkisti Papathanasiou	Brindusa Alexandru	Simpetru Livia
Administrator	General Manager	Financial Manager

SOCIETATEA COMERCIALĂ ELTON CORPORATION S.A. ILFOV - ROMÂNIA

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FOR IDENTIFICATION PURPOSES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company								
	Share capital €	Fair value reserve - investment properties €	Fair value reserve -land and buildings €	Statutory reserve €	Translation reserve €	Retained earnings €	Hyperinflation reserves	Non-controlling interests €	Total €
Balance at 31 December 2022/ 1 January 2023	**5.341.844**	**-**	**1.059.643**	**694.281**	**(2.487.808)**	**17.322.577**	**(1.800.912)**		**20.129.624**
Comprehensive income									
Net profit for the year		-	-	-	-	1.887.824			1.887.824
Other movements		-	-	-	-	-		-	-
Realized Reserves									
Transfer to legal reserves			(28.147)	119.255	-	(91.108)		-	-
Share capital increase			-	-	-	-		-	-
Other comprehensive income for the year		-	-		-	-		-	
Hyperinflation reserves							(3.118.454)		(3.118.454)
Dividends declared						(375.805)			(375.805)
Foreign currency translation					123.268				123.268
Total other movements			(28.147)	119.255	123.268	(466.915)	(3.118.454)		(3.370.992)
Balance at 31 December 2023/ 1 January 2024	**5.341.844**	**-**	**1.031.496**	**813.536**	**(2.364.540)**	**18.743.486**	**(4.919.366)**		**18.646.456**
Comprehensive income									
Net profit for the year						1.982.550			1.982.550
Other movements									
Realized Reserves									
Transfer to legal reserves			(22.383)	133.085		(91.108)			-
Foreign currency translation									-
Share capital increase									-
Hyperinflation reserves							(1.593.463)		(1.593.463)
Dividends declared						(177.909)			(177.909)
Other comprehensive income for the year					1.315.334				1.315.334
Total other movements			(22.383)	133.085	1.315.334	(1.562.770)	(1.593.463)		
Balance at 31 December 2024	**5.341.844**	**-**	**1.009.113**	**946.621**	**(1.049.206)**	**15.759.807**	**(6.512.829)**	**-**	**20.172.968**

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FOR IDENTIFICATION PURPOSES

The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

ELTON CORPORATION S.A

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Note	2024 €	2023 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**681.161**	**(654.000)**
Adjustments for:			
Depreciation of property, plant and equipment	13	372.970	328.494
Profit from the sale of property, plant and equipment			
Loss on bad debts			
Impairment of PP&E		-	-
Impairment of stocks		49.942	-
Impairment charge - trade receivables	18	315.335	392.570
Reversal of impairment - trade receivables		(200.653)	(13.387)
Interest income	11	(314.105)	(324.834)
Interest expense	11	197.130	489.396
Loss on disposal of property, plant and equipment		(3.991)	(28.245)
Provision of staff retirement indemnities		(2.780)	5.083
		1.095.008	**195.076**
Changes in working capital:			
(Increase)/decrease in inventories		(944.711)	3.155.492
Decrease in trade and other receivables		115.233	879.345
Decrease in trade and other payable		(222.951)	(402.514)
Cash generated from operations		**(1.052.429)**	**3.627.980**
Interest paid		(197.130)	(489.396)
Tax paid		(373.438)	(468.461)
Net cash generated from operating activities		**(527.989)**	**2.865.199**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	15	(94.335)	(1.086)
Payment for purchase of property, plant and equipment	13	(477.593)	(325.782)
Payment for purchase of right-of-use assets	14	83.709	
Payment for purchase of available-for-sale financial assets			-
Payment for purchase of investments in associated undertakings	16		-
Payment for purchase of assets held for sale			-
Proceeds from disposal of property, plant and equipment		5.467	29.683
Interest received		314.105	324.834
Net cash used in investing activities		**(168.648)**	**27.649**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(1.126.240)	(997.111)
Dividends paid		(177.909)	(375.805)
Proceeds from leases liabilities		83.709	(9.451)
Net cash generated from financing activities		**(1.220.440)**	**(1.382.367)**
Net (decrease)/increase in cash and cash equivalents		1.917.075	1.510.482
Cash and cash equivalents at beginning of the year		2.822.959	1.312.478
Cash and cash equivalents at end of the year	19	**905.884**	**2.822.959**

The notes on pages 11 to 41 form an integral part of these consolidated financial statements

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FOR IDENTIFICATION PURPOSES

1. Incorporation and principal activities

Country of incorporation

The Company Elton Corporation S.A (the "Company") was incorporated in Romania on 20 January 1998 as a private limited liability company under the provisions of the Romanian Companies Law. Its registered office is at 5 Campului Street,, Pantelimon, Ilfov County, Romania.

Principal activities

The principal activity of the Group, which is unchanged from last year, is the wholesale distribution of chemical products.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. For the subsidiary Elton Kimya Sanayi ve Ticaret. A.Ş, the financial statements were prepared under IAS 29 application.
IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the most recent balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic (but not limited to) that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement of previous periods in the accompanying financial statements has been based on the conversion factors obtained from the Wholesale Price Indices ("WPI") published by the State Institute of Statistics of Turkey.

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Administrators expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Going concern basis

The financial statements are prepared on a going concern basis.

4. Significant accounting policies (continued)

Basis of consolidation

The Company has subsidiary undertakings for which IFRS 10 requires consolidated financial statements to be prepared.The Group consolidated financial statements comprise the financial statements of the parent company Elton Corporation S.A cons and the financial statements of the subsidiary Marmara Endustriyel Kimyevi Maddeler Sanayi ve Ticaret Anonim Sirketi. The name of the company has been changed as Elton Kimya Sanayi ve Ticaret. A.Ş

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter- company transactions and balances between Group companies have been eliminated during consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities andContingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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FOR IDENTIFICATION PURPOSES

4. Significant accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognized immediately in profit or loss.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been metfor each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

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Revenue recognition (continued)

- **Sale of goods**

  Sales of goods are recognized at the point in time when the Group satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Debtors and provision for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

Finance income

Interest income is recognized on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Group's presentation currency.

(2) Translation from functional to presentation currency
(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the reporting date;
(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognized as a separate component of equity as a cumulative translation reserve.

(3) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4. Significant accounting policies (continued)

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of theseassets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
	2
Plant and machinery	6-33
Motor vehicles	16,66-25
Furniture, fixtures and office equipment	25

No depreciation is provided on land.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Deferred income from government grants

Government grants on non-current assets acquisitions are recorded as deferred income and recognized as income on a systematic and rational basis over the useful life of the asset. Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognized in profit or loss as revenue.

Intangible assets in progress

Patents and trademarks are measured initially at purchase cost and are amortized on a straight line basis over their estimated useful lives.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognized as an expense when incurred. Computer software costs are amortized using the straight-line method over their useful lives, not exceeding a period of three years. Amortization commences when the computer software is available for use.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

4. Significant accounting policies (continued)

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

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Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognized as a liability in the consolidated statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognized in profit or loss and it affects fair value gains or losses recognized in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

For all other financial asset that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 5, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit- impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 5, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 5, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognized and fair value of the new substantially modified asset is recognized in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

Financial assets - modification (continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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4. Significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts andthere is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Related parties

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, or significantly influence the other party.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. Financial risk management

Financial risk factors
The Group is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk, other market price risk, operational risk, compliance risk, litigation risk, reputation risk, share ownership risk, capital risk management and other risks arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

5.1 Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio.

5.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

5.3 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

5.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

5.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

5.6 Other market price risk

The Group is exposed to financial risks arising from changes in equity security prices. The Group monitors the mix of equity securities in its portfolio so as to mitigate its exposure to this market price risk.

5.7 Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

5.8 Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

5.9 Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

5.10 Reputation risk

The risk of loss of reputation arising from the negative publicity relating to The Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. The Group applies procedures to minimize this risk.

5.11 Share ownership risk

The risk of share ownership arises from the investment in shares/participation of the Group and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Group applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

5.12 Capital risk management
Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

5.13 Other risks
The general economic environment prevailing in Romania and internationally may affect the Group's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

6. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Critical accounting estimates and judgments (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

  The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Provision for obsolete and slow-moving inventory**

  The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

  The amount of provision is recognized in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The

Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

7. Revenue

	2024 €	2023 €
Sales of goods	**44.771.586**	**48.243.250**

Types of sales	**Parent**	**Subsidiary**
Domestic Sale 2024	34.626.370	10.144.856
Domestic Sale 2023	34.527.713	13.715.537

Year/Business Unit	Food -Agrochemicals	Industrial	Other	Total
2024	20.403.031	24.274.673	93.882	44.771.586
2023	25.827.132	22.203.926	212.192	48.243.250

8. Other operating income

	2024 €	2023 €
Other operating income	93.436	51.759
Reversal of Impairment of receivables&stocks	200.633	27.082
Reversal of provision of bonuses	17.690	57.099
Proceeds from Sales of Fixes Assets	5.467	29.683
Reversal of overcharged insurance expenses	-	3.954
	317.226	**169.577**

9. Other expenses

	2024 €	2023 €
Impairment of receivables	315.324	393.193
Loss on bad debts	168.431	5.898
Other costs	85.173	615.424
Impairment of stocks	49.942	13.619
Other impairments		
Impairment Losses On Non-Current Assets	-	-
	618.869	**1.028.134**

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10. Staff costs

	2024 €	2023 €
Salaries	2.333.428	2.135.392
Social security costs	144.118	106.652
Social cohesion fund		-
Other staff costs	102.169	49.693
	2.579.715	**2.291.736**
Average number of employees	75	80

11. Finance income/(costs)

	2024 €	2023 €
Interest income	314.105	324.834
Exchange profit	748.725	1.251.982
Finance income	**1.062.830**	**1.576.816**
Foreign exchange losses	(906.095)	(975.426)
Interest expense	(197.130)	(489.396)
Sundry finance expenses		-
Net Monetary (inflated gain/loss)	(1.593.463)	(2.983.679)
Finance costs	**(2.696.688)**	**(4.448.501)**
Net finance costs	**(1.633.858)**	**(2.871.685)**

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12. Tax

	2024 €	2023 €
Corporation tax	370.791	456.579
Deferred tax - charge/(credit) (Note 23)	(78.716)	(14.724)
Charge for the year	**292.075**	**441.855**

The corporation tax rate is 16% for Romania and 25% for Turkey

Tax on profit is calculated in accordance with the Romanian and Turkey tax legislation on profit as per the financial statements prepared in accordance with the Romanian and Turkish GAAP. According to the tax legislation companies must submit tax returnson a quarterly basis.

The Company recorded the corporation tax charge for the year based on the tax on profit.

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13. Property, plant and equipment

	Buildings	Assets under contruction	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Land	Total
	€	€	€	€	€	€	€
Cost or valuation							
Balance at 1 January	**3.037.292**	**-**	**389.074**	**210.146**	**385.437**	**426.064**	**4.448.013**
Additions	-	-	7.147	-	13.768	-	20.915
Disposals	-	-	-	(27.771)	-	-	(27.771)
Exchange differences	(16.607)	-	(2.127)	(5)	(462)	(2.330)	(21.531)
Balance at 31 December 2023/ 1 January 2024	**3.020.384**	**-**	**394.094**	**182.370**	**398.743**	**423.735**	**4.419.626**
Additions	107.154	-	19.784	-	22.949	-	149.887
Disposals	-	-	-	(9.894)	(4.116)	-	(14.009)
Exchange differences	304	-	40	15.540	46.802	43	62.728
Balance at 31 December 2024	**3.128.142**	**-**	**413.917**	**188.016**	**464.378**	**423.777**	**4.618.230**
Depreciation							
Balance at 1 January2023	**(446.741)**		**(220.203)**	**(208.849)**	**(198.397)**	**-**	**(1.074.189)**
Additions	(71.402)	-	(22.864)	(33)	(25.254)	-	(119.553)
Disposals	-	-	-	26.333	-	-	26.333
Exchange differences	2.846	-	1.333	180	(765)	-	3.604
Balance at 31 December 2023/ 1 January 2024	**(515.297)**		**(241.734)**	**(182.370)**	**(224.405)**		**(1.163.805)**
Additions	(72.338)	-	(22.294)		(30.074)	-	(124.706)
Disposals	-	-	-	9.894	2.640	-	12.534
Exchange differences	(59)	-	(26)	(15.541)	(41.135)	-	(56.762)
Total Depreciation December 2024	**(587.693)**		**(264.054)**	**(188.016)**	**(292.976)**		**(1.332.740)**
Net book amount							
Balance at 31 December 2023	**2.505.388**	**-**	**152.360**	**0**	**174.338**	**423.735**	**3.255.820**
Balance at 31 December 2024	**2.540.449**	**-**	**149.863**	**0**	**171.403**	**423.777**	**3.285.491**

The Parent Company - Romania has 1 plot of land located in Pantelimon, Ilfov County in total surface of 15.000 sqm, where the warehouse and the registered office of the Company are located. At the end of December 2018, the company has finalised the construction of a new warehouse, in amount of EUR 1,709,200, fully equipped, which is added to a total warehouse surface of 7,178 sqm.

The land was valued on 10 March 2017 at EURO 545.100 (equivalent of RON 2.480.478) based on the valuation report issued by the expert evaluator Buzoianu Sergiu.

The building was revaluated on 10 March 2017 at EURO 1.161.300 (equivalent of RON 5.284.495) based on the revaluation report issued by the expert evaluator Buzoianu Sergiu.

The Subsidiary Company - Turkey has been serving the products about 500 clients service from the warehouses located in Istanbul and Izmir.

13. Property, plant and equipment (continued)

Based on the above mentioned valuations at the end of the year 2017, the management assessed that the fair value of the land and buildings did not suffer significant changes since the last valuations performed and therefore the risk of significant impairment losses is mitigated.

14. Right-of-use assets

	Buildings €	Plant and machinery €	Motor vehicles €	**Total** **€**
Cost				
Balance at 31 December 2023	**86.271**	**156.288**	**562.531**	**805.090**
Addition	140.058	-	228.077	368.134
Disposals	(36.930)	(41.373)	(159.294)	(237.597)
Exchange differences	(49.341)	(106)	(20.809)	(70.256)
Balance at 31 December 2024	**140.058**	**114.809**	**610.504**	**865.371**
Depreciation				
Balance at 31 December 2023	**(78.041)**	**(29.776)**	**(286.187)**	**(394.006)**
Addition	(40.923)	(31.257)	(175.117)	(247.298)
Disposals	36.927	7.537	154.029	198.493
Exchange differences	50.350	(53)	18.419	68.715
Balance at 31 December 2024	**(31.688)**	**(53.549)**	**(288.857)**	**(374.097)**
Net book amount				
Balance at 31 December 2023	**8.230**	**126.512**	**276.344**	**411.083**
Balance at 31 December 2024	**108.369**	**61.260**	**321.648**	**491.274**

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15. Intangible assets

	Goodwill €	Computer software €	Advances for intangible assets €	Total €
Cost				
Balance at 31 December 2022	**712.150**	**137.350**	**11.201**	**860.701**
Additions		1.086	(11.201)	(10.115)
Exchange differences		(121)	-	(121)
Balance at 31 December 2023	**712.150**	**138.315**	**-**	**850.465**
Additions		69	94.266	94.335
Exchange differences		(24)	-	(24)
Balance at 31 December 2024	**712.150**	**138.360**	**94.266**	**944.776**
Amortisation				
Balance at 31 December 2022	**349.814**	**135.030**	**-**	**484.844**
Amortisation for the year	-	1.684	-	1.684
Exchange differences	-	-	-	-
Balance at 31 December 2023	**349.814**	**136.714**	**-**	**486.528**
Amortisation for the year	-	966	-	966
Exchange differences	-	-	-	-
Balance at 31 December 2024	**349.814**	**137.680**	**-**	**487.494**
Net book amount				
Balance at 31 December 2023	**362.336**	**1.601**	**-**	**363.937**
Balance at 31 December 2024	**362.336**	**680**	**94.266**	**457.282**

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16. Guarantees

	2024 €	2023 €
Balance at 1 January	6.270	4.633
Additions	-	1.637
Disposals	2.890	-
Balance at 31 December	**3.380**	**6.270**

17. Inventories

	2024 **€**	**2023** **€**
Goods for resale	**9.396.477**	**7.765.091**
Provision for slow moving	(49.942)	
Spare parts and other consumables	1.294	6.394
	9.347.829	**7.771.484**

Currently, the Company has 2 warehouses one in Bucharest and one in Cluj

Inventories are stated at the lower of cost and net realizable value.

18. Trade and other receivables

	2024 €	2023 €
Trade receivables	9.579.054	8.987.988
Cheques	1.655.250	1.961.179
Receivables from related parties	79.473	39.460
Less: provision for impairment of receivable	(1.625.171)	(1.553.479)
Trade receivables - net	**9.688.606**	**9.435.148**
Other receivables	426.591	267.774
Prepayments	55.419	91.008
Advances to suppliers	967.913	558.743
	11.138.529	**10.352.673**

Trade receivables ageing as for 31.12.2024

NOT DUE	DUE 30 DAYS	DUE 60 DAYS	DUE 90 DAYS	DUE >90DAYS	Total
8.944.121	394.210	243.856	34.171	72.248	**9.688.606**

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Movement in provision for impairment of receivables:

	2024	2023
	€	€
Balance at 1 January	1.553.479	1.241.028
Impairment losses recognized on receivables	315.335	392.570
Amount written off as uncollectible	(200.653)	(13.387)
Bad debts recovered	-	-
Exchange difference	42.991	66.731
Balance at 31 December	**1.625.171**	**1.553.479**

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19. Cash and cash equivalents

	2024 €	2023
Cash in hand	2.570	4.459
Cash at bank	903.313	2.818.500
	905.884	**2.822.959**

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the consolidated financial statements.

20. Share capital

	2024 Number of shares	2024 €	2023 Number of shares	2023 €
Authorised				
Ordinary shares of €2.48 each	2.156.268	5.341.844	2.156.268	5.341.844
Issued and fully paid				
Balance at 1 January	2.156.268	5.341.844		
Balance at 31 December	2.156.268	5.341.844		

The shareholders of the Company as at 31 December 2024 and at the date of this report are:
-ELTON INTERNATIONAL TRADING COMPANY SA (ELTON CHEMICALS SA), Greek legal entity with 99.99751%
-PAPATHANASIOU ALKISTI, Greek physical person with 0.00249%

The administrators of the company as at 31 December 2024 are the following:
- PAPATHANASIOU ALKISTI, reappointed on 1 November 2024 for a period of 4 years
- PAPATHANASIOU ILEKTRA, reappointed on 1 November 2024 for a period of 4 years
- ANDREOU KAITI, reappointed on 1 November 2024 for a period of 4 years

21. Borrowings

	2024 €	**2023 €**
Current borrowings		
Bank overdrafts (Note 19)	-	
Bank loans	4.142	913.923
	4.142	**913.923**
Non-current borrowings		
Loans from related parties (Note 26.5)	-	-
Total	**4.142**	**913.923**

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22. Lease liabilities

	The present value of minimum lease payments	
	2024	2023
	€	€
Not later than 1 year	244.239	185.364
Later than 1 year and not later than 5 years	265.816	240.982
	510.055	**426.346**

It is the Group's policy to lease certain of its fixtures and equipment. The average lease term is 48 months. For year ended 31 December 2024, the average effective borrowing rate was 3% .Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Euro.

The Group's obligations under leases are secured by the lessors' title to the leased assets.

23. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12). The applicable corporation tax rate in the case of tax losses is 20%.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

23. Deferred tax asset/ liability

	Temporary tax differences
	€
Balance at 31 December 2023/ 1 January 2024	**24.484**
Charged/(credited) to:	78.716
Statement of comprehensive income (Note 12)	(2.778)
Exchange difference	
Balance at 31 December 2024 (Assets)	**100.422**

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24. Trade and other payables

	2024 €	2023 €
Trade payables	**4.069.393**	**4.383.345**
Salaries payable	63.831	56.231
Social insurance and other taxes	75.603	84.644
VAT	247.408	206.738
Other payables	20.876	63.191
Other payables to employees		
Accruals		
Advances received from the client	452.476	51.390
Payables to related parties (Note 26.4)	86.341	141.595
	5.015.928	**4.987.134**

25. Payable taxes

	2024 €	2023
Corporation tax	10.805	13.450
	10.805	**13.450**

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26. Related party transactions

The ultimate controlling party is ELTON INTERNATIONAL TRADING COMPANY SA, incorporated in Greece, which owns 99.99% of the Group's shares. The ultimate controlling party is listed at the Athens stock exchange.

The following transactions were carried out with related parties:

26.1 Sales of goods and services

	2024 €	2023 €
ELTON CORPORATION DOO	21.130	13.482
ELTON CORPORATION LTD BULGARIA	52.915	68.618
ELTON INTERNATIONAL TRADING COMPANY SA	54.454	46.793
ELTON CORPORATION LLC	50.332	19.396
	178.831	**148.289**

26.2 Purchases of goods and services

	2024 **€**	**2023** **€**
ELTON CORPORATION LTD BULGARIA	120.880	315.117
ELTON INTERNATIONAL TRADING COMPANY SA	277.419	212.605
ELTON CORPORATION DOO	1.729	1.729
ELTON CORPORATION LLC	-	-
	400.028	**529.451**

26.3 Receivables from related parties (Note 18)

<u>Name</u>	<u>Nature of transactions</u>	**2024** **€**	**2023** **€**
ELTON CORPORATION LTD BULGARIA	Trade	64.576	15.360
ELTON INTERNATIONAL TRADING COMPANY SA	Trade	14.897	7.680
ELTON CORPORATION DOO	Trade	-	13.482
ELTON CORPORATION LLC	Trade	-	2.938
		79.473	**39.460**

26.4 Payables to related parties

	Nature of transactions	**2024** **€**	**2023** **€**
ELTON CORPORATION LLC	Trade		
ELTON CORPORATION LTD – BULGARIA	Trade	33.052	44.009
ELTON INTERNATIONAL TRADING COMPANY SA	Trade	51.562	97.587
ELTON CORPORATION DOO	Trade	1.729	-
		86.341	**141.596**

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28. Taxation and legal environment in Romania

The taxation system in Romania is at an early stage of development and is subject to varying interpretation and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be arbitrary in assessing tax penalties. Although the actual tax on a transaction may be minimal, penalties can be significant as theymay be calculated based on the value of the transactions and start with 0.02 % per day. In Romania, tax periods remain open for tax reviews for 5 years.

Transfer pricing:

As provided by the Romanian legislation currently in force, the fiscal authorities have the right to control the operations carried out between related parties that are conducted with the purpose of decreasing the taxable base of the taxpayer.

In this respect, transactions between related parties must be carried on according to the arm's length principle (i.e., transactions should be performed at the same price levels as those which could be reasonably expected from transactions conducted between non related parties). Fiscal regulations further stipulate that in case of transactions between related parties, the value accepted by the fiscal administration will be the market value of the transaction. Any portion of the price deemed to be less than the 'market value' of the products could be assessed by the fiscal authorities as deemed revenues and be subject to Romanian corporate profits tax.

Management estimates that no additional tax liabilities will be imposed to the Company in this respect, in case of a potential fiscal control.

29. Events after the reporting period

There were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

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Independent auditor's report on pages 3 and 6

COST OF SALES
For the year ended 31 December 2024

	2024 €	2023 €
Opening stocks	7.771.484	10.926.977
Purchases	38.859.426	37.541.030
Closing stocks	9.347.829	7.771.484
Cost of sales	**37.283.081**	**40.696.523**

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PURPOSES

OPERATING EXPENSES

	2024 €	2023 €
Administration expenses		
Payroll and related cost	858.603	765.550
Employee Benefits & Training	903	-
Audit & Legal Fees	130.634	149.459
Other Third Parties Fees	72.518	60.643
Shipping, Handling and Transportation costs	6.410	-
Commissions	-	-
Advertising & Promotion costs	-	-
Consumables & Office Consumables	52.907	58.086
Insurance costs	37.229	51.624
Rentals (Buildings & Warehouses)	21.837	13.232
Rentals (Vehicles & Other)	11.873	6.774
Travelling Expenses	23.194	14.620
Accommodation Expenses	2.334	2.238
Telecommunications & Postal costs	16.607	20.729
Subscriptions	5.359	1.185
Repair and Maintenance (Vehicles)	1.255	5.298
Repair and Maintenance (Machinery & Equipment)	15.639	330
Utilities	14.302	27.568
Taxes other than income taxes	47.011	20.452
Depreciation and Amortisation	155.161	109.440
Other	9.669	6.732
	1.483.445	**1.313.508**

	2024 €	2023 €
Selling and distribution expenses		
Payroll and related cost	1.721.111	1.526.186
Employee Benefits & Training	3.531	4.262
Audit & Legal Fees	28.239	26.104
Other Third Parties Fees	169.210	141.499
Shipping, Handling and Transportation costs	574.174	546.654
Commissions	72.806	143.974
Advertising & Promotion costs	25.494	47.439
Consumables & Office Consumables	106.723	104.380
Insurance costs	53.207	51.923
Rentals (Buildings & Warehouses)	147.578	118.000
Rentals (Vehicles & Other)	30.983	31.771
Travelling Expenses	95.926	43.994
Telecommunications & Postal costs	18.051	13.388
Subscriptions	-	-
Repair and Maintenance (Vehicles)	22.906	39.334
Repair and Maintenance (Machinery & Equipment)	19.282	30.772
Utilities	28.005	31.441
Taxes other than income taxes	41.518	32.037
Depreciation and Amortisation	217.810	219.054
Other	11.845	4.767
	3.388.399	**3.156.977**