



SINTEZA SA
Șos. Borșului no. 35
410605 ORADEA - ROMANIA



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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

HALF YEARLY REPORT **ACCORDING TO THE REGULATION ASF NO.5/2018** **REGARDING ISSUERS AND SECURITIES OPERATIONS**

Date of report:	30 JUNE 2020
Name of the company:	S.C. SINTEZA S.A
Headquarters:	410605 Oradea, Borșului, road 35
Phone:	40 259 456 116
Fax:	40 259 462 224
Tax Identification Code:	67329
Number of registration in the Commercial Register:	J/05/197/1991
Subscribed and paid capital:	9.916.888,50 RON
Regulated market where the issued securities are traded:	BUCHAREST STOCK EXCHANGE

1. Analysis of the trade company's activity

1.1. Description of the trade company's basic activity

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: **8.824.943** lei, of which:

- net turnover: 10.455.730 lei, of which the amount of 9.663.804 lei represents the export sales;
- incomes from stocks variation: -1.666.404 lei;
- incomes from the production of tangible assets: 17.464 lei;
- other incomes: 1.510 lei;
- financial incomes: 16.643 lei;
-

2. Total expenses: **11.642748 lei**, of which:
- operating costs: 11.400.471 lei;
 - financial expenses: 242.277 lei;

3. Net operational result: **-2.817.806 lei**;

4. Liquidities at the end of the period: **16.782 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.

Following the investment works from the end of the year which materialised in processes of research, design, verification, acquisitions and executions of equipments, the rebuilding of the structural elements, the quality and capacity of the process for obtaining the benzoic acid was improved.

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.

The company intends the further development of the manufacturing 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	30 JUN 2020		30 JUN 2019	
		lei	%	lei	%
1	Exploitation of the industrial platform	379.574	3,63	627.817	4.60
2	Organic synthesis manufacturings	10.076.156	96,37	13.012.389	95.40
	Total	10.455.730	100.00	13.640.206	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.

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

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. 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.

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 undergone 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 30.06.2020 this indicator had the value of 0,74; 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 increase of the product quality will determine the increase of the EU market share, market with higher profit margins, aspect which will be reflected in the operational profit of the company.

Compania va derula si in continuare programe ce urmaresc crearea de lichiditati din inchirierea si vanzarea unor active care nu afectateaza activitatea de baza si nu atrag alte finantari.

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.

2 Tangible assets of the company

2.1 Placement and description

The company owns and manages the following assets:

- a) Șos. Borșului no. 35 Platform - dedicated to the manufacture of Benzoic Acid
- b) Șos. Clujului Platform no.159 and Donici str. no. 1 - meant for the rental or sale
- c) Hostel for singles – functional
- d) 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 30.06.2020 the structure of the shareholding was the following:

	4	
F.I.I. BT Invest 1		33,8898 %
Tibor Tincău		28,1346 %
Other natural and legal persons		19,9756 %
Platforma ROCA SA		18,0000 %
Total		100,0000 %

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

4 Leadership of the trade company

On 30.06.2020 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:

Mihail Lazaroae	- general manager
Ramona Platin	- commercial manager
Valentin Nilca	- operational manager
Sanda Iovan	- financial manager

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

5 Audit

We note that the first half of 2020, financial statements were not subject to an audit report.

6 Financial and accounting statement

Individual Financial Statements 30.06.2020

Indicator	INDIVIDUAL	
	31-Dec-2019	30-Jun-2020
Tangible assets		
Freehold land and land improvements	14.565.500	14.565.500
Buildings	11.724.640	11.436.777
Technical installations and transport means	14.552.554	13.871.171
Furniture, office automation equipments	23.789	54.862
Tangible assets in progress	1.922.367	2.034.025
Advance payments for tangible assets	-	-
Total of tangible assets	42.788.850	41.962.335
Intangible assets		
Concessions, patents, licences, trademarks	205.062	188.227
Investment assets		
Shares owned at branch offices and other fixed securities	31.113	25.297
Rights to use the assets leased	74.898	67.409
Total of intangible assets	43.100.924	42.243.268

Current assets		
Stocks	3.239.102	1.897.248
Trade receivables and other receivables	3.052.091	3.887.981
Accrued expenses	225.379	544.515
Cash and cash equivalent	38.443	16.782
Assets classified as being held for sale	3.602.553	3.602.553
Total of current assets	10.157.569	9.949.079
Total of assets	53.248.492	52.192.347
Shareholders' equities		
Share capital	9.916.889	9.916.889
Share premiums	-	-
Reserves	27.500.241	27.500.241
Result of the year	-4.061.287	-2.817.806
Result carried forward	3.300.876	-760.411
Other elements of shareholders' equities	-540	-540
Minority interests		
Total of shareholders' equities	36.656.179	33.838.373
Long-term liabilities		
Long-term loans and other liabilities	790.277	804.765
Deferred income	-	-
Provisions	-	-
Deferred tax liabilities	3.652.504	3.652.504
Total of long-term liabilities	4.482.781	4.457.279
Current liabilities		
Short-term loans	5.897.336	5.146.881
Trading liabilities and other liabilities, including derivatives	6.124.802	8.623.002
Deferred income	30.820	20.247
Provisions	106.575	106.575
Liabilities classified as being held for sale		
Total of current liabilities	12.159.533	13.896.705
Total of liabilities	16.602.314	18.353.974
Total of shareholders' equities and liabilities	53.258.493	52.192.347

Consolidated Statement of Financial position 30.06.2020

Indicator	CONSOLIDATED	
	31-Dec-2019	30-Jun-2020
Tangible assets		
Freehold land and land improvements	14.565.500	14.565.500
Buildings	11.724.640	11.436.777
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Rights to use the assets leased	74.898	67.409
Total of intangible assets	43.103.824	42.243.268

Current assets		
Stocks	3.242.773	1.900.919
Trade receivables and other receivables	1.274.370	2.113.160
Accrued expenses	225.379	544.515
Cash and cash equivalent	61.916	38.971
Assets classified as being held for sale	3.602.553	3.602.553
Total of current assets	8.406.991	8.200.118
Total of assets	51.510.815	50.443.386
Shareholders' equities		
Share capital	9.916.889	9.916.889
Share premiums		
Reserves	28.939.479	28.939.479
Result of the year	-4.114.704	-2.845.660
Result carried forward	263.744	-3.850.962
Other elements of shareholders' equities	-540	-540
Minority interests	-3.831	-3.955
Total of shareholders' equities	35.000.977	32.155.251
Long-term liabilities		
Long-term loans and other liabilities	790.277	804.766
Deferred income	-	-
Provisions	-	-
Deferred tax liabilities	3.652.504	3.652.504
Total of long-term liabilities	4.442.781	4.457.270
Current liabilities		
Short-term loans	5.897.336	5.146.881
Trading liabilities and other liabilities, including derivatives	6.032.326	8.557.163
Deferred income	30.820	20.247
Provisions	106.575	106.575
Liabilities classified as being held for sale		
Total of current liabilities	12.067.057	13.830.865
Total of liabilities	16.509.838	18.288.136
Total of shareholders' equities and liabilities	51.510.815	50.443.387

The financial statements at 30.06.2020 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.

PRESIDENT OF THE BOARD OF DIRECTORS

ALEXANDRU SAVIN

SINTEZA S.A.

Individual and consolidated financial statements

30 June 2020

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

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Individual Financial Statements 30.06.2020

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Long-term liabilities		
Long-term loans and other liabilities	790.277	804.765
Deferred income	-	-
Provisions	-	-
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Consolidated Statement of Financial position 30.06.2020

Indicator	CONSOLIDATED	
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Total of intangible assets	43.103.824	42.243.268
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Stocks	3.242.773	1.900.919
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Accrued expenses	225.379	544.515
Cash and cash equivalent	61.916	38.971
Assets classified as being held for sale	3.602.553	3.602.553
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Share capital	9.916.889	9.916.889
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Reserves	28.939.479	28.939.479
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Long-term loans and other liabilities	790.277	804.766
Deferred income	-	-
Provisions	-	-
Deferred tax liabilities	3.652.504	3.652.504
Total of long-term liabilities	4.442.781	4.457.270
Current liabilities		
Short-term loans	5.897.336	5.146.881
Trading liabilities and other liabilities, including derivatives	6.032.326	8.557.163
Deferred income	30.820	20.247
Provisions	106.575	106.575
Liabilities classified as being held for sale		
Total of current liabilities	12.067.057	13.830.865
Total of liabilities	16.509.838	18.288.136
Total of shareholders' equities and liabilities	51.510.815	50.443.387

Statement of the individual overall result 30.06.2020

Indicator	INDIVIDUAL	
	30-Jun-2019	30-Jun-2020
Continuous activities		
Income	13.640.206	10.455.730
Other income	288.609	18.974
Changes in inventories	2.115.183	1.666.404
Total of operating income	16.043.998	8.808.300
Expenses related to inventories	9.600.811	4.471.682
Expenses related to utilities	1.649.516	1.737.168
Expenses with the employees' benefits	2.312.340	2.766.928
Amortization and depreciation of fixed assets	1.083.072	1.035.427
Gains (-)/losses from the assignment of fixed assets (+)	50.122	-
Value adjustment of current assets	-	-
Adjustments related to provisions	-	-
Other expenses	1.389.268	1.607.806
Total of operating expenses	11.400.472	16.303.667
Result of the Operating Activities	-259.669	2.592.172
Financial income	100.666	16.643
Financial expenses	401.148	242.277
Net financial result	-300.482	-225.634
Result before the taxation	-560.151	-2.817.806
Expense with the current income tax	-	-
Expenses with the deferred income tax	-	-
Deferred income tax-related income	-	-
Result of the Continuous Activities	-560.151	-2.817.806
Minority interests	-	-
Total of the overall result afferent to the period	-560.151	-2.817.806

Statement of the consolidated overall result 30.06.2020

Indicator	CONSOLIDATED	
	30-Jun-2019	30-Jun-2020
Continuous activities		
Income	13.640.206	10.455.730
Other income	291.625	18.974
Changes in inventories	2.115.183	1.666.404
Total of operating income	16.047.014	8.808.300
Expenses related to inventories	9.600.811	4.471.682
Expenses related to utilities	1.649.516	1.737.168
Expenses with the employees' benefits	2.341.235	2.791.412
Amortization and depreciation of fixed assets	1.083.072	1.035.427
Gains (-)/losses from the assignation of fixed assets (+)	50.122	-
Value adjustment of current assets	-	-
Adjustments related to provisions	-	-
Other expenses	1.610.528	1.392.704
Total of operating expenses	16.335.284	11.428.392
Result of the Operating Activities	-288.270	-2.620.092
Financial income	100.666	16.643
Financial expenses	401.148	242.277
Net financial result	-300.482	-225.634
Result before the taxation	-588.752	-2.845.726
Expense with the current income tax	-	-
Expenses with the deferred income tax	-	-
Deferred income tax-related income	-	-
Result of the Continuous Activities	-588.752	-2.845.726
Minority interests	67	-66
Total of the overall result afferent to the period	-588.685	-2.845.660

Statement of the modifications in the individual shareholders' equities 30.06.2020

Modification resources of the shareholders' equities	Share capital	Share premiums	Issued capital instruments	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)	9.916.889				-4.061.287	3.300.876	23.396.406	4.103.834	-540					36.656.178
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					4.061.287	-4.061.287								
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities														
Total overall result for the period					-2.817.806									-2.817.806
Closing balance (current period)	9.916.889				-2.817.806	-760.411	23.396.406	4130834	-540					33.838.372

**Statement of the modifications in the consolidated shareholders' equity
30.06.2020**

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	
	1											2	3		4
Opening balance (before the restatement)															
Effect of errors' correction															
Effect of the modification in the accounting policies															
Opening balance (current period)	9.916.889				-4.114.704	263.744	23.432.342	5.507.136	-540			-3.890			35.000.977
Ordinary bonds issue															
Preference shares issue															
Issue of other capital instruments															
Exercise or expiry of other issued capital instruments															
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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					4.114.704	-4.114.704									
Increases or (-) decreases of the shareholders' equities derived from the combined activities															
Shares-based payments															
Other increases or (-) decreases of the shareholders' equities															
Total overall result for the period					-2.845.660							-66			-2.845.726
Closing balance (current period)	9.916.889				-2.845.660	-3.850.960	23.432.342	5.507.136	-540			-3.956			32.155.251

Individual cash flow statement
30.06.2020

Cash flow statement

30.06.2019 30.06.2020

Cash flows from operating activity		
Receipts from sales to customers	13.711.840	9.082.373
Other receipts (including net VAT refunds)	1.712.763	439.940
Payments to suppliers	12.273.396	8.053.134
Payments of net wages	1.210.794	1.553.887
Payments to budgets	317.787	45.646
Other payments	1.532.999	195.187
Net cash from operating activities	89.627	-325.542
Cash flows from investments activities		
Payments for acquisition of fixed assets	725.332	154.981
Receipts from sales of tangible fixed assets	-	-
Interest received		
Net cash from investment activities	725.332	-154.981
Net cash from financing activities		
Proceeds from loans	8.850.838	7.992.147
Interest paid and loan refunds	8.219.822	7.509.021
Dividends paid		
Net cash from financing activities	631.016	483.126
Net increase/(decrease) of cash	-4.689	2.604
Cash and cash equivalent at the beginning of the period of time	64.477	25.095
Effects of revaluations on cash and cash equivalent	-	-15.519
Cash and cash equivalent at the end of the period of time	60.788	12.180

Consolidated cash flow statement
30.06.2020

Cash flow statement

	30.06.2019	30.06.2020
Cash flows from operating activity		
Receipts from sales to customers	13.739.475	9.109.010
Other receipts (including net VAT refunds)	1.728.781	439.940
Payments to suppliers	12.273.638	8.055.183
Payments of net wages	1.233.374	1.577.773
Payments to budgets	317.787	47.594
Other payments	1.538.423	195.187
Net cash from operating activities	105.034	-326.788
Cash flows from investments activities		
Payments for acquisition of fixed assets	725.332	154.981
Receipts from sales of tangible fixed assets	-	-
Interest received		
Net cash from investment activities	-725.332	-154.981
Net cash from financing activities		
Proceeds from loans	8.850.838	7.992.147
Interest paid and loan refunds	8.219.822	7.509.021
Dividends paid		
Net cash from financing activities	631.016	483.126
Net increase/(decrease) of cash	10.718	1.358
Cash and cash equivalent at the beginning of the period of time	68.222	48.478
Effects of revaluations on cash and cash equivalent	-	-15.519
Cash and cash equivalent at the end of the period of time	78.940	34.316

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 30st June 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	Other shareholders	19.9756
4	Platforma ROCA SA	18.0000
	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 **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 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 unflinchingly applied during the periods of time indicated by these financial statements.

The principle of continuity of activities was observed.

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 possessed.

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 outcome:

- Of the period of time when the change occurs, if it affects only the respective time span; or
- 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 regulations 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 restructuration, 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)
- Availabilities 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 trade 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 2 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.

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

New interpretations, amendment or standards have been issued, which did not come into force as regards the financial year of 2020 or which were not adopted. They have not been applied when drafting the financial statements of 2020.

The Company does not expect that these new standards, amendments or interpretations affect significantly its individual financial statements.

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.

5. 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 01.01.2020	14.565.500	12.325.656	15.989.935	1.922.367	-	44.803.458
Increases	-	-	72.081	183.739	-	255.820
Decreases	-	-	-	72.081	-	72.081
Balance on 30.06.2020	14.565.500	12.325.656	16.062.016	2.034.025	-	44.987.197
<i>Depreciation and write-downs</i>						
Balance on 01.01.2020						
Increases	-	601.016	1.413.592	-	-	2.014.608
Decreases	-	287.862	722.390	-	-	1.010.252
Balance on 30.06.2020	-	-	-	-	-	-
	-	888.878	2.135.982	-	-	3.024.861
<i>Net value</i>						
Balance on 01.01.2020						
	14.565.500	12.325.656	15.989.935	1.922.367	-	44.803.458
Balance on 30.06.2020	14.565.500	11.436.778	13.926.034	2.034.025	-	41.962.337

Report at group level:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 01.01.2020	14.565.500	12.325.656	15.989.935	1.922.367	-	44.803.458
Increases	-	-	72.081	183.739	-	255.820
Decreases	-	-	-	72.081	-	72.081
Balance on 30.06.2020	14.565.500	12.325.656	16.062.016	2.034.025	-	44.987.197
<i>Depreciation and write-downs</i>						
Balance on 01.01.2020						
Increases	-	601.016	1.413.592	-	-	2.014.608
Decreases	-	287.862	722.390	-	-	1.010.252
Balance on 30.06.2020	-	-	-	-	-	-
	-	888.878	2.135.982	-	-	3.024.861
<i>Net value</i>						
Balance on 01.01.2020						
	14.565.500	12.325.656	15.989.935	1.922.367	-	44.803.458
Balance on 30.06.2020	14.565.500	11.436.778	13.926.034	2.034.025	-	41.962.337

According to the International Financial Reporting Standard 16, Leasing Contracts, the value of 67.409 lei was recorded Rights to use the assets leased. 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 2018.

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 68.655.

Gross value on 30.06.2020	390.508
Depreciation	202.281
Net value on 30.06.2020	188.227

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 30.06.2020
3. holding of lei 1,000 at the Employers' Organization in the Chemical and Petrochemical Areas of Bucharest

Gross value on 30.06.2020	1.436.759
Adjustments for impairment recorded	1.411.461
Net value on 30.06.2020	25.297

8. Stocks

The parent company's individual report:

	31.12.2019	30.06.2020
Raw materials and other materials	458.395	776.006
Finished products	3.339.646	1.693.681
Partly-finished products	794.089	773.271
Merchandise	23.020	23.020
Packages	51.582	58.900
Total	4.666.732	3.324.878
Adjustments for write-down of stocks	1.427.630	1.427.630
Total	3.239.102	1.897.248

The report at group level:

	31.12.2019	30.06.2020
Raw materials and other materials	458.395	779.677
Finished products	3.339.646	1.693.681
Partly-finished products	794.089	773.271
Merchandise	23.020	23.020
Packages	51.582	58.900
Total	4.666.732	3.328.549
Adjustments for write-down of stocks	1.427.630	1.427.630
Total	3.239.102	1.900.919

9. Trade receivables

Parent company's individual report:

	31.12.2019	30.06.2020
Clients	2.662.031	3.326.903
Doubtful clients and clients subject to disputes	235.249	235.249
Suppliers-debtors	9.337	4.551
Adjustments for impairment of receivables	-235.249	-235.249
Total	2.671.368	3.331.454
Other receivables	380.723	556.527
Total	3.052.091	3.887.981

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

At group level, the report is:

	31.12.2019	30.06.2020
Clients	966.559	1.549.508
Doubtful clients and clients subject to disputes	235.249	320.071
Suppliers-debtors	9.337	4.551
Adjustments for impairment of receivables	-320.071	-320.071
Total	891.074	1.554.059
Other receivables	383.296	559.101
Total	1.274.370	2.113.160

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 235.250 lei.

10. Cash and cash equivalents

Parent company's individual report:

	31.12.2019	30.06.2020
Current bank accounts	25.096	12.180
Cash on hand	6.188	4.601
Other values	7.160	1
Total	38.444	16.782

Report at group level:

	31.12.2019	30.06.2020
Current bank accounts	48.479	34.316
Cash on hand	6.277	4.654
Other values	7.160	1
Total	61.916	38.971

11. Other receivables

Parent company's individual report:

	31.12.2019	30.06.2020
Suspense account	-	1.481
Other staff-related receivables	-	-
Other receivables related to state budget (VAT to be recovered)	380.723	551.597
Other		3.450
Total	380.723	556.527

Report at group level:

	31.12.2019	30.06.2020
Suspense account	2.558	4.040
Other staff-related receivables	-	-
Other receivables related to state budget (VAT to be recovered)	380.738	551.611
Other		3.450
Total	383.296	559.101

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

12. Assets classified as held for sale

Parent company's individual report:

	31.12.2019	30.06.2020
Gross value of assets classified as held for sale	-	3.602.553
Adjustments of assets classified as held for sale	-	-
Net value	3.602.553	3.602.553

Report at group level:

	31.12.2019	30.06.2020
Gross value of assets classified as held for sale	-	3.602.553
Adjustments of assets classified as held for sale	-	-
Net value	3.602.553	3.602.553

13. Share capital and share premiums

Parent company's shareholding structure (percentage)

	31.12.2019	30.06.2020
F.I.I. BT Invest 1	31.8898	31.8898
Tincau Tibor	28.1346	28.1346
Other shareholders	19.9756	19.9756
Platforma ROCA SA	18.0000	18.0000
Total	100	100

In the first part of the year there were no changes in the shareholding structure of Sinteza SA.

Subsidiary company's shareholding structure (percentage):

	31.12.2019	30.06.2020
SC Sinteza SA	99,765	99,765
Other shareholders	0,235	0,235
Total	100	100

In 2020, the company continued to manage the capital considering all its components as defined by the Romanian legislation. There were no cases of exclusion of quantitative or consideration as a part of its own equity instruments of other the balance sheet items besides those covered by the domestic legislation.

14. Commercial debts and other payables

Parent company's individual report:

	31.12.2019	30.06.2020
Commercial suppliers	4.100.001	4.458.977
Suppliers for investments	263.704	273.084
Suppliers - collaborators	19.500	19.500
Debts to the state budget	207.965	653.940
Debts to the local budget		624.130
Debts to employees	166.475	162.961
Other payables	1.367.157	988.040
ROCA Loan		1.442.370
Total	6.124.802	8.623.002

The table below sets out a maturity-based classification of individual liabilities on 30.06.2020:

	TOTAL DEBT	LESS THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4.458.977	4.123.547	335.430	
Suppliers for investments	273.084	175.026	98.058	
Suppliers - collaborators	19.500	19.500		
Debts to the state budget	1.278.070	653.940		
Debts to the local budget		624.130		

Debts to employees	162.961	162.961		
Other payables	988.040	988.040		
ROCA Loan		1.442.370		
Total	8.623.002	8.189.514	433.488	

Report at group level:

	31.12.2019	30.06.2020
Commercial suppliers	4.004.567	4.393.138
Suppliers for investments	263.704	273.084
Suppliers - collaborators	19.500	19.500
Debts to the state budget	209.612	653.940
Debts to the local budget		624.130
Debts to employees	167.786	162.961
Current income tax	-	-
Other payables	1.367.157	988.040
ROCA Loan		1.442.370
Total	6.032.326	8.557.163

The table below sets out a maturity-based classification of consolidated liabilities on 30.06.2020:

	TOTAL DEBT	LESS 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4.393.138	4.123.547	269.591	
Suppliers for investments	273.084	175.026	98.058	
Suppliers - collaborators	19.500	19.500		
Debts to the state budget	1.278.070	653.940		
Debts to the local budget		624.130		
Debts to employees	162.961	162.961		
Other payables	988.040	988.040		
ROCA Loan		1.442.370		
Total	8.557.163	8.189.514	367.649	

15. Loans

Parent company's individual report:

	31.12.2019	30.06.2020
Amounts owed to credit institutions	6.612.225	5.884.607
Total	6.612.225	5.884.607

The table below displays a maturity-based classification of loans on 30.06.2020

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	5.884.607	5.079.842,00	804.765,00	
Total	5.884.607	5.079.842,00	804.765,00	

Report at group level:

	31.12.2019	30.06.2020
Amounts owed to credit institutions	6.612.225	5.884.607
Total	6.612.225	5.884.607

The table below displays a maturity-based classification of loans on 30.06.2020:

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	5.884.607	5.079.842,00	804.765,00	
Total	5.884.607	5.079.842,00	804.765,00	

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 30.06.2020 are contracted only at the level of parent company, SC Sinteza SA, and they are the following:

- long-term loan 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 street and 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 of EURO 37.531, interest 4,077%, maturity: 21st November 2020
- investment credit for supporting its current activity, guaranteed by the mortgage on land and buildings located in Oradea, 35 Sos. Borsului street and 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 of EURO 14.593, interest 4.077%, maturity: 10th May 2020
- 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 115.232, 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 93.018, interest 3%, maturity 30th September 2025

- credit line current account EURO 954.894 + unused EURO 95.106, interest 3%, maturity 15th August 2021

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 EURO 530.000.

16. Provisions

They were not constituted provisions for risks and expenses

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 30.06.2020 amounting to lei 20.247 highlights the amounts collected from clients for the goods that shall be delivered and services in advance.

18. The turnover

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

	30.06.2019	30.06.2020
Incomes from the sale of finished products	13.012.389	10.076.157
Incomes from locations and rents rent	399.063	251.974
Incomes from rendering of services	194.014	127.599
Incomes from waste products	34.740	-
Total	13.640.206	10.455.730

At group level, the situation is:

	30.06.2019	30.06.2020
Incomes from the sale of finished products	13.012.389	10.076.157
Incomes from locations and rents rent	399.063	251.974
Incomes from rendering of services	194.014	127.599
Incomes from waste products	34.740	-
Total	13.640.206	10.455.730

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 9.663.804 lei
- sales on domestic market in the amount of 791.926 lei

19. Expenses with raw materials and consumables

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

	30.06.2019	30.06.2020
Raw materials	9.127.259	4.130.371
Auxiliary materials	90.691	51.326
Combustible	23.292	19.074
Spare parts	101.678	26.300
Labor protection and other materials	13.863	15.139
Total	9.356.783	4.242.210

At group level, the situation is:

	30.06.2019	30.06.2020
Raw materials	9.127.259	4.130.371
Auxiliary materials	90.691	51.326
Combustible	23.292	19.074
Spare parts	101.678	26.300
Labor protection and other materials	13.863	15.139
Total	9.356.783	4.242.210

20. Other expenses

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

	30.06.2019	30.06.2020
Packing	233.819	208.990
Material inventory objects	9.487	18.159
Other non-stored materials	722	2.322
Total	244.028	229.471

At group level, the situation is:

	30.06.2019	30.06.2020
Packing	233.819	208.990
Material inventory objects	9.487	18.159
Other non-stored materials	722	2.322
Total	244.028	229.471

21. Expenses with the employees

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

	30.06.2019	30.06.2020
Salaries	2.243.291	2.652.284
Social insurance and social protection	69.049	66.777
Disability fund		47.867
Total	2.312.340	2.766.928

At group level, the situation is:

	30.06.2019	30.06.2020
Salaries	2.270.366	2.676.170
Social insurance and social protection	70.869	67.375
Disability fund		47.867
Total	2.341.235	2.791.412

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 256.415 lei.

22. Expenses regarding external services

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

	30.06.2019	30.06.2020
Other expenses with services performed by third parties		
Maintenance and repairs	61.732	47.780
Post and telecomm.	17.247	10.593
Advertisement and publicity	-	-
Transport	261.035	208.110
Banking services	90.962	66.675
Trips and delegations	24.258	14.689
Protocol	-60	1.724
Collaborators	215.388	256.415
Rents	77.397	85.708
Fees	46.310	54.600
Insurance premiums	12.616	12.575
Other expenses with services performed by third parties	363.185	239.859
Total	1.170.070	998.728

At group level, the situation is:

	30.06.2019	30.06.2020
Other expenses with services performed by third parties		
Maintenance and repairs	61.732	47.780
Post and telecomm.	17.321	10.679
Advertisement and publicity	-	-
Transport	261.035	208.110
Banking services	91.135	66.844
Trips and delegations	24.258	14.689
Protocol	-60	1.724
Collaborators	215.388	256.415
Rents	77.397	85.708
Fees	46.310	54.625
Insurance premiums	12.616	12.575
Other expenses with services performed by third parties	365.659	241.665
Total	1.172.791	1.000.814

23. Incomes and financial expenses

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

	30.06.2019	30.06.2020
Incomes from exchange rate differences	98.886	14.821
Other financial incomes	1.780	1.822
Total	100.666	16.643

Expenses from interests	135.377	98.760
Expenses from exchange rate differences	261.054	136.183
Other financial expenses	4.717	7.333
Total	401.148	242.276

At group level, the situation is:

	30.06.2019	30.06.2020
Incomes from exchange rate differences	98.886	14.821
Other financial incomes	1.780	1.822
Total	100.666	16.643

Expenses from interests	135.377	98.760
Expenses from exchange rate differences	261.054	136.183
Other financial expenses	4.717	7.333
Total	401.148	242.276

25. Earnings per share

SINTEZA SA realized at the end of 30.06.2020 a net accounting loss of 2.817.806 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.

The company has in the dividend payment account amounts representing dividends approved for distribution and not issued until the end of 30.06.2020.

26. Affiliated parties

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

On 30.06.2020, the members of the Board of Directors are:

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

On 30.06.2020, executive management consists of:

General Manager - Mihail Lazaroae
Commercial Director – Ramona Platona
Operational Manager – Valentin Nilca
Financial Manager – Sanda Iovan

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

In 2020 there were no transactions between the parent company and the subsidiary.

28. Other liabilities

The parent company and the affiliated company do not record other commitments as of 30.06.2020.

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 EURO 530.000.

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

File number	Court	The subject of the file	Parties in trial and the procedural quality
4895/111/2014	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Basa Indimex SRL
4274/108/2014	Arad Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Comeso Color SA
1087/111/2018(Old file 2744/111/2010)	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Construct Mod SRL
484/111/2010	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Flavoia SRL
22419/3/2009	Bucuresti Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Energo Mineral Bucuresti
16873/118/2010	Constanta Court	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA, Debtor Solanum Com Prod C-ta
6473/111/2013	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA, Debtor Electrocentrale
5610/3/2017(old 2174/111/2016)	Court of Appeal Oradea	Claims	Appellant SINTEZA SA, Respondent Novi Consult SRL, others
75013/3/2011	Bucuresti Tribunal	Patent of invention	Recurrent Sinteza SA, Respondent Rotaru Constantin through heirs
458/35/2019	Court of Appeal Oradea	Cancellation of the certificate of attestation of the property right M03 NR.2053/1995	Apellant: Municipiul Oradea, Recurrent: Sinteza SA, Ministerul Economiei, Energiei si mediului de afaceri Bucuresti, others
16503/271/2019	Court Oradea	Complaint against the contravention report	Complainant Sinteza SA; Respondent Garda Nationala de Mediu – Comisariatul Judetean Bihor
4682/271/2020	Court Oradea	Claims	Appellant: Igna Construct SRL, Recurrent: Sinteza SA
3814/30/2019*	Timisoara Tribunal	The insolvency procedure	Creditor Sinteza SA; Debtor: W&O Frigoservice SRL Timisoara

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 new interpretations

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

- IFRS 9 "Financial Instruments"- adopted by EU on 22 november 2016 (applicable for annual periods beginning on or after 1 January 2018) ;
- IFRS 15 " Revenue from contracts with customers " and amendments at IFRS 15 "Effective date of IFRS 15" adopted by EU on 22 november 2016 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 "Share based payment" - Classification and measurement of share-based payment transactions - adopted by EU on 27 february 2018 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 "Insurance contracts" - Application of IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance contracts" adopted by EU on 3 november 2017 (applicable for annual periods beginning on or after 1 January 2018 or at the application for the first time of IFRS 9 "Financial Instruments");
- Amendments to IFRS 15 " Revenue from contracts with customers " - Clarifications to IFRS 15 " Revenue from contracts with customers" - adopted by EU on 31 october 2017 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 40 "Real estate investments" - Transfers of real estate investments - adopted by EU on 14 March 2018 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IAS 28 due to "IFRS improvements (period 2014-2016)" which results from the annual project of IFRS improvement (IFRS 1, IFRS 12 and IAS 28) with the main aim to eliminate inconsistencies

and clarify certain formulations - adopted by EU on 7 February 2018 (Amendments to IFRS 1 and IAS 28 will apply for annual periods beginning on or after 1 January 2018);

- IFRIC 22 "Foreign currency transactions and overtures" - adopted by EU on 28 March 2018 (applicable for annual periods beginning on or after 1 January 2018);

From the application of new standards IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments" beginning on 1 January 2018, it didn't result any impact on the company.

Standards and amendments to the existing standards issued by IASB and approved by EU, but which have not yet entered into force.

At the date of approval of these individual financial statements, the following new standards and amendments to standards issued by IASB and approved by EU are not yet in force:

- IFRS 16 "Leasing Contracts" - adopted by EU on 31 October 2017 (applicable for annual periods beginning on or after 1 January 2019);

- Amendments to IFRS 9 "Financial Instruments"- Payment characteristics in advance by negative compensation - adopted by EU on 22 March 2018 (applicable for annual periods beginning on or after 1 January 2019);

- IFRIC 23 "Uncertainty about Income Tax Treatment" - adopted by EU on 23 October 2018 (applicable for annual periods beginning on or after 1 January 2019);

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

New standards and amendments to the existing standards issued by IASB, but which haven't been yet adopted by EU

- IFRS 14 "Postponement accounts for regulated activities" (applicable for annual periods beginning on or after 1 January 2016) – The European Commission has decided not to issue the process of approval for this interim standard and to wait for the final standard;

- IFRS 17 "Insurance Contracts" (applicable for annual periods beginning on or after 1 January 2021);

- Amendments to IFRS 3 "Business Combinations" - Definition of a business (applicable for the business combinations whose acquisition date is beginning with or after the first annual reporting period beginning with or after 1 January 2020 and asset acquisitions that take place beginning with or after that period);

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (date of entry into force has been postponed for an indefinite period, until the project on research regarding the equivalence method will be completed);

- Amendments to IAS 1 "Presentation of financial situations" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of materiality (applicable for annual periods beginning on or after 1 January 2020);

- Amendments to IAS 19 "Employee Benefits" Modification, reduction and settlement of the plan (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 "Investments in Associated Entities and Joint Ventures" - Long-term interests in associates and joint ventures (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to various standards due to "Improvements to IFRS (Cycle 2015-2017)" resulting from the IFRS 3 (IFRS 11, IAS 12 and IAS 23) Annual Improvements Project, with the primary aim of eliminating inconsistencies and clarifying certain formulations (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to References to the Conceptual Framework of IFRS (applicable for annual periods beginning on or after 1 January 2020);

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:

30.06.2020	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	3.887.981	936.614	-
Cash and cash equivalents	16.782	4.318	-
Total	3.904.763	940.932	-
Financial liabilities			
Loans	5.951.647	5.951.647	0
Commercial debts and other debts	8.623.002	2.012.788	0
Total	14.574.648	7.964.435	0

At the group level the situation is as follows:

30.06.2020	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	3.887.981	936.614	0
Cash and cash equivalents	16.782	4.318	0
Total	3.904.763	940.932	0
Financial liabilities			
Loans	5.951.647	5.951.647	0
Commercial debts and other debts	8.623.002	2.012.788	0
Total	14.574.648	7.964.435	0

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

MIHAIL LAZAROE

FINANCIAL MANAGER

SANDA IOVAN

DECLARATION

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

We have prepared the financial statements at 06/30/2020, the:

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 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.
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Mr. Alexandru Savin, Chairman of the Board of Directors of the Company, assumes responsibility for drawing the half report at 06/30/2020 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