



SINTEZA SA
Șos. Borșului no. 35
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VAT Reg.No.: RO 67329
Reg.No.at Commerce Register: J.05/197/1991

BANK: BANCA TRANSILVANIA ORADEA
IBAN EURO:RO61BTRL00504202N98396XX
IBAN RON: RO86BTRL00501202N98396XX
SWIFT CODE: BTRL RO22XXX

THE BOARD OF DIRECTORS' REPORT

ON 31.12.2020

Yearly report according to: Law 297/2004 regarding the capital market
Law 24/2017 regarding the issuers of financial instruments and market operations
ASF Regulation NO. 5/2018

For the fiscal year: 2020
Report date: 31.12.2020
Trade company designation: S.C. Sinteza S.A. Oradea
Head office: Oradea. Sos. Borsului no. 35, Bihor county
Phone/Fax number: 0259.456.116 / 0259.462.224
Trade Register Office unique ID: 67329
Trade Register order no.: J/05/197/1991
Regulated market: Bucharest Stock Exchange
Subscribed/Paid-up share capital: 9.916.889 lei
Main characteristics of securities: Shares issued in dematerialised form

1. Analysis of the trade company's activity

1.1. Description of the trade company's basic activity

S.C."SINTEZA"- S.A. was established by Government Decision no. 1213/20.11.1990 from the "SINTEZA" Chemical Enterprise, it is registered in the Trade Register under no. J/05/197/1991, Tax ID no. RO 67329 and has the registered office in Șos. Borșului no. 35, Oradea, Bihor county.

During the year 2020 there have been no mergers or reorganisations of any kind.

1.1.1. General evaluation elements

In the year 2020 the company obtained the following indicators, according to the balance sheet:

1. Total incomes: **20.646.631 lei**, of which:
 - net turnover: 21.978.579 lei, of which the amount of 21.220.792 lei represents the export sales;
 - incomes from stocks variation: -2.446.402 lei;
 - incomes from the production of tangible assets: 18.737lei;
 - other incomes: 893.194 lei
 - financial incomes: 56.733 lei;
 - revenues from provisions and adjustments regarding the exploitation activity 107.777 lei;
 - financial incomes from adjustments for loss of value : 5.399 lei;
 - incomes from deferred income tax: 32.671 lei;

2. Total expenses: **25.817.260 lei**, of which:
 - operating costs: 25.385.573 lei;
 - financial expenses: 431.687 lei;

3. Net operational result: **-5.170.629 lei**;

4. Liquidities at the end of the period: **32.503 lei equivalent**

1.1.2 Evaluation of the company's technical level

The company exploits the industrial platform from Sos. Borsului no. 35 and operates the installation of Benzoic Acid, installation of an advanced technical level, modernised at the end of the year, obtaining products meant mainly for the external market.

Through the Investment works that were performed in 2018, works which translated into research and design processes, checks, equipment purchase and design, the restoration of Benzoic Acid Unit structural elements, was aimed to improve quality and production capacity for Benzoic Acid product. The Investment works were followed by several months of testing, having the purpose to stabilize Benzoic Acid Unit operating parameters and to finalize the Operating Instructions.

The organic synthesis products manufactured are meant for the industrial chemical applications of high technical level, their use being in an ascending trend in the chemical industry.

At the same time the company continued in the year 2020 the activity of renting its available locations, obtaining incomes from rents.

The company intends the further development of the manufacturings at a high technical level.

The main products manufactured in the year 2020 and the incomes obtained from their sale, but also other incomes, compared to the previous year are:

Crt. no.	Products	2020		2019	
		lei	%	lei	%
1	Exploitation of the industrial platform	757,787	3.45%	1,414,599	6.29%
2	Organic synthesis manufacturings	21,220,792	96.55%	21,079,808	93.71%
	Total	21,978,579	100.00%	22,494,407	100.00%

1.1.3. Evaluation of the technical-material supply

The company acquires industrial technology from renowned companies in the field, both from inland and from abroad.

As for the acquisition of raw resources, materials, energy, the company acts freely on the competitive market.

1.1.4. Evaluation of the sale activity

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

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

The company uses in the sale both the direct sale and the sale through distributors.

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

In the year 2020 the average recorded number of staff members was 87 persons. The company made a number of 16 employments and 14 work contract terminations. From the total staff, 18 are with higher education studies. The degree of unionisation was 20 %.

Within the work relations there were no conflictual elements.

The company periodically organizes courses for professional training and intends the financing of some professional school classes of organic synthesis operators/ chemists.

1.1.6 Evaluation of the aspects related to the environmental impact

The company obtained all the authorisations and permits imposed by the legislation in the field. There is no major impact on the environment and there are no litigations related to the breach of the environmental protection legislation.

1.1.7 Evaluation of the research and development activity

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

1.1.8 Evaluation of the activity regarding the risk management

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

The price risk - there is a permanent monitoring of this risk considering the market on which the firm acts is a specialized one. In fact the company applies and will apply in the future policies for forming the sale price based on the raw material price (Minimum sale price = Acquisition price + margin). We specify that resorting to this form of price setting is a usual practice on the specific market on which the company acts.;

The credit risk – the company has undergoing and will resort in the future as well to resources drawn especially for the financing of the investment objectives. The resource cost is negotiated and generally sized in connection to the reference rates on the financial market so as to be sustainable for the contractual deadlines. One also takes into account the potential variations of the interest rates;

The liquidity risk – there is a permanent preoccupation for maintaining the liquidity at a level above one. On 31.12.2020 this indicator had the value of 0,56; The cash flow risk is monitored daily through prognoses of encashments and weekly and monthly payments. The company applies the policy of the trade credit in the relation with the traditional customers and correlates the encashments deadlines with the deadlines of the payments (suppliers, banks, budgets, salaries).

1.1.9 Elements of perspective regarding the trade company activity

The company has at the base of its strategy in the field of quality the satisfaction of the requirements and necessities of its customers and other concerned parties by offering on time quality products according to the requirements of the customers, regulation and environmental protection.

The improvements in Benzoic Acid quality and Company alignment to EU market requirements, a market with higher margins, will support the Company's return to the area of operational profit in 2021.

The company's development plans take into account:

- development of the product portfolio by contacting research and development institutions
- developing the client portfolio with a focus on those that can offer predictability, higher margins and more favorable payment terms
- development of the industrial park project on the current platform of the company

The Company will continue to run cash generation programs by renting and selling assets which are not affecting the core business and by attracting other funding. The amounts thus obtained, will be used to support the basic activity through investments and working capital.

1.1.10 Information regarding the internal control

Within SC Sinteza SA the ensuring of the internal control aims at the internal control and internal audit activities. In the field of internal control one followed the observance of the internal norms, of the decisions of the leading bodies and financing-accounting norms.

The internal audit is ensured by a contract for services with an independent office. The internal auditor evaluates by a systematic and methodical approach the processes of control and governing of the company and informs the general manager and managers on the significant aspects established by the audit report.

2 Tangible assets of the company

2.1 Placement and description

The company owns and manages the following assets:

- Acid
- Şos. Borşului no. 35 Platform - dedicated to the manufacture of Benzoic Acid
 - Şos. Clujului Platform no.159 - meant for the rental or sale
 - Sludge dump – closed for operation and undergoing closing

2.2 Potential problems related to the ownership right

The are no problems related to the ownership right.

3 The market of the securities issued by the company

The social capital of the company is 9.916.889 lei, divided in 66.112.590 shares with a nominal value of 0,15 lei/share. The shares are transacted on the Bucharest Stock Exchange, Standard category. On the date of 31.12.2020 the structure of the shareholding was the following:

F.I.I. BT Invest 1	33,8898 %
Tibor Tincău	28,1346 %
PLATFORMA ROCA SA	18,0000 %

Other natural and legal persons	19,9756 %
Total :	100,0000 %

The company did not acquire own shares and did not issue bonds.

4 Leadership of the trade company

On 31.12.2020 the company's Board of Directors was formed of:

Alexandru Savin	- chairman
Cosmin Vasile Turcu	- member
Claudiu Sorin Pasula	- member

and the company's executive leadership was formed of:

Tudor-loan Stoia	- general manager
Robert Paltin	- sales manager
Adrian Bucurean	- financial manager

None of the above were involved in litigations or administrative procedures related to the capacity to fulfil their duties.

5 Declaration regarding the corporate governance

Sinteza SA, being a trade company the securities of which are transacted on the Bucharest Stock Exchange, is in the process of implementation of the Corporate Governance Regulation of B.V.B. A declaration on the stage of the compliance and its explanation is found in the annex to the present report.

Sinteza SA is a trade company managed in unitary system. The company's supreme leading body is the General Meeting of Shareholders, according to the stipulations of the articles of incorporation. The general meetings can be ordinary or extraordinary.

The Ordinary General Meeting of Shareholders is convened at least once a year at the most 5 months after the closure of the fiscal year. The main duties of the Ordinary General Meeting of the Shareholders are the ones stipulated in the Law of the trade companies.

The Extraordinary General Meeting of Shareholders is convened whenever it is needed in order to decide according to the law.

The convening of the General Meetings of Shareholders is done by the Board of Directors whenever it is needed or when the legislation of the trade companies demands it. The information regarding the date for holding the meeting, the place, the agenda and any other information necessary for the shareholders are made public by the meeting notices which are published in the Official Gazette and local press.

Each company share gives the right to one vote within the general meetings. The vote is exercised directly or through representation. The organization and way of carrying out the general meetings are stipulated in the company's articles of incorporation and observe the requirements of the trade companies' law.

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

The majority of the members of the Board of Directors are non-executive and independent managers.

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

The Board of Directors is convened by its chairman, or by his deputy.

In accordance with the stipulations of the articles of incorporation the Board of Directors has the following duties:

a.- it approves the organizational structure of the company and the number of jobs, as well as the normative for the establishment of the functional and production sections;

b.- it approves the rights and obligations of the company staff through the collective labour agreement, the regulation of organization and functioning and the internal regulation policy;

c.- it subjects yearly to the approval of the general meeting of shareholders, within 5 months after the closure of the fiscal year, the report regarding the company's activity, as well as the budget project for the running year;

d.- it approves the way of amortisation of the fixed assets located in the company's patrimony, their removal from the system and placement in conservation, as well as the downgrading and cassation of some material assets, other than the fixed assets;

e.- it decides the granting of sponsorships;

f.- it approves the company's management tactics and strategy;

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

h.- it appoints the members of the steering committee, as appropriate;

i.- it approves firm measures regarding the prospective development of the company, of its production capacities, the introduction of the technical progress and the making of products at worldwide technical level;

j.- it resolves any other problems established by the general meeting of shareholders and by the valid legislation.

k.- it approves the acquirement, selling, exchange, the establishment under warranty of goods available in the company's patrimony, the contracting of financings for investments and working capital according to the decisions of the Extraordinary General Meeting of Shareholders.

The current company leadership is delegated through mandate by the General Manager, appointed by the Board of Directors for a period of 4 years.

The company applies the diversity policy regarding its leading and managing bodies.

The company will continuously improve the communication in the relationship with the shareholders and investors by complying to increasing requirements of the BVB Code. In this sense it proposes the reconfiguration of its own site and the development of a section dedicated to the relationship with the investors which would present relevant information for these.

6. Financial and accounting statement

The statement of the **individual** financial position of Sinteza S.A. in 2020 as compared to 2019 is presented as follows:

INDICATOR	INDIVIDUAL
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	31-Dec-2019	31-Dec-2020
Tangible assets		
Freehold land and land improvements	14,565,500	14,565,500
Buildings	11,724,640	11,311,786
Technical installations and transport means	14,552,554	13,551,567
Furniture, office automation equipments	23,789	50,821
Tangible assets in progress	1,922,367	1,636,674
Advance payments for tangible assets		
Total of tangible assets	42,788,850	41,116,348
Intangible assets		
Concessions, patents, licences, trademarks	205,062	163,469
Intangible assets in progress		59,855
Shares owned at branch offices and other fixed securities	32,114	30,966
Rights to use the assets leased	74,898	56,924
Total of intangible assets	43,100,924	41,427,562
Current assets		
Stocks	3,239,102	958,836
Trade receivables and other receivables	3,052,091	3,400,402
Accrued expenses	225,379	206,524
Cash and cash equivalent	38,444	32,503
Assets classified as being held for sale	3,602,553	2,853,111
Total of current assets	10,157,569	7,451,376
Total of assets	53,258,493	48,878,938
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums		
Reserves	27,500,241	27,587,348
Result of the year	-4,061,287	-5,170,629
Result carried forward	3,300,876	-760,411
Other elements of shareholders' equities	-540	-540
Minority interests		
Total of shareholders' equities	36,656,179	31,572,657
Long-term liabilities		
Long-term loans and other liabilities	790,277	402,404
Deferred income		
Provisions		
Deferred tax liabilities	3,652,504	3,532,726
Total of long-term liabilities	4,442,781	3,935,130
Current liabilities		
Short-term loans	5,897,336	5,577,315
Trading liabilities and other liabilities, including derivatives	6,124,802	7,609,242
Deferred income	30,820	78,298
Provisions	106,575	106,296
Liabilities classified as being held for sale		
Total of current liabilities	12,159,533	13,371,151
Total of liabilities	16,602,314	17,306,281
Total of shareholders' equities and liabilities	53,258,493	48,878,938

As regards the accounting period for 2020, the parent company SINTEZA S.A. has drawn up consolidated financial statements, in this consolidation being included the trading company CHIMPROD S.A., with the following identification data:

Company name: S.C. Chimprod S.A.
Registered office: Oradea, 35 Șos. Borșului
Phone/fax no.: 0259 456 110
Tax code: (RO) 67345
No. at the Register of Companies: J05/1984/1992
Share capital: 90,000 lei

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

The company is administered by delegation by S.C. Sinteza S.A., having appointed a permanent representative to that effect.

The statement of the **consolidated** financial position in 2020 compared to 2019 is presented as follows:

INDICATOR	CONSOLIDATED	
	31-Dec-2019	31-Dec-2020
Tangible assets		
Freehold land and land improvements	14,565,500	14,565,500
Buildings	11,724,640	11,311,786
Technical installations and transport means	14,552,554	13,551,567
Furniture, office automation equipments	23,789	50,821
Tangible assets in progress	1,922,367	1,636,674
Advance payments for tangible assets		0
Total of tangible assets	42,788,850	41,116,348
Intangible assets		
Concessions, patents, licences, trademarks	205,062	163,469
Intangible assets in progress		59,855
Shares owned at branch offices and other fixed securities	35,013	33,866
Rights to use the assets leased	74,898	56,924
Total of intangible assets	43,103,824	41,430,462
Current assets		
Stocks	3,242,773	962,507
Trade receivables and other receivables	1,274,370	1,622,681
Accrued expenses	225,379	206,524
Cash and cash equivalent	61,916	54,639
Assets classified as being held for sale	3,602,553	2,853,111
Total of current assets	8,406,991	5,699,462
Total of assets	51,510,815	47,129,924
Shareholders' equities		0
Share capital	9,916,889	9,916,889
Share premiums	0	0
Reserves	28,939,479	29,026,586
Result of the year	-4,114,704	-5,225,158
Result carried forward	263,744	-3,850,961

Other elements of shareholders' equities	-540	-540
Minority interests	-3,891	-4,018
Total of shareholders' equities	35,000,977	29,862,798
Long-term liabilities		
Long-term loans and other liabilities	790,277	402,404
Deferred income		0
Provisions		0
Deferred tax liabilities	3,652,504	3,532,726
Total of long-term liabilities	4,442,781	3,935,130
Current liabilities		
Short-term loans	5,897,336	5,577,315
Trading liabilities and other liabilities, including derivatives	6,032,326	7,568,487
Deferred income	30,820	78,298
Provisions	106,575	107,896
Liabilities classified as being held for sale		
Total of current liabilities	12,067,057	13,331,996
Total of liabilities	16,509,838	17,267,126
Total of shareholders' equities and liabilities	51,510,815	47,129,924

The financial statements for 2020 are drawn up in accordance with the provisions of the Ordonnance of the Ministry of Public Finances 881/2012, Ordonnance of the Ministry of Public Finances 2844/2016 and of the Ordonnance of the Ministry of Public Finances 10/2019 that are applicable to the trading companies whose securities are transacted on a regulated market.

The management of the company is not informed on the events that might put into question the future continuity of the exploitation, an assertion that is based on the fact that the operation line has been updated and it will entail the quantitative and qualitative increase in the production of benzoic acid, as well as the existence of contracts that will ensure the retail of the production.

PRESIDENT OF THE BOARD OF DIRECTORS
ALEXANDRU SAVIN

**The statement of compliance with the BSE Corporate Governance Code
as of 31 December 2020**

Governance Code of BSE	Compliance	Non-compliance or partial compliance	Reason for non-compliance
A. - RESPONSIBILITIES			
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of this Section.		X	Terms of Reference / responsibilities of the Board and key management are contained only in constituent documents of the company, updated in 2012.
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, the members of the Board must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for the adoption of a decision on the matter giving rise to this conflict of interest.		X	Provisions on the management of conflict of interest will be included in the Council Regulation which will be developed by the Board
A.3. The Supervisory Board should have at least five members.		X	The current organizational structure and leadership of the SC Sinteza SA, contained in the foundation document, sets out a number of three members to the Board of Directors. Changing the number of members will be approved by the General Shareholders Meeting and updating foundation document.
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of	X		All three current members of the Board of Directors are non-executive. Two of the three members of the Board of Directors are independent.

<p>Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous 5 years;</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years;</p>			
<p>A.5. Alte angajamente și obligații profesionale relativ permanente ale unui membru al Consiliului, inclusiv poziții executive și neexecutive în Consiliul unor societăți și instituții non-profit, trebuie dezvăluite</p>		X	<p>On the company's website or BSE, professional biographies of Board members are not published. This requirement will be met with reconfiguring the internet site of the Company.</p>

acționarilor și investitorilor potențiali înainte de nominalizare și în cursul mandatului său.			
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		X	There was no such information deemed necessary by the Council.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X		There is a nominated person who held the post in the Council
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		X	Corporate Governance Statement is being Development and will include such policy
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X		The Board of Directors meets regularly once a month and whenever deemed necessary for the proper development of the company's activity
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	X		The Board of Directors has a total of 3 members of which 2 are independent members
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	X		This requirement does not apply SC Sinteza SA listed on the BSE Standard Category
B . RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	X		In the council it works an audit committee which meets the requirements of independence and competence required by BSE Code
B.2 The audit committee should be chaired by an independent non-executive member.	X		
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	Annual Audit Report contains references to the Company's internal control system.

B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	Internal audit assessment is made in the Annual Report of Board
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	X		Evaluation of conflict of interest is made when deciding such transactions
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X		There are references in the Annual Report of directors regarding this issue
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	X		Internal audit reports are made available annually to the audit committee
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards	X		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		There are no such provisions in the foundation document or other internal regulations of the company
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.		X	It will consider the adoption by the Council of such a policy.,And including it in its corporate governance rules
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X		The internal audit of the company is conducted by an independent third party entity based service contract
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	X		The internal auditor reports functionally to the Board and the administratively by the General Manager.
C. FAIR REWARDS AND MOTIVATION			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.		X	According to the foundation document, the Board members remuneration is the prerogative of the General Meeting of Shareholders . After developing and approving the remuneration policy will be posted on the company website.

<p>Remuneration policy should be formulated so as to allow shareholders understanding principles and arguments underlying the remuneration of Board members and the CEO and the Executive Board in the dual system. It should describe how the management process and making decisions regarding remuneration, detailing the components of the remuneration of executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the length of the contract Executive Director and the period of notice stipulated in the contract, and any compensation for unjust dismissal.</p> <p>Any significant change occurred in the remuneration policy to be timely published on the website of the company.</p>			
<p>D . BUILDING VALUE THROUGH INVESTORS' RELATIONS</p>			
<p>D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) including current reports with detailed information on compliance with this Code;</p>	X		These reports and information are published on the company website
<p>D.1.4. Information related to general meetings of shareholders: agenda and information materials; procedure for electing board members; arguments supporting nominations for election to the Council, together with their professional CVs; Shareholders with questions regarding the items on the agenda and responses from the company, including decisions adopted;</p>	X		This information is published on the company website

D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of rights of a shareholder, including the deadlines and principles for such operations. This information will be published within a period to allow investors to take investment decisions;		X	The requirement will be implemented after it is set up the website of the company.
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;		X	The requirement will be implemented after it is set up the website of the company.
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	X		This information is published on the company website
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	Payment of dividends is by resolution of the General Meeting of Shareholders according to the foundation document. Publication on the company's website the annual dividend distribution policy, will be made after the elaboration and approval by the company management .
D3. The company will adopt a policy regarding forecasts, whether they are made public or not. The forecast refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so-called hypotheses) by its nature, this project has a high level of uncertainty, actual results may differ significantly from forecasts initially presented. Policy regarding projections will determine the frequency and content of the period covered by the forecast. If published, the forecast can only be included in the annual, biannual or quarterly. Policy regarding projections will be published on the website of the company.		X	Publication on the company's website the annual forecasts, will be made after the elaboration and approval by the company management .
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		Rules General Meeting of Shareholders will be mentioned every meeting notice published in accordance with legal requirements about 45 days before each meeting.
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		Annual Report Directors, presented the annual General Meeting of Shareholders with the financial statements, contain the Board evaluation of internal control systems management and significant risks.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the	X		SC Sinteza SA is open to the participation of specialists, consultants, experts or analysts at shareholders' meetings. A general set of rules and procedures in this

Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.			regard will be submitted for discussion and approval of the Board
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-onquarter and year-on-year terms.	X		Starting to 2016, reports will be published both in Romanian and English
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	X		SC Sinteza SA organizes twice a year such meetings, according to the annual calendar submitted to BSE
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area		X	A policy in this regard will be developed by the Council if will considered appropriate

SINTEZA SA

Individual and consolidated financial statements
on the 31st of December 2020

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

Content:

Financial statements

Statement of the individual and consolidated financial position

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Statement of the individual financial position
for the accounting period ended on the 31st of December 2020

INDICATOR	INDIVIDUAL	
	31-Dec-2019	31-Dec-2020
Tangible assets		
Freehold land and land improvements	14,565,500	14,565,500
Buildings	11,724,640	11,311,786
Technical installations and transport means	14,552,554	13,551,567
Furniture, office automation equipments	23,789	50,821
Tangible assets in progress	1,922,367	1,636,674
Advance payments for tangible assets		
Total of tangible assets	42,788,850	41,116,348
Intangible assets		
Concessions, patents, licences, trademarks	205,062	163,469
Intangible assets in progress		59,855
Shares owned at branch offices and other fixed securities	32,114	30,966
Rights to use the assets leased	74,898	56,924
Total of intangible assets	43,100,924	41,427,562
Current assets		
Stocks	3,239,102	958,836
Trade receivables and other receivables	3,052,091	3,400,402
Accrued expenses	225,379	206,524
Cash and cash equivalent	38,444	32,503
Assets classified as being held for sale	3,602,553	2,853,111
Total of current assets	10,157,569	7,451,376
Total of assets	53,258,493	48,878,938
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums		
Reserves	27,500,241	27,587,348
Result of the year	-4,061,287	-5,170,629
Result carried forward	3,300,876	-760,411
Other elements of shareholders' equities	-540	-540
Minority interests		
Total of shareholders' equities	36,656,179	31,572,657
Long-term liabilities		
Long-term loans and other liabilities	790,277	402,404
Deferred income		
Provisions		
Deferred tax liabilities	3,652,504	3,532,726
Total of long-term liabilities	4,442,781	3,935,130
Current liabilities		
Short-term loans	5,897,336	5,577,315
Trading liabilities and other liabilities, including derivatives	6,124,802	7,609,242
Deferred income	30,820	78,298
Provisions	106,575	106,296
Liabilities classified as being held for sale		
Total of current liabilities	12,159,533	13,371,151
Total of liabilities	16,602,314	17,306,281
Total of shareholders' equities and liabilities	53,258,493	48,878,938

Statement of the consolidated financial position
for the accounting period ended on the 31st of December 2020

INDICATOR	CONSOLIDATED	
	31-Dec-2019	31-Dec-2020
Tangible assets		
Freehold land and land improvements	14,565,500	14,565,500
Buildings	11,724,640	11,311,786
Technical installations and transport means	14,552,554	13,551,567
Furniture, office automation equipments	23,789	50,821
Tangible assets in progress	1,922,367	1,636,674
Advance payments for tangible assets		0
Total of tangible assets	42,788,850	41,116,348
Intangible assets		
Concessions, patents, licences, trademarks	205,062	163,469
Intangible assets in progress		59,855
Shares owned at branch offices and other fixed securities	35,013	33,866
Rights to use the assets leased	74,898	56,924
Total of intangible assets	43,103,824	41,430,462
Current assets		
Stocks	3,242,773	962,507
Trade receivables and other receivables	1,274,370	1,622,681
Accrued expenses	225,379	206,524
Cash and cash equivalent	61,916	54,639
Assets classified as being held for sale	3,602,553	2,853,111
Total of current assets	8,406,991	5,699,462
Total of assets	51,510,815	47,129,924
Shareholders' equities		0
Share capital	9,916,889	9,916,889
Share premiums	0	0
Reserves	28,939,479	29,026,586
Result of the year	-4,114,704	-5,225,158
Result carried forward	263,744	-3,850,961
Other elements of shareholders' equities	-540	-540
Minority interests	-3,891	-4,018
Total of shareholders' equities	35,000,977	29,862,798
Long-term liabilities		
Long-term loans and other liabilities	790,277	402,404
Deferred income		0
Provisions		0
Deferred tax liabilities	3,652,504	3,532,726
Total of long-term liabilities	4,442,781	3,935,130
Current liabilities		
Short-term loans	5,897,336	5,577,315
Trading liabilities and other liabilities, including derivatives	6,032,326	7,568,487
Deferred income	30,820	78,298
Provisions	106,575	107,896
Liabilities classified as being held for sale		
Total of current liabilities	12,067,057	13,331,996
Total of liabilities	16,509,838	17,267,126
Total of shareholders' equities and liabilities	51,510,815	47,129,924

Statement of the individual overall result
on the 31st of December 2020

INDICATOR	INDIVIDUAL	
	31-Dec-2019	31-Dec-2020
Continuous activities		
Income	22,494,407	21,978,579
Other income	296,714	1,025,049
Changes in inventories	1,854,528	-2,446,402
Total of operating income	24,645,649	20,557,226
Expenses related to inventories	14,827,762	10,079,888
Expenses related to utilities	3,474,186	3,758,177
Expenses with the employees' benefits	4,892,312	5,521,355
Amortization and depreciation of fixed assets	2,154,870	2,085,555
Gains (-)/losses from the assignation of fixed assets (+)	-783,061	
Value adjustment of current assets	325,447	
Adjustments related to provisions	106,575	
Other expenses	3,367,640	3,940,598
Total of operating expenses	28,365,731	25,385,573
Result of the Operating Activities	-3,720,082	-4,828,347
Financial income	125,637	56,733
Financial expenses	646,955	431,687
Net financial result	-521,318	-374,954
Result before the taxation	-4,241,400	-5,203,301
Expense with the current income tax		
Expenses with the deferred income tax	28,997	
Deferred income tax-related income	209,110	32,672
Result of the Continuous Activities	-4,061,287	-5,170,629
Minority interests		
Total of the overall result afferent to the period	-4,061,287	-5,170,629

Statement of the consolidated overall result
on the 31st of December 2020

INDICATOR	CONSOLIDATED	
	31-Dec-2019	31-Dec-2020
Continuous activities		
Income	22,494,407	21,978,579
Other income	299,730	917,332
Changes in inventories	1,854,528	-2,446,402
Total of operating income	24,648,665	20, 449,509
Expenses related to inventories	14,827,762	10,079,888
Expenses related to utilities	3,474,186	3,758,177
Expenses with the employees' benefits	4,945,940	5,570,497
Amortization and depreciation of fixed assets	2,154,870	2,085,555
Gains (-)/losses from the assignation of fixed assets (+)	-783,061	0
Value adjustment of current assets	325,447	73,818
Adjustments related to provisions	106,575	1,600
Other expenses	3,370,571	3, 762,978
Total of operating expenses	28,422,290	25, 332,513
Result of the Operating Activities	-3,773,625	-4,883,004
Financial income	125,637	56,733
Financial expenses	646,955	431,687
Net financial result	-521,318	-374,954
Result before the taxation	-4,294,943	-5,257,958
Expense with the current income tax		
Expenses with the deferred income tax	28,997	
Deferred income tax-related income	209,110	32,672
Result of the Continuous Activities	-4,114,830	-5,225,286
Minority interests	126	128
Total of the overall result afferent to the period	-4,114,704	-5,225,158

Statement of the modifications in the individual shareholders' equities
on the 31st of December 2020

Modification resources of the shareholders' equities	Share capital	Share premiums	Issued capital instruments	Other shareholders' equities	Cumulated value of other elements of the overall result	Result carried forward	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to the holders of shareholders' equities in the parent company	(-) Interim dividends	Minority interests		Total
												Cumulated value of other elements of the overall result	Other elements	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the restatement)														
Effect of errors' correction														
Effect of the modification in the accounting policies														
Opening balance (current period)	9916889				-4607158	3300876	23396407	4103834	540					36656179
Ordinary bonds issue														
Preference shares issue														
Issue of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in shareholders' equities														
Capital reduction														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from shareholders' equities into liabilities														
Transfer between the components of the shareholders' equities					4601287	-4601287	-457310							-457310
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities							544417							544417
Total overall result for the period					-5170629									-5170629
Closing balance (current period)	9916889				-5170629	-760411	23483514	4103834	540					31572657

**Statement of the modifications in the consolidated shareholders' equities
on the 31st of December 2020**

Modification resources of the shareholders' equities	Share capital	Share premiums	Issued capital instruments	Other shareholders'	Cumulated value of other elements of the overall result	Result carried forward	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to the holders of shareholders' equities in the parent company	(-) Interim dividends	Minority interests		Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	
Opening balance (before the restatement)														
Effect of errors' correction														
Effect of the modification in the accounting policies														
Opening balance (current period)	9920639				-4114704	263744	23432342	5507136	-540			-3891		35000977
Ordinary bonds issue														
Preference shares issue														
Issue of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in shareholders' equities														
Capital reduction														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from shareholders' equities into liabilities														
Transfer between the components of the shareholders' equities					4114704	-4114704	-457310							-457310
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities							544417					-128		5225286
Total overall result for the period					-5225158									
Closing balance (current period)	9916889				-5225158	-3850960	23519449	5507136	-540			-4018		29862798

Individual cash flow statement
on 31st December 2020

Cash flow statement

	31.12.2019	31.12.2020
Cash flows from operating activity		
Receipts from sales to customers	23,393,246	22,058,150
Other receipts (including net VAT refunds)	2,738,864	1,692,258
Payments to suppliers	21,403,379	17,517,593
Payments of net wages	2,560,618	2,977,940
Payments to budgets	627,701	329,966
Other payments	3,045,052	1,908,661
Net cash from operating activities	-1,504,640	1,016,248
Cash flows from investments activities		
Payments for acquisition of fixed assets	772,970	233,298
Receipts from sales of tangible fixed assets	3,141,695	
Interest received		
Net cash from investment activities	2,368,725	-233,298
Net cash from financing activities		
Proceeds from loans	17,543,779	15,427,730
Interest paid and loan refunds	18,434,898	16,216,621
Dividends paid		4,303
Net cash from financing activities	-891,118	-788,891
Net increase/(decrease) of cash	-27,033	-5,941
Cash and cash equivalent at the beginning of the period of time	65,477	38,444
Cash and cash equivalent at the end of the period of time	38,444	32,503

Consolidated cash flow statement
on 31st December 2020

Cash flow statement

	31.12.2019	31.12.2020
Cash flows from operating activity		
Receipts from sales to customers	23,436,082	22,106,430
Other receipts (including net VAT refunds)	2,760,008	1,692,258
Payments to suppliers	21,403,621	17,517,593
Payments of net wages	2,601,935	3,007,167
Payments to budgets	627,701	346,440
Other payments	3,046,746	1,912,576
Net cash from operating activities	-1,483,913	1,014,912
Cash flows from investments activities		
Payments for acquisition of fixed assets	772,970	233,298
Receipts from sales of tangible fixed assets	3,141,695	
Interest received		
Net cash from investment activities	2,368,725	-233,298
Net cash from financing activities		
Proceeds from loans	17,543,779	15,427,730
Interest paid and loan refunds	18,434,898	16,216,621
Dividends paid		4,303
Net cash from financing activities	-891,118	-788,891
Net increase/(decrease) of cash	-6,306	-7,277
Cash and cash equivalent at the beginning of the period of time	68,222	61,916
Cash and cash equivalent at the end of the period of time	61,916	54,639

Notes related to the financial statements

1. Reporting entity

The parent company SC Sinteza S.A. has its registered office in Oradea, 35 Borsului street, registered with the Trade Register under no. J/05/197/1991. It is a joint stock company, operating in Romania pursuant to the provisions laid down under Companies Law no. 31/1990.

The primary scope of the Company is the production and marketing of organic basic chemicals – NACE Code 2014.

The shares of the company are listed on Bucharest Stock Exchange, Standard category, code STZ.

The parent company, on 31st December 2020, is owned by the following shareholders:

Crit. No.	Name	Percentage held (%)
1	F.I.I. BT Invest 1 managed by BT Asset Management SA	33,8898
2	Tincau Tibor	28.1346
3	Platform ROCA	18,0000
4	Other shareholders	19.9756
	Total	100.0000

Records of shares and shareholders are kept according to the law by S.C. Depozitarul Central S.A. Bucharest.

Entity attached for consolidation

As regards the financial year 2020, company **S.C. CHIMPROD S.A.** was also included for purpose of consolidation, with the following identification data:

Name of company: S.C. Chimprod S.A.
Registered office: Oradea, 35 Borsului street
Phone/Fax no.: 0259 456 110
Taxpayer identification no. (RO) 67345
Trade Register no. J/05/1984/1992
Share capital: Lei 90,000

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

The company is managed by a power of attorney by S.C. Sinteza S.A., its permanent representative being Mrs. Coman Dana.

The shareholding of S.C. Sinteza S.A. is of 99.765% and the non-controlling interest holding is of 0.235%.

SC Chimprod S.A. suspended its activity with the Trade Register during the time span: 24th September 2018 – 23rd September 2021.

Approval date of financial statements publication

The Company's financial communication schedule is approved by the executive bodies of the Company in compliance with the statutory provisions and it is made public by being posted on its own website.

2. Basis of preparation

Declaration of conformity

The individual and consolidated financial statements of the Group are drafted in compliance with the International Financial Reporting Standards (IFRS). Starting with the financial year 2012, the Company and the Group are obliged to implement the International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company, S.C. Sinteza S.A. and those of the company attached for consolidation (subsidiary company), S.C. Chimprod S.A. as an entity controlled by the parent company.

Submission of financial statements

The individual and consolidated financial statements are submitted pursuant to the IAS 1 requirements "Submission of financial statements", based on liquidity indicated by the Statement on financial position and based on the nature of income and expenditure set out under Statement of comprehensive income.

Reporting and functional currency

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

Basis of evaluation

The individual and consolidated financial statements were drafted based on the historical cost, except the assets – tangible fixed assets – which are measured at fair value, every two years.

The accounting policies were unfailingly applied during the periods of time indicated by these financial statements.

The principle of continuity of activities was respected.

The company's development plans take into account:

- developing the product portfolio by contacting research and development institutions
- developing the client portfolio with a focus on those that can offer predictability, higher margins and more favorable payment terms
- development of the industrial park project on the current platform of the company

Use of estimates and assessments

The drafting and submission of the individual and consolidated financial statements in compliance with the International Financial Reporting Standards (IFRS) imply the use of certain estimates, assessments and assumptions which affect the implementation of the accounting policies and of the amounts reported. The estimates, the assessments and the assumptions are based on an historical experience. The results of these estimates constitute the basis of the

assessments on the book values that cannot be obtained from other sources. When certain elements of the annual financial statement cannot be accurately evaluated, they are estimated.

The estimates are based on the latest credible information available.

The original estimate may suffer modifications when the basic circumstances of the estimate changed or as a result of new information or of a better experience.

Any change of the accounting estimates shall be prospectively ascertained by including it in the result:

2. Of the period of time when the change occurs, if it affects only the respective time span; or
3. Of the period when the change occurs and of the future period of time, if the change affects them too.

The Group uses estimates to determine:

- Doubtful clients and adjustments for impairment of the related receivables;
- Value of the risk provisions and expenditure to establish at the end of the financial year for disputes, for decommissioning the tangible fixed assets, for restructuring, for pensions and similar entitlements, for taxes.
- Lifetime of the depreciated assets for which, when re-evaluated, a fair value and a new time span of economic use are established.

The assessments and the assumptions are periodically reviewed by the Company and they are acknowledged during the periods of time when the estimates are reviewed.

3. Significant accounting policies

The parent company and the subsidiary organize and manage the financial accounting, in compliance with the Accounting Law no. 82/1991 republished, with its subsequent amendments and supplementations.

The financial accounting provides the chronological and systematic registration, the information processing, publication and storage on the financial position, the financial performance and other data regarding the activity carried out.

The accounting policies were established so that they ensure the supply, by means of the annual financial statements, of certain information which need to be intelligible, relevant to meet the users' needs when taking decisions, credible so that they accurately represent the assets, the debts, the financial position and profit or the loss of the company, that they do not contain significant errors, they are not biased, to be precise, complete in all important aspects, comparable so that they users may compare the company's financial statements over time, in order to identify the trends of the financial position and its performance and to compare the financial statements with those of the other companies in order to evaluate the financial position and the performance.

The accounting policies were unfailingly applied as regards all periods referred by the individual financial statements.

The individual financial statements are drafted based on the assumption that the Company shall proceed with its activity in the predictable future.

Transactions in foreign currency

Operations in foreign currencies are recorded in lei, according to the exchange rate posted on the date of the settlement of transactions.

At the end of each month, the liabilities in foreign currency are valued according to the exchange rate of the exchange market, posted by the National Bank of Romania on the last banking day of the month concerned. The exchange differences are ascertained in the accounts recorded under the income or expenditure resulted from foreign exchange differences, if applicable.

The exchange differences resulting during the settlement of the liabilities in foreign currency, based on rates different from those based on which they were originally recorded during the month or to those based on which they are recorded in the accounts should be ascertained in the month when they result, as income or expenditure from exchange differences.

The value differences resulting during the settlement of liabilities calculated in lei, according to an exchange rate different from that based on which they were originally recorded during the month or based on those which are recorded in the accounts should be ascertained in the month when they result, under other financial revenues and expenditure.

Financial instruments

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

The receivables include:

- trade receivables, which are amounts owed by customers for goods sold or services provided in the ordinary course of business;
- trade bill receivable, trade acceptance, third party instruments;
- amounts owed by directors, shareholders, employees and affiliates.

The receivables are outlined on accrual basis, pursuant to the legal or contractual provisions.

The trade bills receivable may be expected receivable before maturity.

At the end of each month, receivables in foreign currency are valued according to the exchange rate of the exchange market, published by the National Bank of Romania on the last banking day of the month concerned. The exchange differences are specified in the accounts under the income or expenditure from exchange differences, if applicable.

At the end of each month, receivables in lei, which are settled based on a foreign exchange, are valued according to the exchange rate of the exchange market, published by the National Bank of Romania on the last banking day of the month concerned. In this case, the differences are indicated in the accounts under other financial revenues or other financial expenditure, as appropriate.

The exchange differences resulting during the settlement of receivables in foreign currency according to rates different from those based on which they were originally recorded during the month or based on those which are recorded in the accounts should be pointed out in the month when they occur as income or expenditure from exchange differences.

The value differences resulting during the settlement of receivables in lei, according to an exchange rate different from the one based on which they were originally recorded during the month or based on those they were recorded in the accounts should be indicated in the month when they occur under other financial revenues or expenditure.

The balances with banks include:

- Amounts receivable (cheques and trade bill lodged to the banks)
- Available amounts in lei and in foreign currency
- Cheques issued by the company

- Short-term bank credits
- Interests for availabilities and loans granted by banks in current accounts.

The interests payable and receivable, for the ongoing financial year are recorded under financial expenditure or financial revenues, as appropriate.

The transactions for the sale and purchase of foreign currency, including those carried out under contracts with a settlement date, are entered in the accounts based on the rate used by commercial bank organizing the auction using foreign currency; they determine exchange differences related to the exchange rate of the National Bank of Romania.

The foreign currency deposits are evaluated monthly based on the rate of the National Bank of Romania for the last business day of the month.

The payment of the foreign currency deposits shall be made using the exchange rate of the National Bank of Romania posted on the payment date.

The exchange differences between the exchange rate of the date of establishment or the rate based on which they are entered into books and the rate of the National Bank of Romania on the payment date of the bank deposits are recorded under revenues or expenditure from exchange differences, if applicable.

Tangible fixed assets

The tangible fixed assets are assets which:

- are owned by a company in order to be used for the manufacture of goods or supply of services, for rental to third parties or for administrative purposes; and
- are used over a period longer than one year.

Tangible fixed assets include:

- land and buildings;
- technical installations and machines;
- machinery and furniture;
- real estate investments;
- advances payments granted to suppliers of tangible fixed assets;
- tangible fixed assets in progress;
- investment property under construction;
- tangible assets for mineral resource use and evaluation.

The tangible fixed assets are initially measured at cost. This is the cost of acquisition or production cost, depending on the way the tangible fixed asset became the company's property.

The commercial discounts granted by the supplier and specified on the purchase invoice adjusts by decreasing the purchase cost of the tangible fixed assets.

The production cost of the assets includes direct costs related to production such as direct materials, energy consumption for technological purposes, the costs of salaries, statutory contributions and other related expenses, directly resulting from the construction of the tangible fixed asset, costs of site preparation, initial delivery and handling costs, installation and assembly costs, testing costs for the proper functioning of the asset, professional fees and fees paid in connection with

the asset, the cost of product design and implied by the steps undertaken to obtain the necessary permits;

The subsequent expenditure for a tangible asset is entered:

- as expenditure during the period they were incurred if it is construed as damages or if the purpose of those expenses is to ensure a continuous use of the fixed asset preserving the initial technical parameters; or
- as a component of the asset, as subsequent expenses, if the conditions to be construed as investments for fixed assets are satisfied.

The tangible assets are listed by the balance sheet at their fair value.

The tangible assets are revalued every 3 years.

As regards the years when no revaluation is performed, the tangible assets are listed by the annual financial statements at the value indicated by the last revaluation less the accumulated depreciation and the adjustments for an impairment loss.

The depreciation of the tangible fixed assets is calculated starting with the month following the putting into service and till the full recovery of their input value.

The lands are not subject to depreciation.

The economic life is the time span when an asset is expected to be available for use.

The economic lives established by the company for the main types of fixed assets which are part of its assets are those set by the chemical industry.

The depreciation is entered in the books pursuant to the lifetime and to the depreciation method initially set. In respect of the depreciation of the tangible fixed assets, the Company uses straight-line depreciation, by uniformly including the operating costs of fixed amounts, set commensurate with the number of years of their economic life, for the following types of assets:

- construction;
- technical installations and machines;
- machinery and furniture

The lifetime originally set shall be revised (by decrease or increase) whenever the conditions of use initially estimated are changed, when a tangible asset is subject to ageing, when a shelf-life is implied or a technical state is noted, state which permits a use longer than the one initially estimated.

As a result of the re-estimation of the life originally established, the depreciation expenditure shall be recalculated for the remaining period of use.

Intangible assets

The intangible assets include:

- development costs;
- concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets;
- goodwill;
- advance payments for intangible assets;
- intangible assets for mineral resource exploitation and evaluation

An intangible asset should be acknowledged if and only if:

- it is estimated that the future economic benefits attributable to the asset shall be obtained by the company; and
- the cost of the asset may be accurately established.

An intangible asset is initially entered under the production or purchase cost, depending on the way it became part of the company assets.

The development costs are entered under their cost of production.

The production cost of the fixed assets resulting from the development phase includes the direct costs associated with the production as direct materials, energy consumption for technological purposes, the costs of salaries, statutory contributions to testing costs of the correct operation of the asset, the professional fees and fees paid in connection with the asset, the cost covered for the necessary permits.

The development costs which are deemed as intangible assets, development costs are depreciated during validity period of the contract or during the duration of use, where appropriate.

Financial assets

The financial assets include:

- shares held in subsidiaries;
- loans granted to entities part of the group;
- shares in associates and jointly controlled entities;
- loans granted to associated and jointly controlled entities;
- other fixed assets;
- other loans.

The financial assets are specified under the acquisition value when becoming part of the company assets.

The changes of fair value are specified under the profit and loss account.

Assets related to the right of use

Recognition and evaluation

Asset related to the right of use represents the right of a tenant to use a supporting asset during the lease agreement.

The company applies IFRS 16 for operational leasing contracts.

The company applies the exceptions provided by IFRS 16 regarding the recognition of an asset related to the right to use the following contracts: short-term leasing contracts and leasing contracts for which the underlying asset has a low value. The costs related to the performance of these types of exempted contracts are recognized as current expenses for the rents, during the period of use of the good.

Initial valuation of the asset related to the right of use.

At the start date of the lease contract, the asset related to the right of use is evaluated at cost, by summing the following values:

- a. the value of the initial assessment of the debt arising from the lease, representing the present value of the lease payments that are not paid at that time, using the marginal loan rate;
- b. any leasing payments made on or before the start of the lease contract, less any incentives (discounts) received under the contract;

c. any initial direct costs incurred by the tenant, between the date of initiation and the beginning of the lease contract;

d. and, as the case may be, an estimate of the costs to be borne by the lessee for the restoration, the place where the underlying asset is located or for bringing it to the condition imposed in the terms and conditions of the lease.

Initial assessment of the debt arising from the lease.

At the date of commencement, the lessee must evaluate the debt arising from the lease at the present value of the lease payments that are not paid at that date.

Leasing payments must be updated using the marginal loan rate.

Further evaluation

After the start date of the lease agreement, respectively the registration of an asset representing the right of use and the related debt, these will be evaluated subsequently by the model of the amortized cost, as follows:

a. The asset representing the right of use - is amortized on a straight-line basis over the entire duration of the lease;

b. Debt arising from the leasing contract - is evaluated similar to any other financial obligations, using the effective interest method, so that the balance is diminished based on the amortized cost and the interest expense is allocated during the lease contract.

Items of stocks

The entry into books of the stock is performed on the date of the transfer of risks and benefits.

When they become the company's property, the stocks are evaluated and entered in the books under the entry value, which is set as follows:

- based on the cost of acquisition - for purchased stocks;
- based on the pre-established production cost - for stocks produced within the company;
- the value of the contribution, set based on an evaluation - for stocks representing the company capital;
- at fair value - for stocks obtained free of charge or found to be extra when inventorying.

The discounts granted by the supplier and specified on the purchase invoice reduces the acquisition cost of the goods.

The standard cost method is used to establish the production cost, taking into account the normal levels of materials and the supplies, the labor, the efficiency and the production capacity.

The normal levels of material consumption shall be reviewed within 12 months.

The inventory outflow of stocks is evaluated and recorded by applying the FIFO method, namely the inventory items which were purchased or produced first shall be those that are consumed and sold first. The items remaining in stock at the end of the time interval are those who were purchased or produced most recently.

On the date when drafting the balance sheet, the stocks are evaluated at the lowest value between the cost and the net realizable value.

The net realizable value is the selling price estimated during the ordinary course of business, less the estimated completion costs and the costs necessary to the sale.

When the company decides to change the use of a tangible asset, namely that it will be sold, at the time when taking the decision to change its purpose, the transfer of the asset shall be entered into books from the category of tangible assets into the one of the stocks held for sale.

Revenues

The revenues are increases of economic benefits, occurred during the financial year, which generated an increase in equity in forms different than those which render the new contributions of the company's new owners.

The revenues category includes both the amounts received or receivable in its own name and the gains from any other source.

The revenues are classified as follows:

- Operating revenues;
- Financial revenues;

The revenues are indicated on an accrual basis.

The revenues from sales of goods are recorded when the goods are delivered to the buyers, when they are delivered based on the invoice or in other circumstances provided by the contract, which confirm the transfer of ownership over such goods to customers.

The revenues from sale of goods are acknowledged when the following conditions are met:

- the significant risks and benefits arising from the ownership of the goods have been transferred to the buyer;
- the company no longer manages the goods as it would have done it normally, if ownership over them and no longer actually controls them;
- the revenues may be reliably evaluated;
- it is likely that the company enjoys the economic benefits associated with the transaction; and
- the transaction costs can be reliably assessed.

The revenues from supply of services are entered in the accounts as they are performed, in connection with the stage of work completion.

The stage of work completion shall be determined based on the completion reports attached to the invoices, on the acceptance protocol or other documents attesting the work development and the acceptance of services rendered.

The interest revenues are periodically ascertained, as they are generated.

The revenues from royalties and rents are ascertained pursuant to the maturities of the contract.

The revenues from dividends are ascertained when the shareholder's right to collect them is established.

The revenues from the reduction or cancellation of provisions, from the adjustments made for depreciation or impairment are entered if it turns out they are no longer necessary, if the risk occurs or the expenditure becomes chargeable.

The revenues are assessed at the value determined by the agreement between the seller and buyer, taking into account the amount of any trade discounts granted.

The revenues received before the date of the balance sheet for the subsequent financial year are listed under revenues in advance.

Expenses

The expenses of the parent company and of the subsidiary represent the amounts paid or payable for:

- consumption of stocks;
- works executed and services provided in the benefit of the company;
- expenditure on staff;
- execution of certain statutory or contractual obligations;
- provisions;
- depreciations;
- adjustments for depreciation or loss in value.

The accounts for the expenditure are kept based on the types of expenses, as follows:

- operating expenses;
- financial expenses.

The synthetic accounts of expenditure containing multiple items with different tax deductibility turn into analytical accounts, so that each analytical account show its specific content.

Liabilities

The liabilities are pointed out in the books in relation to third parties.

The accounts of suppliers and of the other liabilities are kept on categories, as well as on each natural and legal person.

The personnel entitlements are entered in books specifying the contributions withheld.

The payable income tax should be ascertained as debt related to the amount unpaid.

The deferred tax is the amount of the income tax payable in the future. The debts concerning the deferred tax constitute of the amounts of income tax payable in future accounting periods of time, as regards the taxable temporary differences.

It is calculated based on tax rates that are expected to be applicable to temporary differences, when they are resumed, pursuant to the legislation in force on the reporting date.

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

The deferred tax assets and liabilities are compensated only if there is a legal right to offset the current liabilities and debts with the tax.

Provisions

A provision shall be entered in the accounts when:

- the company has a current obligation generated by a previous event;
- it is likely that an outflow of resources shall be required to settle the obligation; and
- a reliable estimate of the value of the obligation may be performed.

The provisions are not recognized for future operating losses.

The provisions are reviewed on the date when the individual financial statements are drafted and adjusted to reflect the current best estimate.

If no outflow of resources is likely in order to settle an obligation, the provision is invalidated by being resumed under revenues.

Commercial and financial discounts

The trade discounts granted by the supplier and indicated by the purchase invoice adjusts decreasing the purchase cost of the goods.

The trade discounts granted to customers adjusts in order to reduce the amount of revenues related to the transaction.

Contingent assets and liabilities

The contingent assets and liabilities are specified by the explanatory notes if it is likely to have inflows of economic benefits.

They are annually evaluated to determine if an outflow of resources including economic benefits has become likely and it is necessary to ascertain a liability or a provision in the financial statements for the period when the change occurred.

Events following the drafting of financial statements

The events following the balance sheet date are those favorable or unfavorable events that occur between the balance sheet date and the date when the publication of the annual financial statements is authorized. They are submitted in notes when they are deemed significant.

New standards and interpretations

Amendments to the standards applicable in 2020 are presented in Note 31.

Compared to the previous year, there were no policy changes accounting

4. Determination of fair values

The disclosure requirements of the information set out by the financial statements, as well as some of the Company's accounting policies determine the need for their disclosure.

The Company assessed the fair value of property items on the date when it adopted the IFRS and it submitted the financial statements of prior periods at fair value.

The Company uses, as much as possible, observable market information when valuing the assets or the liabilities at fair value. The hierarchy of the fair value classifies the entry data for the valuation techniques used to measure the fair value on three levels, as follows:

- Level 1: (unadjusted) quoted price on the active markets for identical assets or liabilities that the entity may access on the valuation date;
- Level 2: entry data, different than the quoted prices referred by level 1, which are observable for assets or liabilities, either directly or indirectly;
- Level 3: non-observable entry data for assets or liabilities.

If the entry data for the measurements of the fair value of an asset or of a liability may be classified on several levels of the fair value hierarchy, the measurement based on fair value is entirely classified as entry data with the lowest level of uncertainty which is significant for the whole measurement.

Measurement techniques and entry data used to perform measurements IFRS 13.91(1)

The appraiser used in its report on appraisal of buildings and lands:
Market data selected by the appraiser: analysis of real estate market:

- Specific real estate market
- Analysis of the offer existing on the market
- Analysis of demand
- Market balance

b. Information supplied by the proprietor: Documents on the history of fixed assets, repair works performed, degree of use. Presentation of classification level of measurements at fair value in the fair value hierarchy IFRS 13.93 (b)

Based on the entry data used by the valuation technique, the fair value of the buildings and lands on 31st December 2018 was classified at level 3 of the fair value hierarchy, the valuation being performed based on the non-observable data on the active market of lands and real estates.

4. Tangible assets

The parent company's individual statement is the following:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 1st January 2020	14,565,500	12,325,656	15,989,935	1,922,367	0	44,803,458
Increases		161,237	477,092	247.118	0	885.447
Decreases				532.811	0	532.811
Balance on 31st December 2020	14,565,500	12,486,893	16,467,027	1,636.674	0	45,156.094
<i>Depreciation and write-downs</i>						
Balance on 1st January 2020	0	601,016	1,413,592	0	0	2,014,608
Increases		574,091	1,451,047	0	0	2,025,138
Decreases				0	0	0
Balance on 31st December 2020	0	1,175,107	2,864,639	0	0	4,039,746
<i>Net value</i>						
Balance on 1st January 2020	14,565,500	11,724,640	14,576,343	1,922,367	0	42,788,850
Balance on 31st December 2020	14,565,500	11,311,786	13,602,388	1,636.674	0	41,116.348

Report at group level:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 1st January 2020	14,565,500	12,325,656	15,989,935	1,922,367	0	44,803,458
Increases		161,237	477,092	247,118	0	885,447
Decreases				532,811	0	532,811
Balance on 31st December 2020	14,565,500	12,486,893	16,467,027	1,636,674	0	45,156,094
<i>Depreciation and write-downs</i>						
Balance on 1st January 2020	0	601,016	1,413,592	0	0	2,014,608
Increases		574,091	1,451,047	0	0	2,025,138
Decreases				0	0	0
Balance on 31st December 2020	0	1,175,107	2,864,639	0	0	4,039,746
<i>Net value</i>						
Balance on 1st January 2020	14,565,500	11,724,640	14,576,343	1,922,367	0	42,788,850
Balance on 31st December 2020	14,565,500	11,311,786	13,602,388	1,696,529	0	41,176,203

The tangible assets of the company include the assets allocated to the production. A part of these assets is mortgaged or pledged to guarantee the bank loans.

The tangible assets in progress represent the investments to be completed for the increase of the production capacities.

The depreciation method used by the company for all types of depreciable assets is the linear method.

The service life established when putting into service of the assets were set within the limits provided by the internal regulations as regards the classification of the fixed means and they were not modified in 2020

6. Intangible assets

It is highlighted in this group of assets which constitute the company's assets the value of the licenses paid to the European regulatory authorities operating in the field of manufacture and sale of chemicals amounting to lei 321.854, depreciable during the use period planned for the manufacturing equipment, as well as licenses for the computer programs amounting to lei 67.805.

Gross value on 31.12.2020	450,363
Depreciation	227,039
Of which in the year 2020	42,442
Net value on 31.12.2020	223,324

7. Financial assets

The parent company holds:

1. holding of 99.765% within the subsidiary company S.C. Chimprod S.A. Oradea. The accounting value of the shareholding is of lei 1,265,650, entirely impaired value
2. holding of 0.0999% within SSIF BRK Financial Group SA, located in Cluj-Napoca, accounting value 170,108, impaired up to the market share on 31st December 2020.
3. holding of lei 1,000 at the Employers' Organization in the Chemical and Petrochemical Areas of Bucharest

Gross value on 31.12.2020	1.436.758
Adjustments for impairment recorded	1.408.087
Net value on 31.12.2020	28.671
Other financial assets	2.295
Total	30.966

Assets related to the right to use the assets taken into concession (leasing) at the level of debt from the application of IFRS 16

Cost (lei)	31.12.2019	31.12.2020
Balance on January 1, 2020	-	85.384
Depreciation related to right of use	-	28.460
Balance as of December 31, 2020	-	56.924
Effect of switching to IFRS 16	2019	2.020
	-	-
Financial expenses interest on the concession contract	2,353	3,828
Amortization related to the right of use	10,486	17,974
Total cost	12,839	21,802

The operational lease was concluded in 2019.

8. Inventories

The parent company's individual report:

	31.12.2019	31.12.2020
Raw materials and other materials	458,395	648,555
Finished products	3,339,646	904,543
Partly-finished products	794,089	782,059
Merchandise	23,020	22,999
Packages	51,582	66,236
Raw materials to be supplied	-	286,940
Total	4,666,732	2,711,332
Adjustments for write-down of stocks	1,427,630	1,465,556
Total	3,239,102	1,245,776

The report at group level:

	31.12.2019	31.12.2020
Raw materials and other materials	462,066	652,226
Finished products	3,339,646	904,543
Partly-finished products	794,089	782,059
Merchandise	23,020	22,999
Packages	51,582	66,236
Raw materials to be supplied	0	286,940
Total	4,670,403	2,715,003
Adjustments for write-down of stocks	1,427,630	1,465,556
Total	3,242,773	1,249,447

9. Trade receivables

Parent company's individual report:

	31.12.2019	31.12.2020
Customers	2,662,031	2,758,436
Doubtful clients and clients subject to disputes	235,249	166,554
Suppliers-debtors	9,337	4,551
Adjustments for impairment of receivables	-235,249	-166,554
Total	2,671,368	2,762,987
Other receivables	380,723	351,957
Total	3,052,091	3,114,944

The individual trade receivables have a maturity of less than one year.

At group level, the report is:

	31.12.2019	31.12.2020
Customers	966,559	978,141
Doubtful clients and clients subject to disputes	235,249	251,376
Suppliers-debtors	9,337	4,551
Adjustments for impairment of receivables	-320,071	-251,376
Total	891,074	982.692
Other receivables	383,296	354.531
Total	1,274,370	1.337.223

The consolidated trade receivables have a maturity of less than one year.

The company's commercial relations continued to be formalized by commercial agreements or firm orders in 2020, the clients being the traditional ones over this year too. Over 90% of products manufactured were delivered abroad, to beneficiaries in the Members States of the European Union or non-EU states.

There definitely exists a certain dependence of the company of the EU Community market where the company delivers about 80% of the production exported.

The Company made specific adjustments for the impairment of the overdue receivables of over 365 days amounting to lei 166.555 lei.

10. Cash and cash equivalents

Parent company's individual report:

	31.12.2019	31.12.2020
Current bank accounts	25,096	27,736
Cash on hand	6,188	4,767
Other values	7,160	0
Total	38,444	32,503

Report at group level:

	31.12.2019	31.12.2020
Current bank accounts	48,479	49,560
Cash on hand	6,277	5,079
Other values	7,160	0
Total	61,916	54,639

11. Other receivables

Parent company's individual report:

	31.12.2019	31.12.2020
Suspense account	0	1.481
Other staff-related receivables	0	23.070
Other receivables related to state budget (VAT to be recovered)	380,723	327,406
Total	380,723	351.957

Report at group level:

	31.12.2019	31.12.2020
Suspense account	2,558	4.041
Other staff-related receivables	0	23.070
Other receivables related to state budget (VAT to be recovered)	380,738	327,420
Total	383,296	354.531

All these receivables have a maturity of a less of one year.

12. Assets classified as held for sale

Parent company's individual report:

The individual situation at the level of the parent company is presented:

			31.12.2019		31.12.2020
Gross value of assets classified as held for sale On 1.01.2020			3,602,553		3,602,553
Asset value adjustments classified as held for sale					(563 . 471)
Reclassifications to tangible assets					185,971
Net value on 31.12.2020			3,602,553	0	2,853,111

At the group level the situation is:

	31.12.2019	31.12.2020
Gross value of assets classified as held for sale	3,602,553	2,853,111
Adjustments for assets classified as held for sale		
Net value	3,602,553	0 2,853,111

13. Share capital and share premiums

Parent company's shareholding structure (percentage)

	31.12.2019	31.12.2020
BT Asset Management S.A.I S.A. - F.I.I. BT Invest 1	33,88980	33,88980
Tincau Tibor	28,1346	28,13460
PLATFORMA ROCA	18,00000	18,00000
Other shareholders	19,9756	19,97560
Total	100	100

No changes in the shareholding structure of Sinteza SA occurred in 2020

Subsidiary company's shareholding structure (percentage):

31.12.2019 31.12.2020

SC Sinteza SA	99.765	99.765
Other shareholders	0,235	0,235
Total	100	100

The loss of the exercise in the amount of 5,170,629 lei will be covered by the carried forward result.

Society has continued in 2020 to manage capital considering all its components as defined by the Romanian legislation. There were no situations of exclusion of quantitative data or consideration as a component part of the own capitals of other elements from the balance sheet besides those regulated in the internal legislation

14. Commercial debts and other payables

Parent company's individual report:

	31.12.2019	31.12.2020
Commercial suppliers	4,100,001	4,755,137
Suppliers for investments	263,704	164,628
Suppliers - collaborators	19,500	19,500
Debts to the state budget	207,965	1,020,498
Debts to employees	166,475	189,409
Current income tax		
Other payables	1,367,157	1,460,070
Total	6,124,802	7,609,242

The table below sets out a maturity-based classification of individual liabilities on 31st December 2020:

	TOTAL DEBT	LESS THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4,755,137	4,755,137		
Suppliers for investments	164,628	164,628		
Suppliers - collaborators	19,500	19,500		
Debts to the state budget	1,020,498	1,020,498		
Debts to employees	189,409	189,409		
Current income tax	1.460.070	1,419.280		
Other payables	7,609.242	7.568.452	40.790	
Total	4,755,137	4,755,137	40.790	

Report at group level:

	31.12.2019	31.12.2020
Commercial suppliers	4,004,567	4,711,270
Suppliers for investments	263,704	164,628
Suppliers - collaborators	19,500	19,500
Debts to the state budget	209,612	1,022,210
Debts to employees	167,786	190,809
Current income tax		
Other payables	1,367,157	1,460,070
Total	6,032,326	7,568,487

The table below sets out a maturity-based classification of consolidated liabilities on 31st December 2020:

	TOTAL DEBT	LESS THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4,711,270	4,711,270		
Suppliers for investments	164,628	164,628		
Suppliers - collaborators	19,500	19,500		
Debts to the state budget	1,022,210	1,022,210		
Debts to employees	190,809	190,809		
Current income tax				
Other payables	1,460,070	1,419,280	40,790	
Total	7,568,487	7,527,697	40,790	

15. Loans

Parent company's individual report:

	31.12.2019	31.12.2020
Amounts owed to credit institutions	6,612,225	5,938,929
Total	6,612,225	5,938,929

The table below displays a maturity-based classification of loans on 31st December 2020:

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 WEARS
Amounts owed to credit institutions	5,938.929	5,577.315	361,614	0
Total	5,938.929	5,577.315	361.614	0

Report at group level:

31.12.2019

31.12.2020

Amounts owed to credit institutions	6,612,225	5,938,929
Total	6,612,225	5,938,929

The table below displays a maturity-based classification of loans on 31st December 2020:

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 WEARS
Amounts owed to credit institutions	5,938,929	5,577,315	361,614	
Total	5,938,929	5,577,315	361,614	

As regards the loans taken by the Company, it continued to implement the policy of using funds for the financing of the company's working capital and of the investments.

The bank loans in progress at the end of 2020 are contracted only at the level of parent company, Sinteza SA, and they are the following:

- medium-term loan for working capital, guaranteed by the mortgage on land and buildings located in Oradea, 159 Clujului street, as well as with pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount EURO 84,283.43 , interest 4,150%, maturity 1st August 2021
- investment credit for the extension and upgrade of the manufacturing facilities of benzoic acid, guaranteed by the mortgage on land and buildings located in Oradea, 35 Sos. Borsului, as well as the pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount of EURO 87,464 , 84 , interest 3%, maturity 30th September 2025
- credit line current account EURO 1,047,894.72 + unused EURO 2.105,28, interest 3%, maturity 15th August 2020

Besides the loans contracted, the company has other financial commitments related to its current activity and investment, namely a letter of bank guarantee in favor of the main supplier of raw material (toluene) amounting to USD 600,000.

16. Provisions

Provisions for risks and expenses have been set up as follows:

- provisions for days of leave not taken amounting to lei 106.575 lei for SC SINTEZA SA
- provisions for days of leave not taken amounting to lei 1.600 lei for SC CHIMPROD SA

17. Revenues in advance

In 2020, the company specified in the statement of revenues received in advance from clients under the account for future deliveries. The account balance on 31st December 2020 amounting to lei 78,298 highlights the amounts collected from clients for the goods that shall be delivered and services in advance.

18. The turnover

The turnover of the financial year 2020 is as follows:

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Incomes from the sale of finished product	21,079,986	21,194,219
Incomes from sale of goods	19	0
Incomes from locations and rents	730,212	489,981
Incomes from rendering of services	570,635	277,452
Incomes from waste products	113,555	16,927
Total	22,494,407	21,978,579

At group level, the situation is:

	31.12.2019	31.12.2020
Incomes from the sale of finished product	21,079,986	21,194,219
Incomes from sale of goods	19	0
Incomes from locations and rents	730,212	489,981
Incomes from rendering of services	570,635	277,452

Incomes from waste products	113,555	16,927
Total	22,494,407	21,978,579

A reportable segment is a component of an entity that engages in business activities from which it can obtain incomes and from which it can incur expenses, whose results are periodically examined and for which distinct financial information is available.

The company did not organize components which should engage separately in business activities, income elements originating from other activity than that of industrial production having an incidental character.

The main share of the activity is represented by the industrial production activity, whose result is examined periodically by the main operational decision-making factor.

Regarding the sales of the company in 2020, these can be divided in two areas as follows:

- sales on foreign market in the amount of 21,220,792 lei
- sales on domestic market in the amount of 757.787 lei

19. Expenses with raw materials and consumables

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Raw materials	14,025,257	9,306,009
Auxiliary materials	168,991	147,754
Combustible	45,857	32,337
Spare parts	114,119	52,982
Labor protection and other materials	30,938	34,580
Other expenses	442,600	506,226
Total	14,827,762	10,079,888

At group level, the situation is:

	31.12.2019	31.12.2020
Raw materials	14,025,257	9,306,009
Auxiliary materials	168,991	147,754
Combustible	45,857	32,337
Spare parts	114,119	52,982

Labor protection and other materials	30,938	34,580
Other expenses	442,600	506,226
Total	14,827,762	10,079,888

20. Other expenses

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Packing	384,927	450,594
Material inventory objects	53,749	42,296
Other non-stored materials	3,924	13,336
Total	442,600	506,226

At group level, the situation is:

	31.12.2019	31.12.2020
Packing	384,927	450,594
Material inventory objects	53,749	42,296
Other non-stored materials	3,924	13,336
Total	442,600	506,226

21. Expenses with the employees

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Salaries	4,750,592	5,377,981
Social insurance and social protection	141,720	143,373
Total	4,892,312	5,521,355

At group level, the situation is:

	31.12.2019	31.12.2020
Salaries	4,801,748	5,426,023
Social insurance and social protection	144,192	144,474
Total	4,945,940	5,570,497

The employees of the company are rewarded with a negotiated salary according to provisions of individual labor contracts with full range of social benefits provided by the Romanian legislation. At company level there is no collective labor contract and therefore no additional benefits are awarded on short term, long term, post-employment benefits or share-based payment. The key management personnel in company's leadership benefits of the same salary rights as the rest of the employees without existing any additional rights or benefits.

The members of the Board of Directors are rewarded with a fixed monthly allowance, established by the General Meeting of the Shareholders. During year 2020, all the expenses with the administrators' allowances were of 471.803 lei.

22. Expenses regarding external services

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Other expenses with services performed by third parties		
Maintenance and repairs	98,397	106,098
Post and telecommunications	31,917	25,065
Advertisement and publicity	0	0
Transport	534,457	454,379
Banking services	168,594	138,916
Trips and delegations	35,582	19,965
Protocol	4,968	3,721
Collaborators	430,776	471,803
Rents	169,132	159,222
Fees	80,566	95,034
Insurance premiums	25,988	29,172
Expenditure on studies, research	740	
Other expenses with services performed by third parties	768,196	614,514
Total	2,349,313	2,117,890

At group level, the situation is:

	31.12.2019	31.12.2020
Other expenses with services performed by third parties		
Maintenance and repairs	98,397	106,098
Post and telecommunications	32,048	25,210
Advertisement and publicity	0	0
Transport	534,457	454,379
Banking services	168,908	139,266
Trips and delegations	35,582	19,965
Protocol	4,968	3,721
Collaborators	430,776	471,803
Rents	169,132	159,222
Fees	80,566	95,099
Insurance premiums	25,988	29,172
Expenditure on studies, research	740	
Other expenses with services performed by third parties	768,196	770,682
Total	2,352,244	2,120,255

23. Incomes and financial expenses

The individual situation at the level of parent company is as follows:

	31.12.2019	31.12.2020
Incomes from interests	16	0
Incomes from exchange rate differences	123.839	56.307
Other financial incomes	1.782	426
Total	125.637	56,733
Expenses from interests	262.986	193,836
Expenses from exchange rate differences	374.641	231.525
Other financial expenses	9.328	6,326
Total	646.955	431,687

At group level, the situation is:

	31.12.2019	31.12.2020
Incomes from interests	16	0
Incomes from exchange rate differences	123.839	56.307
Other financial incomes	1.782	426
Total	125.637	56,733
Expenses from interests	262.986	193,836
Expenses from exchange rate differences	374.641	231.525
Other financial expenses	9.328	6,326
Total	646.955	431,687

24. Current and deferred income tax

The individual situation at the level of parent company is as follows:

In the financial year ended on the 31.12.2020 the company has recorded an accounting loss in the amount of 5.170.629 lei.

	31.12.2019	31.12.2020
<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	3.652.504	3.532.726

At group level, the situation is:

	31.12.2019	31.12.2020
<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	3.652.504	3.532.726

25. Earnings per share

SINTEZA SA realized at the end of year 2020 a net accounting loss of 5.170.629 lei. There is no intention to distribute funds towards the shareholders in the form of dividends, from the reserves established in the previous years.

In the shareholding structure there are no registered shareholders with distribution rights of some dividends in other parts odds.

No free or preferential shares are distributed in respect of the allocation of dividends.

In a reasonable period of time, there are no intentions of diluting shares through a preferential distribution. This leads to a result of equality between earnings per share basic and the diluted one, as above.

26. Affiliated parties

Affiliated parties are considered persons on the Board of Directors and directors (executive management) of parent company:

On 31.12.2020, the members of the Board of Directors are:

Alexandru Savin – Chairman of the Board
Claudiu Sorin Pasula – member
Cosmin Vasile Turcu – member

On 31.12.2020, executive management consists of:

General Manager Tudor-Ioan Stoia
Sales Manager Robert Paltin Paltin
Financial Manager Adrian Bucurean

During the year 2020 there were no transactions between the company and the persons in the management of the company.

27. Transactions between the parent company and subsidiary

The parent company and the affiliated company do not record transactions at 31.12.2020

28. Other liabilities

The parent company and the affiliated company do not record other commitments as of 31.12.2020

29. Assets and contingent liabilities

In addition to the contracted loans, the company has other financial commitments related to current and investment activity, namely a bank guarantee letter in favor of the principal supplier of raw material (toluene) worth USD 600,000.

SINTEZA SA is a party to litigation in the following cases:

File number	Court	The subject of the case	Parties in trial and the procedural quality	File status	Term	Details about the file
4895/111/2014	Tribunalul Bihor	The insolvency proced.	Creditor SINTEZA SA Debtor Basa Indimex SRL	The insolvency proced.	TJ:10.03.2021	+ 39.704, 32 lei
4274/108/2014	Tribunalul Arad	The insolvency proced.	Creditor SINTEZA SA Debtor Comeso Color SA	The insolvency proced.	TJ:16.03.2021	+ 21.184, 47 lei
1087/111/2018 in conexiune cu 2744/111/2010)	Tribunalul Bihor	The insolvency proced.	Creditor SINTEZA SA Debtor Construct Mod SRL	The insolvency proced.	TJ: 24.02.2021	+ 2534, 7 lei
484/111/2010	Tribunalul Bihor	The insolvency proced.	Creditor SINTEZA SA Debtor Flavoia SRL	The insolvency proced.	TJ:11.03.2021	+ 4867,10 lei
22419/3/2009	Tribunalul Bucuresti	The insolvency proced.	Creditor SINTEZA SA Debtor Energo Mineral Bucuresti	The insolvency proced.	TJ: 20.01.2021	+ 27.173, 79 lei
16503/271/2019	Judecatoria Oradea	Complaint against the contravention minute	Garda Nationala de Mediu-Comisariatul Judetean Bihor	Background	TJ: 20.01.2021	Fine 60.000 lei

16873/118/2010	Tribunalul Constanta	The insolvency proced.	Creditor SINTEZA SA Debtor Solanum Com Prod SRL C-ta	Background	TJ: 18.01.2021	+ 68.811,51 lei
6473/111/2013	Tribunalul Bihor	The insolvency proced.	Creditor Sinteza SA Debtor Electrocentrale Oradea SA	The insolvency proced.	TJ:27.01.2021	+ 530671,29 lei - 497.325,6 lei ----- 33.345, 69 lei
3814/30/2019*	Tribunalul Timis	The insolvency proced.	Creditor Sinteza SA Debtor W&O Frigoservice SRL Timisoara	Background	TJ: 28.01.2021	+ 1424,40 lei
407/ E/2019	Birou Executor Jud. Girdan Marius Oradea	Enforcement	Creditor Sinteza SA Debtor ADES Protectum Oradea	Forced execution in all forms	-	9401,37 lei principal ; 3882,76 lei interest; 13.284,13 lei
2323/E/2018	Birou Executor Jud. Girdan Marius Oradea	Enforcement	Creditor Sinteza SA Debtor Fundatia	Forced execution in all forms	-	25.020,22 lei principal; 9.132,38 lei penalties; 34.152,61 lei

			Ciore Roma Oradea			
5610/3/2017*	Curtea de Apel Oradea	Claims	Appellant Sinteza SA	Appeal	TJ: 02.02.20 21	<p>Court decision 96 / 10.04.2019 rejects the action formulated and specified by the plaintiff Sinteza SA;</p> <p>It partially admits the counterclaim formulated by NOVI CONSULT SRL and obliges SINTEZA SA to pay the amount of 679,480.42 lei c / v letter of bank guarantee and the related expenses and court costs in the amount of 10,399.80 lei judicial stamp duty, 500 lei expertise fee as well as the amount of 137,818, 88 lei lawyer's fee.</p>

			INTIMATE NOVI CONSULT SRL and others			Obliges Sinteza SA to pay to L K Anlagenbau GMBH and Hat Industrie -Montagen the amount of 273,281.04 lei lawyer's fee SINTEZA SA declared an APPEAL against this decision
75013/3/2011*	Tribunalul Bucuresti	Patent of invention	Complainant Rotaru C-tin through heirs	REHEA RING	TJ:06.01. 2021	In 2011, the named Rotaru Constantin sued the company Sinteza SA, after his death in 2015, the heirs entered the case and agreed to continue the process. The court of first instance on 19.12.2018, rejects the action of the plaintiffs, which appeals the decision with the Appeal.

Defendant
SINTEZA SA

On 29.05.2019 the Bucharest Court of Appeal by Decision 8 / A / 2019 admits the appeal of the heirs and orders the sending of the case for retrial to the Bucharest Tribunal

Against this decision SINTEZA SA filed an APPEAL, on the grounds of inadmissibility of reclassification of appeal;

The High Court rejected our appeal, with the consequence of retrial of the case at the Bucharest Tribunal;

The applicants have not yet quantified their claims;

At the deadline of 25.08.2020
was admitted to perform an
expertise in the field of industr
property with the following
objective "verification of
technical documentation relate
to the patent that is the subject
this case and establishing how
the patented process was used
the defendant and the benefits
obtained by it as following the
use of the patented invention. "

At present, the court remained
rule on the exception of the lac
of active procedural quality
invoked by Sinteza SA

458/35/2019	Curtea de Apel Oradea	Cancellation of Certificate of Property Rights M03 NR. 2053/1995	Complainant Municipiul Oradea and Consiliul Local al Municipiului Oradea; Defendant	Background	TJ: 19.01.2021	It is requested the partial cancellation of the Certificate of attestation of the property right over the land, series M03 , no. 2053, issued on June 23, 1995 for topo 4753/7; The certificate was issued on behalf of SINTEZA SA, in 1995, for land with an area of 73244 sqm, land in which was included the land registered in the topographic 4753/7 with an area of 1647 sqm today;
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			<p>SINTEZA SA, Ministerul Economiei, Energiei si Mediului de Afaceri Bucuresti, Ladar Damian, Salloum Maadal, Mogyorosi Ludovic, Varga Adriana, Varga Malina, Valcan Vasile, Vultur Magdalena, Baniai Alexandra , Haidau Traian si Viorica, Martin Gheorghe si Maria, Pinteza Romeo ;</p>			
4682/271/2020	Tribunalul Bihor	Claims	<p>Intimate</p> <p>SINTEZA SA</p>	Appeal	<p>The first trial term in the appeal phase has not yet been set</p>	<p>50.418,17 lei as compensation + court costs</p> <p>On the merits: on 20.10.2020 by Decision 4453 the court of first instance rejected the action of the plaintiff Ignat Construct SRL.</p>

The value of the contingent assets can not be estimated at the balance sheet date.

30. Events after the financial statements

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

31. Standards and interpretations that entered into force this year

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

- ✓ IFRS 9.39, and 7-Amendments regarding the reform of the interest rate reference index.
- ✓ IFRS 16 - Amendments to lease concessions related to Covid-19.
- ✓ IAS 1 and IAS 8 - Amendments to clarify the definition of “material”.
- ✓ IFRS 3 - Amendments to the definition of a business aimed at resolving difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

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

32. Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risk
In order to limit the exposure is being developed risk management policy, so as to ensure the identification and analysis of risks, establishing appropriate limits and controls, and monitoring compliance limits set.

Policies and risk management systems will be revised regularly to adapt to changes occurring in business and market conditions.

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

Credit risk is the risk that the group may incur a financial loss as a result of non-fulfillment of contractual obligations by a customer. The parent company has established as credit policy the analysis of each new individual client before offering standard payment and delivery terms.

However, concrete conditions of a specific market (chemicals based on a market with specialized suppliers and customers) sometimes requires grant facilities in terms of collection.

The same characteristic of the market requires the company to not require collateral for its receivables.

However, after analyzing individual customers sometimes they are requested payment in advance or upon delivery (extra markets).

Liquidity risk is the risk of the Company or of the Subsidiary to overcome difficulties in meeting its financial obligations or associated with financial, which are settled in cash or cash equivalents.

Addressing parent company in liquidity management is to ensure sufficient liquidity to pay obligations due under normal conditions.

In this regard, the Company shall ensure it has sufficient cash to meet operational needs.

Market risk is the risk that variation in market prices, foreign exchange rate, interest rate and price of equity instruments, to affect the Company's income or the value of financial instruments held.

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

The parent company is exposed to currency risk due to sales, acquisitions and borrowing in a currency other than the functional.

Exposure is presented below:

Individual situation at the parent company level is presented as follows:

31.12.2020	LEI	EURO (ECHIV.LEI)	USD (ECHIV.LEI)
Financial assets			
Trade receivables and other receivables	2,483,686	916,716	
Cash and cash equivalents	24,489	8,014	
Total	2,508,175	924,730	
Financial liabilities			
Loans		5,938,929	
Commercial debts and other debts	4,884,453	2,765,579	
Total	4,884,453	8,704,508	

At the group level the situation is as follows:

31.12.2020	LEI	EURO (ECHIV.LEI)	USD (ECHIV.LEI)
Financial assets			
Trade receivables and other receivables	705,965	916,716	
Cash and cash equivalents	46,625	8,014	
Total	752,590	924,730	
Financial liabilities			
Loans		5,938,929	
Commercial debts and other debts	4,843,698	2,765,579	
Total	4,843,698	8,704,508	

Tax risk targeting aspects in certain transactions to be perceived differently by the tax authorities in comparison to treatment Company. This lies in the adoption of EU fiscal regulations from 1 January 2007 to Romania, given that the interpretation of texts and practical implementation procedures may vary. Also, the Government of Romania authorized the operation of a large number of agencies and bodies responsible for carrying out various checks on the companies operating in Romania. The work of these agencies and bodies not only covers tax issues but also issues relating to regulations and procedures in other areas (safety and health at work, civil protection, security and fire protection etc).

It is possible that the Company will be subject to checks as issuing new regulations.

GENERAL MANAGER

TUDOR- IOAN STOIA

FINANCIAL MANAGER

ADRIAN BUCUREAN

DECLARATION

In accordance with art. 30 of law no. 82/1991

They have been prepared annual financial statements for 31.12.2020:

Legal entity:	S.C. Sinteza S.A.
County:	05-Bihor
Address:	Oradea, Borsului Road, 35
Trade Register number:	J/05/197/1991
Ownership:	34-Stock company
Activity:	2014- manufacture of other basic organic chemicals
VAT Reg. No.:	67329

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

Mr.Alexandru Savin, Chairman of the Board of Directors of the Company, assumes responsibility for drawing annual financial statements at 31.12.2020 and confirms that, to his knowledge, this was drafted according to the applicable accounting standards, it offers a fair and accurate picture of assets, liabilities, equity, income and expenses, and that the Board Report includes a correct analysis of the development and performance of the company as well as a description of the principal risks and uncertainties specific to the activity.

CHAIRMAN OF THE BOARD OF DIRECTORS

ALEXANDRU SAVIN