ANNUAL REPORT 2021

AQUILA PART PROD COM

AQUILA

Focus on Excellence

TABLE OF CONTENTS

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Annual Report
For financial period	01.01.2021 – 31.12.2021
Date of publishing	20. 04.2022
According to	Annex 15 of ASF Regulation 5/2018

ISSUER INFORMATION

Issuer’s name	Aquila Part Prod Com S.A.
Fiscal code	6484554
Trade registry number	J29/2790/1994
Registered office	105A Malu Rosu Street, Ploiesti, Prahova County, Romania

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	30,000,060 RON
Market on which the securities are traded	Bucharest Stock Exchange, Main Segment, Premium Category
Total number of shares	200,000,400
Symbol	AQ

CONTACT DETAILS FOR INVESTORS

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CONSOLIDATED DIRECTORS' REPORT

Focus on Excellence

GROUP STRUCTURE

Engaged in the distribution of consumer goods, logistics services, international and domestic transport, Aquila Part Prod Com was set up in 1994 by Alin Dociu and Catalin Vasile.

Ahead of listing on Bucharest Stock Exchange in November 2021, the Group underwent a reorganisation through which Aquila Part Prod Com, starting with 1 January 2020, merged through absorption with Seca Distribution, company specialised in the distribution of sugar confectionary set up in 1994 by Alin Dociu and Catalin Vasile and starting with 1 January 2021 merged through absorption with Agrirom, company acquired earlier, in February 2019. Established in 1997, Agrirom imports and distributes ambient and frozen food products. The company owns Gradena and Yachtis brands in the product categories of frozen vegetables and frozen fish, respectively.

As of 31 December 2021, Aquila Part Prod Com together with its subsidiaries: Printex and Trigor AVD form “the Group” (or “Aquila”).

The Group’s entities headquarters and activities are the following:

Entity	Headquarters	Registration	Activity
AQUILA PART PROD COM S.A.	105A Malu Rosu Street, Ploiesti, Prahova County, Romania	Trade Register no: J29/2790/1994 Unique registration code: 6484554	Wholesale of consumer goods, Rendering of logistic services, Internal and external transport of goods
PRINTEX S.A. (*)	5 Poligonului Street, Ploiesti, Prahova County, Romania	Trade Register no: J29/107/1991 Unique registration code: 1348950	Rental and subleases of real estate
TRIGOR AVD S.R.L.(**)	17 Otovasca Street, Chisinau, Chisinau County, Republic of Moldova	Registration no: 1002600041675 Registration date: 15 August 2001	Wholesale of consumer goods

(*) In 1999, AQUILA PART PROD COM acquired a 78.83% stake in PRINTEX S.A. and subsequently consolidated its participation to 95.75%;
(**) On 19 May 2021 AQUILA PART PROD COM S.A. took over (100%) TRIGOR AVD SRL

SHAREHOLDERS AND ISSUED CAPITAL

On 31 December 2021, the share capital of Aquila Part Prod Com stood at RON 30,000,060 divided into 200,000,400 ordinary shares with a nominal value of RON 0.15 per share.

The shareholders of Aquila Part Prod Com as of 31 December 2021 are as follows:

Shareholder	Shares	Percent
Dociu Alin-Adrian	66,666,800	33.3333 %
Vasile Constantin - Cătălin	66,666,800	33.3333 %
Free float	66,666,800	33.3333 %
TOTAL	**200,000,400**	**100.0000 %**

Subsequent events. On 23 February 2022 EGSM, Aquila’ shareholders approved the share capital increase by RON 150,000,300 (representing share premium) from RON 30,000,060 to RON 180,000,360 by issuing 1,000,002,000 new shares having a nominal value of RON 0.15 per share that were allocated free of consideration to the Company’ shareholders registered in the shareholders register kept by Depozitarul Central - S.A. as of the record date (each shareholder receiving free 5 newly-issued shares for each share held as of the record date – 11 March 2022).

Following the share capital increase, as of 11 March 2020, the subscribed and paid share capital of Aquila Part Prod Com stood at RON 180,000,360 corresponding to 1,200,002,400 shares with a nominal value of RON 0.15 per share.

MANAGEMENT OF THE GROUP

BOARD OF DIRECTORS

Company is managed by the Board of Directors whose members are appointed for a mandate of four years with the option of being re-elected for subsequent four-year period, save for the first members of the Board of Directors who were appointed for a period of two years. The Company has concluded contracts for professional liability insurance for each member of the Board of Directors.

The structure of the Board of Directors as of 31 December 2021 was the following:

Name	Date of appointment	Title	Role
Alin-Adrian Dociu	7 April 2021	Chairman of the BoD	Non-executive member
Constantin-Cătălin Vasile	7 April 2021	Vice Chairman of the BoD	Executive member
Ion-Lucian Mihalache	7 April 2021	Member of the BoD	Independent member

Alin-Adrian Dociu

Alin-Adrian Dociu, one of the two Founders, is currently also the Deputy CEO. Mr. Dociu graduated from Ploiești University – Faculty of Well Drilling and Exploitation of Deposits, where he obtained the diploma of engineer in Oil area, major Well Drilling and Exploitation of Oil and Gas Deposits.

Constantin-Cătălin Vasile

Constantin-Cătălin Vasile, one of the two Founders, is currently also the CEO. Mr. Vasile graduated the Faculty of Construction Machines and Equipment of Bucharest Construction Institute and has a diploma of engineer in Mechanical field, major Technological Equipment, specialisation Technological Equipment for Constructions.

Ion-Lucian Mihalache

Ion-Lucian Mihalache is an independent director of the Company. Mr. Mihalache graduated Ploiești Oil and Gas University, Faculty of Letters and Sciences, and obtained a diploma of economist. He has been actively involved in entrepreneurial activities, having an experience of more than 20 years in various business areas and he has been successfully involved in the capital market since 1996.

Subsequent events. On 23 February 2022 EGSM, Aquila' shareholders approved the amendment of the company's Articles of Association (art. 14.1) and to enlarge the Board of Directors to five members appointed by the OGSM for a period of maximum 4 years, with the option of being re-elected for subsequent four-year period, save for the first members of the Board of Directors who were appointed for a period of 2 years. On 23 February 2022 OGSM, Aquila' shareholders approved the appointment of two new independent members of BoD for a period of two years starting on 23 February 2022, namely Daniela Mândru - Petrovici and Vlad Alexandru Deliu.

Daniela Mândru - Petrovici

Daniela Mândru - Petrovici is an independent director of the Company starting 23 February 2022. Mrs. Mândru graduated Iași Alexandru Ioan Cuza University, Faculty of Sociology and Politology, and has an MBA degree granted by the Romanian – Canadian MBA Programme of ASE's Graduate School of Management

București accredited by Association of MBAs. Mrs. Mândru has an experience of more than 14 year in assessing business and identifying potential trends to provide sound investment advice to institutional investors on Bucharest Stock Exchange, with and advisory track record for over EUR 1b worth of transactions (IPOs, SPOs and ABBs).

Vlad Alexandru Deliu

Vlad Alexandru Deliu is an independent director of the Company starting 23 February 2022. Mr. Deliu is a Chartered Financial Analyst Institute (CFA), a certified PRM of Professional Risk Managers' Association and graduated University of Economic Studies (ASE). Mr. Deliu started the investment business career by analysing business models, financial statements and management plans. Years of interaction with top executives and board members in the CEE Region have offered Mr. Deliu experience to deliver on process improvement, cost optimisation and product setup.

CONSULTATIVE COMMITTEES

Subsequent events. On 23 March 2022, The BoD established an Audit Committee and a Nomination and Remuneration Committee. Both the Audit Committee and the Nomination and Remuneration Committee comprise two independent members of the BoD each, out of which one is elected chairman.

The members of the Audit Committee are:

- Vlad Alexandru Deliu – Chairman;
- Daniela Mândru – Petrovici – member.

The members of the Nomination and Remuneration Committee are:

- Daniela Mândru – Petrovici – Chairman;
- Vlad Alexandru Deliu – member.

EXECUTIVE MANAGEMENT

The Board of Directors delegates the management of the Company to managers who fulfil their functions based on mandate contracts.

As of the date of the report, Mr. Constantin-Cătălin Vasile is the CEO and Mr. Alin-Adrian Dociu is the Deputy CEO appointed by the Board of Directors based on a mandate contract.

Also, Mr. Daniel Băluș is the Chief Commercial Officer, Mr. Sorin Bășcău is the Chief Financial Officer, Mr. Petre Bogdan – Operations Manager and Mr. George Dragomir is the Transport Manager. None of them was delegated management duties (i.e. are not managers as set out in the Companies Law).

The CEO, deputy CEO and the other managers perform their duties at the Company's registered office.

Name	Date of appointment	Mandate/Employment agreement expiry date	Position
Constantin-Cătălin Vasile	18 August 2021	6 April 2023	CEO, mandate contract
Alin-Adrian Dociu	22 March 2022	6 April 2023	Deputy CEO, mandate contract
Daniel Băluș	2019	Indefinite	Chief Commercial Officer, employment contract
Sorin Aureliu Bășcău	2020	Indefinite	Chief Financial Officer, employment contract

Petre Bogdan	2015	Indefinite	Operations Manager, employment contract
George Dragomir	2015	Indefinite	Transport Manager, employment contract
Iosif Ienei	2001	Indefinite	General Manager of Trigor AVD, employment contract

For the biography of Mr. Constantin-Cătălin Vasile, see section Board of Directors above. The Company has concluded a contract for professional liability insurance for the CEO.

For the biography of Mr. Alin-Adrian Dociu, see section Board of Directors above. The Company has concluded a contract for professional liability insurance for the Deputy CEO.

The persons part of the Company's management without powers delegated by the Board of Directors, performing their activities based on employment contracts for indefinite period are:

Daniel Băluș

Daniel Băluș is the Company's Chief Commercial Officer since 2019 and joined Aquila team in 1998. So far, he held various management positions in Aquila's commercial department. Mr. Băluș has significant experience in managing the portfolio of suppliers and clients on various food and non-food markets and covered all the distribution channels. Daniel graduated from Petroșani Technical University.

Sorin Aureliu Bășcău

Sorin Bășcău joined the Company in 2001, initially as financial analyst and, subsequently, he became the manager of the controlling department. Starting 2020, Mr. Bășcău is the Chief Financial Officer of Aquila. Along the years, Sorin was involved in improving the systems for financial and operational analysis and reporting, in developing and implementing processes and procedures, as well as in supporting the completion of funding and mergers and acquisitions transactions. Sorin graduated from the Academy of Economic Studies.

Petre Bogdan

Petre Bogdan is the Operations Manager since 2015. He joined the team in 1998 and most of his career he was involved in operations, trying to obtain the best practices in relation to systems, processes and technology, continuous improvement, supply chain, automation and delivery. Such duties include management skills used for developing long term operating strategies, working closely with the senior management to achieve the Company's goals. Mr. Bogdan graduated from the Faculty of Engineering and Management of BioTerra University Bucharest.

George Dragomir

George Dragomir is the Transport and Assets Manager of Aquila since 2019 and joined the team in 2003. He is very experienced in fleet management and transport activities, adding value to the Group's international and internal transport and logistic activities. Moreover, he develops a team for the assets department, a new focus in the evolution of the Group's vision in the long term. Mr. Dragomir is a mechanical engineer and graduated from Bucharest University of Transports in 1998. During 2007- 2008, George obtained the professional management certificate issued by Open University Business School UK.

Iosif Ienei

Iosif Ienei is the General Manager of Trigor AVD, doing business in the Republic of Moldova. Mr. Ienei started his career with Aquila in 1997 and held various positions in the commercial department and, starting 2001 and up to present, he has developed Trigor AVD, being a core pillar in setting up and developing the Group in the Republic of Moldova. Iosif graduated from the Technical University of Petroșani in 1994 and, during 2003-2006, he obtained the professional management certificate and the diploma in management issued by Open University Business School UK.

BUSINESS OVERVIEW

Aquila is one of the main distributors of fast-moving consumer goods in Romania and Republic of Moldova, with more than 27 years of experience in this area, having a distribution network that covers 67,000 sales points, out of which 58,000 sales points in the Traditional Retail channel, more than 4,500 sales points in the Organised Retail channel and 5,000 sales point in the HORECA channel. The distribution activity performed by Aquila covers approximately 90% of the Traditional Retail and Organised Retail market, the company having the capacity to distribute products of all temperature classes.

DISTRIBUTION SEGMENT

Within the distribution business, each channel addresses different client categories. The distribution activity was consolidated by the set-up of Seca Distribution in 1994, followed by the acquisition of Agrirom in 2019, the subsequent merger between Aquila and Seca Distribution and then with Agrirom.

The strategic partnerships of more than two decades with Ferrero, Mars and Unilever secure the presence of Aquila on three retail channels: Traditional Retail, Organised Retail and HORECA.

Traditional Retail channel includes the following types of clients: Wholesale, Sub-distributors, Local trading networks, Pharmacies and Pharmacy networks, the main clients of this channel being: Pet Prodexim SRL, Unicarm SRL, Zozo Cafe Distribution SRL, Top Royal Brands SRL, Annabella SRL, Paco Prod Serv SRL.

The distribution system for this channel is dual fold: van sell system (i.e. sales agents manage their own stocks and may issue on the spot the fiscal documents needed for the delivery to clients), focusing on the numerical distribution of impulse products, and presell system (i.e. sales agents only take over the orders from clients using the automatic mobile systems, and the orders are delivered subsequently by the logistics department) for the other product categories.

The **Organised Retail channel** contains more than 4,500 clients, the main ones being the hypermarket and supermarket chains, discounters, as well as more than 1,400 gas stations.

The **HORECA channel**, with Gastro portfolio, is addressed to the clients in this industry, covering all the sales channels, among which: Profi Rom Food SRL, Unicarm SRL, Narida SRL, Eurest Rom SRL, Phoenicia Express SRL, General Agro Com Service SRL. As of 30 June 2021, Aquila had a portfolio of more than 5,000 clients and products in approximately 1,000 stock keeping units (SKU). The HORECA division was created in 2016.

The HORECA division was set up in 2016. The division was consolidated in 2019, through the acquisition and subsequent merger with Agrirom, the Group thus becoming an importer and distributor of ambient, refrigerated and frozen products, its product portfolio also including several own brands, such as: Gradena, Frisco, Lamasa and Yachtis.

Gradena is a brand for frozen and canned vegetables, Frisco is a specialised brand for frozen meet, Lamasa is a specialised brand of pre-cooked products and palm oil and other vegetal oils, and Yachtis is a specialised brand for frozen and canned fish products.

The Group is present in the Republic of Moldova through Trigor AVD, a company having as main objects of activity the distribution, storage and national and international transport of fast-moving consumer goods. The main suppliers of the company are: Unilever, Kimberly Clark, Tchibo and Ferrero. As of 31 December 2021, Trigor AVD had a portfolio of more than 3,000 clients.

LOGISTICS SEGMENT

Complementary to the distribution of fast-moving consumer goods, the Group provides logistic services, through storage, (re-)packing and domestic transport operations for various temperature classes: ambient, refrigerated and frozen.

The logistic services provided by Aquila specialists lead to time and cost savings through increased efficiency and safety. Aquila provides complete logistic services, consisting in: transport, storage, handling in/out, collection, secondary transport, reverse logistics, inventory management, pallet management, labelling, packing and co-packing.

Over the years, the company developed an extensive logistics network of 4 logistics platforms, 14 distribution centres (one located in the Republic of Moldova) and 6 cross-docking points (two located in the Republic of Moldova). Aquila has a storage capacity that exceeds 130,000 pallets, over a storage area of approximately 120,000 square meters.

Aquila uses several inventory management systems, which allow a continuous assessment and update thereof, including by environmental initiatives such as:

- Li-Ion electrical equipment with storage batteries for merchandise handling;
- Picking: pick by light systems;
- Warehouse management software: WMS – LV Mantis. This software manages the activity in the warehouse by Radio Frequency terminals and offers full traceability (from the partners’ plant to end client);
- Mobile shelves systems to optimise the storage capacity in the frozen products warehouse;
- Optimise storage areas by using VNA (very narrow aisle) system, which increase the storage capacity per square meter;

- Automation of the re-packing system in the packing activity and use of semi-automatic pallet foiling machines;
- Interfacing of internal systems – WMS (warehouse management system) –TMS (transport management system) –ERP (enterprise resource planning), as well as with SAP partner systems, ensuring an optimum data flow.

Also, Aquila is in the process of implementing a system allowing the multi order picking by a single operator, as well as the replacement of the conventional picking system by RF (radio frequency) terminal with voice and vision picking.

Aquila provides transport services and operates a fleet of vehicles able to transport goods at various temperature conditions, out of which:

- 113 heavy trucks (40 tonnes);
- 796 cars for sales force;
- 625 vehicles for distribution and domestic transport (with a capacity less than 40 tonnes).

Aquila uses ORTEC to optimize transport and make logistics operations more efficient. The ORTEC solution plans the delivery routes and ensures the best use of fleet and personnel. In addition, the solution also provides an interface with the client, to track the status of deliveries and download the related documents (proof of delivery = POD). Another key aspect of this system is the portal for managing the loading and unloading docking slots at each warehouse, so that the warehouse activities are performed smoothly.

The transport activity is organised through a Transport Management System (TMS), and the team is qualified to use both own TMS systems and the partners' digital platforms.

The heavy trucks are equipped with state-of-the-art telemetry systems, which allow for the constant monitoring of the equipment, both on the go and during parking. Aquila provides the transport of fast-moving consumer goods, which require controlled temperature. Besides, each vehicle benefits from a personalized tracking system, GPS tracking systems, and for high-risk transport projects, at the request of customers, Aquila has installed, upon the clients' request, monitoring and security systems on semi-trailers, including panic buttons.

INTERNATIONAL TRANSPORT SEGMENT

The international transport division of Aquila covers 15 European countries, with a fleet of 114 heavy trucks, with ambient or controlled temperature.

In the past years, in its international transport activity, Aquila focused on security transport, investing in complex solutions and systems for monitoring road trains, according to the requirements of important clients in this area, being authorised according to TAPA TSR standards (TAPA – Transport Security Requirements), as well as according to security standard V1, a standard developed to ensure the protection of the goods transported on roads and to improve the safety of drivers and vehicles. This activity involves more than 40 trucks, a number aimed to be increased as this niche will require a higher transport volume. At the same time, the transport of goods that require controlled temperature is also an important segment of activity, which the management wishes to develop in the following years through long term strategic partnerships.

The planning and routing activity is also coordinated by using a transport management system (TMS), and the monitoring activity is carried out using a telemetry systems with the highest standards in terms of communication and reporting. Route optimisation, organisation of drivers' activity, as well as the record of driving times are managed by the team of dispatchers and coordinators of drivers' activity, through the communication platforms of the telemetry system, being always informed about the status of trucks.

A dedicated department monitors fuel consumption using modern means (telemetry systems, in-car computers, planning platforms, fuel suppliers platforms, internal procedures), has clear objectives for optimising consumption, as well as the routes driven by each vehicle separately.

A key aspect of the maintenance activity is covered through contracts with external and internal partners, as well as through an own car repair shop authorised by the Romanian Automobile Register to perform this kind of services.

CONSOLIDATED FINANCIAL RESULTS

The consolidated financial statements are prepared in accordance with the requirements of the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EUs

For the purposes of preparing these consolidated financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

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STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(RON)	31-dec-21	31-dec-20	Y/Y
Property, plant and equipment o/w	116.817.944	143.902.250	-19%
Right of use assets o/w	76.745.636	102.786.447	-25%
Land and buildings	42.776.905	65.681.080	-35%
Equipment (Tranport vehicles)	33.968.731	37.105.367	-8%
Intangible assets	1.559.329	2.064.341	-24%
Goodwill	5.011.706	5.011.706	0%
Investment property	13.855.243	13.227.423	5%
Other long term assets o/w	56.948.377	59.837.794	-5%
Loans to related parties	52.124.075	58.256.178	-11%
Non-current assets	**194.192.599**	**224.043.514**	**-13%**
Inventories	133.654.414	123.419.366	8%
Trade receivables	220.942.310	229.408.936	-4%
Other receivables	30.014.026	17.714.783	69%
Other current assets o/w	14.092.997	13.485.424	5%
Short term portion of loans to related parties	6.672.011	7.618.002	n/m
Prepayments and income tax receivables	7.420.986	5.867.422	26%
Cash & equivalents	43.333.121	26.514.346	63%
Short term investments	195.000.000		n/m
Current assets	**637.036.868**	**410.542.855**	**55%**
Total assets	**831.229.467**	**634.586.369**	**31%**
Short term debt	2.461.455	165.381.133	-99%
Short term lease liabilities	37.097.013	37.127.032	0%
Trade payables	219.230.427	224.654.551	-2%
Employee benefits	24.275.624	21.513.577	13%
Other payables	23.586.774	10.227.124	131%
Other current liabilities	2.157.728	3.582.583	-40%
Current liabilities	**308.809.021**	**462.486.000**	**-33%**
Long term debt	2.051.211	4.440.893	-54%
Long term lease liabilities	32.830.611	64.546.337	-49%
Other non-current liabilities	4.149.806	4.291.192	-3%
Non-current liabilities	**39.031.628**	**73.278.422**	**-47%**
Shareholders' equity o/w	**483.388.818**	**98.821.947**	**389%**
Non-controlling interest	420.820	397.053	6%
Equity & liabilities	**831.229.467**	**634.586.369**	**31%**

Property plant and equipment. Property plant and equipment decreased by 19% Y/Y to RON 116,817,945 mainly due to accumulated depreciation and impairment losses. Property, plant and equipment includes right-of-use assets with a net carrying value of RON 33,968,731 as at 31 December 2021 (31 December 2020: RON 37,105,367) related to leased equipment and of RON 42,776,905 as at 31 December 2021 (31 December 2020: RON 65,681,080) related to leased properties that do not meet the definition of investment property.

Aquila: Property, plant and equipment (IFRS consolidated)*

(RON)	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross carrying amount at 31 December 2020	**183,466,116**	**193,093,904**	**14,182,292**	**589,267**	**391,331,579**
Accumulated depreciation and impairment losses	88,431,694	150,719,980	8,277,655		247,429,329
Net carrying amount at 31 December 2020	**95,034,422**	**42,373,924**	**5,904,637**	**589,267**	**143,902,250**
Gross carrying amount at 31 December 2021	**183,809,485**	**222,093,112**	**14,968,715**	**692,508**	**421,563,820**
Accumulated depreciation and impairment losses	115,856,118	179,209,398	9,680,359		304,745,875
Net carrying amount at 31 December 2021	**67,953,367**	**42,883,714**	**5,288,356**	**692,508**	**116,817,945**

Intangible assets. Intangible assets decreased by 24% Y/Y to RON 1,559,329 mainly due to accumulated depreciation and impairment losses.

Aquila: Intangible assets*

(RON)	Brands	Other intangibles	Total
Gross carrying amount at 31 December 2020	**2,698,926**	**769,405**	**3,468,331**
Accumulated depreciation and impairment losses	771,122	632,868	1,403,990
Net carrying amount at 31 December 2020	**1,927,804**	**136,537**	**2,064,341**
Gross carrying amount at 31 December 2021	**2,698,926**	**399,492**	**3,098,418**
Accumulated depreciation and impairment losses	1,156,683	382,406	1,539,089
Net carrying amount at 31 December 2021	**1,542,243**	**17,086**	**1,559,329**

Investment property. Investment property comprises land and buildings of AQUILA PART PROD COM SA and PRINTEX SA that are leased to third parties. Investment property added 5% Y/Y to RON 13,855,243 due to acquisitions of RON 1,733,560 performed during 2021.

Aquila: Investment property*

(RON)	Total
Gross carrying amount at 31 December 2020	**14,336,071**
Accumulated depreciation and impairment losses	1,108,648
Net carrying amount at 31 December 2020	**13,227,423**
Gross carrying amount at 31 December 2021	**16,069,631**
Accumulated depreciation and impairment losses	2,214,388
Net carrying amount at 31 December 2021	**13,855,243**

Loans to related parties and long term receivables from related parties. The Group reports loans to related parties and long term receivables from receivables which are considered purchased or originated credit-impairment financial assets ("POCI"). The expected credit losses (ECLs) on loans to related parties are determined based on the expected cash inflow to be obtained from each debtor until the end of 2030, based on the projected future cash flows of the debtors. On initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate. Starting 31 December 2020, based on addendums to initial contracts, the non-secured loans to related parties have been converted in EUR and are payable in equal quarterly tranches until the end of 2030, with an interest of 1.8 p.a., while the loss allowance is determined by the increase in POCI assets.

As of 31 December 2021, the long term portion of loans to related parties reduced by 21% Y/Y to RON 52,124,074 causing other long-term assets' decline of 16% Y/Y, while the current portion of loans to related parties increased to RON 6,672,011 from nil in 2020.

Aquila: Loans to related parties and long term receivables from related parties *			
(RON)	31-dec-21	31-dec-20	Y/Y
Novadex	15.121.550	18.188.213	-17%
Aquila Agricola	7.157.250	7.429.495	-4%
Aquila Construct		2.261.663	n/m
Best Coffee Solutions	3.503.183	3.831.590	-9%
Nordexim	32.774.621	33.923.738	-3%
Aquila Trade Solutions	239.481	239.481	0%
Total o/w	**58.796.085**	**65.874.180**	**-11%**
Short-term portion	6.672.010	7.618.002	n/m
Long-term portion	52.124.075	58.256.178	-11%

Inventories and trade receivables. Inventories grew by 8% Y/Y to RON 133,656,414, while trade receivables declined by 4% Y/Y to RON 220,942,310.

Other receivables. Other receivables rose by 69% Y/Y to RON 30,014,026 as the advances for purchased inventories added 85% Y/Y from RON 13,910,329 as of 31 December 2020 to RON 25,797,032.

Aquila: Other receivables*

Aquila: Other receivables			
(RON)	31-dec-21	31-dec-20	Y/Y
Sick leave to be recovered	2,292,143	1,330,126	72%
Advances to employees	272,924	268,493	2%
Other receivables	1,651,927	2,205,836	-25%
Advances for purchase of inventories	25,797,032	13,910,329	85%
Total	**30,014,026**	**17,714,784**	**69%**

Trade payables. Trade payables added 7% Y/Y to RON 240,865,998.

Employees benefits. Employees benefits added 13% Y/Y to RON 24,275,624 as wages and salaries added 10% Y/Y, social security contribution increased by 18% Y/Y and taxes on salaries grew by 13% Y/Y.

Aquila: Employees benefits*

Aquila: Employees benefits			
(RON)	31-dec-21	31-dec-20	Y/Y
Wages and salaries	17,718,157	16,038,474	10%
Social security contributions	5,471,730	4,619,382	18%
Tax on salaries	1,085,737	855,721	27%
Total	**24,275,624**	**21,513,577**	**13%**

Other payables. Other payables hiked 2.3x to RON 23,586,774 as dividends payable rose to RON 12,854,434 from RON 8,042 as of 31 December 2020.

Aquila: Other payables*

Aquila: Other payables			
(RON)	31-dec-21	31-dec-20	Y/Y
VAT payable	6,183,204	3,442,505	80%
Dividends payable	12,854,434	8,042	n/m
Sundry creditors	1,495,293	1,537,780	-3%
Other payables	3,053,843	5,238,797	-42%
Total	**23,586,774**	**10,227,124**	**131%**

Net debt (cash). As of 31 December 2021, Aquila reported a net cash position of RON 163,892,831 following the collection of IPO proceeds of RON 354,163,759. Last year, Aquila paid back debt and lease liabilities of RON 208,470,653 that reduced the total debt and lease liabilities of the Group by 73% Y/Y.

Aquila: Net debt (cash)*

Aquila: Net debt			
(RON)	**31-dec-21**	**31-dec-20**	**Y/Y**
Short term debt	2,461,455	165,381,133	-99%
Short term lease liabilities	37,097,013	37,127,032	0%
Long term debt	2,051,211	4,440,893	-54%
Long term lease liabilities	32,830,611	64,546,337	-49%
Total debt and lease liabilities	**74,440,290**	**271,495,395**	-73%
Less: Cash & equivalents	43,333,121	26,514,346	63%
Less: Short term investments	195,000,000		n/m
Net debt (cash)	**-163,892,831**	**244,981,049**	**n/m**

Equity. As of 31 December 2021, Aquila reported total equity attributable to the owners of the Company of RON 481,802,601, up from RON 98,424,894 as of 31 December 2020 mainly helped up by the incorporation of the share premium following the IPO.

As of 31 December 2021, the share capital of the Group is of RON 30,589,788 (31 December 2020: 3,614,728) and includes the effect of restatement required by the application of IAS 29 Financial Reporting in Hyperinflationary Economies until 31 December 2003 of RON 589,728. The share capital as of 31 December 2021 corresponds to 200,000,400 shares (31 December 2020: 302,500) with a nominal value of RON 0.15 per share (31 December 2020: RON 10 per share).

Aquila: Total equity*

Aquila: Shareholders' equity			
(RON)	**31-dec-21**	**31-dec-20**	**Y/Y**
Share capital	30.589.788	3.614.728	746%
Share premium	345.699.421		n/m
Own shares	-991.972		n/m
Legal reserves	4.752.335	1.080.139	340%
Translation reserve	240.012		n/m
Retained earnings	102.678.414	93.730.027	10%
Total equity attributable to the owners of the Company	**482.967.998**	**98.424.894**	391%
Non-controlling interests	420.820	397.053	6%
Total equity	**483.388.818**	**98.821.947**	389%

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(RON)	FY 2021	FY 2020	Y/Y
Net turnover o/w	**1.929.713.842**	**1.707.868.114**	**13%**
Distribution	**1.792.709.206**	**1.566.336.617**	**14%**
% of Net turnover	*92,9%*	*91,7%*	
Logistics	73.900.083	78.750.222	-6%
Transport	59.428.028	60.226.461	-1%
Other (Investment property revenues)	3.676.525	2.554.814	44%
Other income	4.981.165	4.374.739	14%
Cost of goods sold	**(1.443.194.521)**	**(1.256.325.046)**	**15%**
Gross profit	**349.514.685**	**310.011.571**	**13%**
Gross profit margin	*19,5%*	*19,8%*	
Cost of fuel and transportation services	(57.999.582)	(44.923.277)	29%
% of Net turnover	*3,0%*	*2,6%*	
Salaries and other employee benefits	(195.847.572)	(177.934.935)	10%
% of Net turnover	*10,1%*	*10,4%*	
Repairs, maintenance and materials cost	(20.684.688)	(17.702.142)	17%
% of Net turnover	*1,1%*	*1,0%*	
Depreciation and amortisation o/w	(50.463.268)	(48.799.488)	3%
Right of use assets	(40.065.312)	(36.153.859)	11%
Impairment (loss)/gain on receivables	2.689.397	165.028	n/m
Change in provisions, net	(2.050)	4.231	n/m
Other operating expenses	(82.795.047)	(86.028.818)	-4%
% of Net turnover	*4,3%*	*5,0%*	
EBITDA	**136.860.944**	**129.497.894**	**6%**
Clean EBITDA	**134.173.597**	**129.328.635**	**4%**
Clean EBITDA margin	*7,0%*	*7,6%*	
EBIT	**86.397.676**	**80.698.406**	**7%**
Finance income	1.418.363	4.060.016	-65%
Finance costs	(8.278.967)	(14.302.998)	-42%
Other gains and losses	0	(5.671.400)	n/m
Net financial result	**(6.860.604)**	**(15.914.382)**	**-57%**
EBT	**79.537.072**	**64.784.024**	**23%**
Income tax expense	(8.771.318)	(10.421.266)	-16%
Profit for the year o/w	**70.765.754**	**54.362.758**	**30%**
Attributable to the owners of the Company	70.741.987	54.354.926	30%
Net profit margin	*3,7%*	*3,2%*	
Attributable to non-controlling interests	23.767	7.832	203%

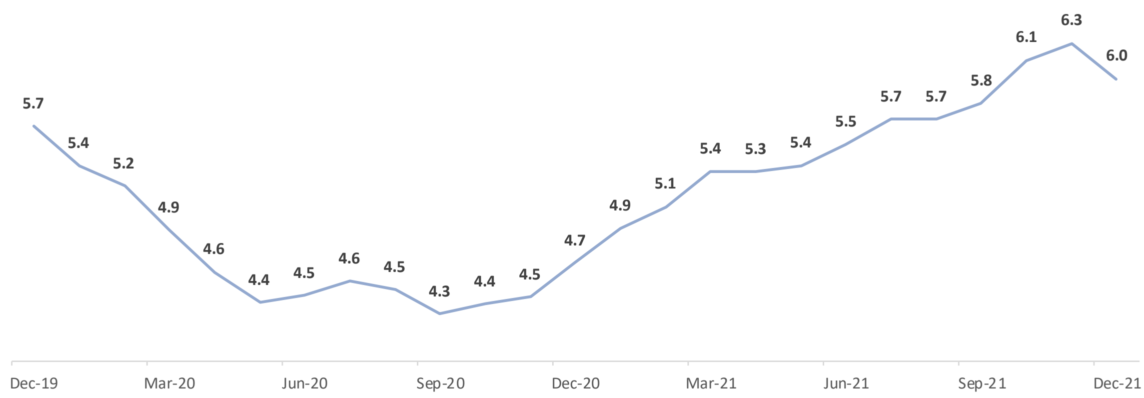
Net turnover. Aquila's net turnover rose to RON 1,929,713,842 (+13% Y/Y) as distribution sales added 14% Y/Y to RON 1,792,709,206 helped by restrictions lift and resumption of economic activity, especially in sectors severely affected by the pandemic such as consumer foodservice (HoReCa) and convenience stores. In 2021, the Company's distribution sales through consumer foodservice and convenience stores channels added 7% Y/Y and 24% Y/Y, respectively. The consolidation of Trigor AVD in May 2021 contributed RON 77,755,089 to the distribution sales 'advance.

Last year, the revenues from logistics services decreased by 6% Y/Y to RON 73,900,083 due to volumes decline with the number of in/out pallets going down by 7% Y/Y as the storage behaviour faded following restrictions lift. In 2021, international transport revenues dropped 1% Y/Y as the number of heavy trucks declined to 113 from 128 in 2020 and the distances travelled reduced by 809,000 km.

Gross profit. Gross profit margin slightly declined year-on-year (by 30 bps) from 19.8% to 19.5% mainly due to lowered mark-ups for modern and traditional trade distribution sales partially offset by increased HoReCa spreads. Consequently, gross profit reached RON 349,514,685, 13% higher compared with 2020 level and slightly below the growth rate of distribution sales that advanced by 14% Y/Y.

Cost of fuel related to transport services. Cost of fuel related to transport services added 29% Y/Y as the average automotive diesel price in Romania rose to RON 5.6/litre (+20% Y/Y) and the travelled distances grew given distribution activity's expansion. Trigor AVD consolidation

Romania: Automotive diesel price (RON/litre)*



*Source: European Commission – Weekly Oil Bulletin; Ministry of Energy; * Average monthly price*

Salaries and other employee benefits. Staff costs grew by 10% Y/Y to RON 195,847,572 due to wages increase and to Trigor AVD consolidation. The average number of employees reached 2,950

Aquila: Salaries and other employee benefits*

(RON)	FY 2021	FY 2020	Y/Y
Salaries and wages	166,550,344	148,707,273	12%
Per Diem	12,547,002	12,881,182	-3%
Social contributions and charges	7,607,643	8,034,039	-5%
Meal tickets	9,142,583	8,312,441	10%
Total	**195,847,572**	**177,934,935**	**10%**

Depreciation and amortisation. Depreciation and amortisation added 3% Y/Y to RON 50,463,268 as the D&A expense for right of use assets increased by 11% Y/Y to RON 40,065,312 more than offsetting the decline of 18% Y/Y recorded by the D&A expense for other assets.

Aquila: Depreciation and amortisation*

(RON)	FY 2021	FY 2020	Y/Y
Right of use assets	40,065,312	36,153,859	11%
Other assets	10,397,956	12,645,629	-18%
Total	**50,463,268**	**48,799,488**	3%

Other operating expenses. Other operating expenses reduced by 4% Y/Y to RON 82,795,048 mainly because other operating expenses increase to RON 19,841,331 (+75% Y/Y) was more than offset by merchandising costs decline to RON 4,862,915 (-71% Y/Y).

Aquila: Other operating expenses*

(RON)	FY 2021	FY 2020	Y/Y
Rental	5,370,614	6,971,962	-23%
Merchandising	4,862,915	16,720,223	-71%
Road taxes	10,171,748	9,458,730	8%
Utilities	8,710,196	7,720,745	13%
General consulting	7,502,671	5,426,222	38%
Marketing and publicity	2,946,799	2,262,260	30%
Insurance premiums	6,330,972	6,703,071	-6%
Travel	3,652,596	3,457,792	6%
Bank commissions and similar charges	2,701,784	2,502,492	8%
Handling and storage services	776,264	2,430,024	-68%
Security	1,522,569	1,829,027	-17%
Other taxes	55,025		n/m
Compensations, fines and penalties	337,485	556,332	-39%
Sponsorships	2,390,183	2,414,000	-1%
Commissions and fees	2,594,119	1,757,615	48%
Postage and telecommunications	568,727	718,905	-21%
Audit and consulting	1,392,647	2,472,761	-44%
Trainings and other staff expenses	790,285	910,711	-13%
Sanitation services	276,118	347,232	-20%
Other operating expenses	19,841,331	11,368,714	75%
Total	**82,795,048**	**86,028,818**	**-4%**

Net financial result. The net financial cost declined 57% Y/Y as finance costs reduced by 42% Y/Y due to declining debt and lease liabilities and other financial gains and losses were nil compared with a level of RON 5,671,400 reported for 2020 as the Aquila recorded no increase in the loss allowances for POCI financial assets.

Aquila: Net financial result*

(RON)	FY 2021	FY 2020	Y/Y
Interest income	1,364,802	4,051,254	-66%
Other financial income	53,561	8,762	511%
Total finance income	**1,418,363**	**4,060,016**	**-65%**
Interest expenses	(5,791,617)	(7,062,205)	-18%
Other financial expenses	(347,799)	(603,678)	-42%
Net finance (losses)/gain	(2,139,552)	(6,637,114)	-68%
Total finance costs	**(8,278,968)**	**(14,302,997)**	**-42%**
Other gains and lossess		**(5,671,400)**	**n/m**
Total	**(6,860,605)**	**(15,914,381)**	**-57%**

Income tax expense. Income tax expense reduced by 17% Y/Y mainly due to deferred tax benefits.

Aquila: Income tax expense*

(RON)	FY 2021	FY 2020	Y/Y
Current tax expenses	10,358,723	9,422,807	10%
Deferred tax (benefits)/expenses	-1,587,405	998,459	n/m
Total	**8,771,318**	**10,421,266**	**-16%**

Clean EBITDA

Clean EBITDA (EBITDA adjusted for impairment (loss)/gain on trade and other receivables and for change in provisions) added 4% Y/Y to RON 134,173,597 as net turnover's advance of 13% Y/Y was partially offset by OPEX increase. Thus, Clean EBITDA margin declined 62 bps from 7.6% in 2020 to 7.0% in 2021. Nevertheless, the net profit attributable to the owners of the Company reached RON 70,765,754 (+30% Y/Y) with the respective margin adding 48 bps from 3.2% in 2020 to 3.7% in 2021, as the net financial result declined by 57% Y/Y on reduced debt and lease liabilities and other financial losses.

KEY FINANCIAL RATIOS

Aquila: Main financial ratios (IFRS condolidated)*

(RON)	FY 2021	FY 2020	Y/Y
ASSET MANAGEMENT			
Days of Trade receivables	**42**	**49**	**-7**
Trade receivables	220,942,310	229,408,936	
Sales	1,929,713,842	1,707,868,114	
Days of Inventory	**34**	**36**	**-2**
Inventory	133,654,414	123,419,366	
Cost of goods sold	1,443,194,521	1,256,325,046	
Days of Trade payables	**55**	**65**	**-10**
Trade payables	219,230,427	224,654,551	
Cost of goods sold	1,443,194,521	1,256,325,046	
Cash conversion cycle	**20**	**20**	**1**
LIQUIDITY			
Current ratio	**2.06**	**0.89**	**1.18**
Current assets	637,036,868	410,542,855	
Current liabilities	308,809,021	462,486,000	
Quick ratio	**1.61**	**0.61**	**1.00**
Current assets less Inventory & Prepayments	495,961,468	281,256,067	
Current liabilities	308,809,021	462,486,000	
LEVERAGE			
Debt to Equity ratio	**0.15**	**2.76**	**-2.60**
Interest-bearing debt and leases	74,440,290	271,495,395	
Equity attributable to the owners of Co.	482,967,998	98,424,894	
Debt to Capital ratio	**0.13**	**0.73**	**-0.60**
Interest-bearing debt and leases	74,440,290	271,495,395	
Equity + Interest bearing debt and leases	557,408,288	369,920,289	
Gearing ratio	**-0.34**	**2.49**	**n/a**
Net debt (cash)	-163,892,831	244,981,049	
Equity attributable to the owners of Co.	482,967,998	98,424,894	
Leverage ratio	**0.72**	**5.44**	**-4.72**
Total liabilities	347,840,649	535,764,422	
Equity attributable to the owners of Co.	482,967,998	98,424,894	
PROFITABILITY			
Return on Assets (ROA)	**8.5%**	**8.6%**	**-0.0005**
Net profit	70,765,754	54,362,758	
Total assets	831,229,467	634,586,369	
Return on Equity (ROE)	**14.7%**	**55.2%**	**-0.4058**
Net profit	70,765,754	54,362,758	
Equity attributable to the owners of Co.	482,967,998	98,424,894	
Return on Invested Working Capital (ROIWC)	**60.0%**	**56.7%**	**0.0331**
EBIT after effective tax	77,626,358	70,277,140	
Working Capital	129,453,194	124,050,674	
Return on Invested Capital (ROIC)**	**24.0%**	**20.2%**	**0.0380**
EBIT after effective tax	77,626,358	70,277,140	
Invested Capital	323,645,793	348,094,188	

** ROIC = EBIT after effective tax /(Total assets - Cash - Non-interest bearing Current Liabilities)*

DIVIDENDS

The Group distributed dividends before the IPO as per separate financial statements prepared in accordance with statutory accounting regulations. The dividends declared by the Companies were as follows:

Aquila: Dividends

(RON)	FY 2021	FY 2020
To the owners of the Company	21,395,289	13,981,560
To non-controlling interests		
Total	**21,395,289**	**13,981,560**

KEY FACTORS IMPACTIG GROUP'S RESULTS

The Group's results of operations have been and are expected to continue to be affected by a number of key factors.

General economic environment. The results of the Group can be directly affected by economic conditions, especially employment levels, inflation, real disposable income, consumption, consumer confidence, applicable taxes, and consumer's willingness to spend money in the markets and geographic areas in which it operates. In an unfavourable economic environment with a decrease in disposable income, the Group's customers may reduce the frequency with which they buy goods or may choose more inexpensive options. This risk is especially highlighted for 2022 as there is a consensus amongst the economists that the post-pandemic economic recovery process is decelerated by the persistence of high inflationary pressures (in the context supply shocks) and the accumulation of geopolitical tensions in Europe by East (situation in Ukraine). A decrease in the real disposable income may affect the customer traffic, frequency, average ticket as well as the Group's ability to pass the cost increases onto its customers.

The restrictions and limitations imposed in the context of COVID-19 pandemic may have a material impact on the Group's operations. In an effort to fight the consequences of COVID-19 pandemic on people's health, most countries where the Group carries out its business have introduced extensive restrictions on movement and operation, both for the population and for businesses. Therefore, during 2020 and in the first part of 2021, some suppliers notified the Group of problems of shortages in stock or low stock for some of the products distributed by the Group, whereas some clients placed orders above the average of the prior periods for certain types of products (such as canned products). In case suppliers do not meet the contractual terms or invoke force majeure or similar provisions to avoid delivery of the contracted quantities, stocks may become insufficient and this may lead to late deliveries to final clients. Other types of impacts generated as a result of pandemic unfolding on the Group's business include: (a) shortage of available personnel for a long period of time, (b) difficulties in receivables collection, (c) difficulties in paying the debts in time. Such incidents, cumulated with the circulation restrictions, the novelty and sometimes contradictory nature of some restrictions imposed in the countries where the Group operates have impacted the Group's operations. It cannot be excluded that such problems may also occur in the future, even more so as the issues caused by the pandemic in the global supply chains are still present. Thus, the consequences of the pandemic may continue to have an impact on the Group's operations and on the implementation of its business strategy.

The industry in which the Group operates faces a strong competition. Aquila operates in a competitive market, and it is expected that the competition will become fiercer in the years to come, also due to the market being currently fragmented. If the Group does not succeed to successfully compete with other distributors, it may lose market share, and its financial and operating results may be adversely affected. Some of the Group's direct competitors may have more aggressive or more efficient expansion plans, a higher financial power or access to a broader range of products and services than those of the Group. The Group's ability to efficiently compete in the markets in which it operates will depend, to a large extent, on its ability to rapidly adapt to the new market and industry trends. Also, new players may enter the market of distribution and complementary logistic services for fast-moving consumer goods and it is likely that the new business models proposed by such entities will be preferred by the clients, which would lead to a decrease in the market share of the Group. Furthermore, following the intense competition, the pressure on the margins negotiated with the Group's partners will increase even more, and the adverse impact may reflect in the Group's operating and financial results.

Consumers may change their consumption habits at a fast pace. Changes in consumer habits may lead to a decrease in the Group's sales, which must identify fast solutions to replace the products in its portfolio to cover the new demands of the consumers. Also, apart from their preferences with respect to the types of products bought, consumers may also change their preference in terms of acquisition channels, for example, favouring online channels to traditional ones. The main market trend recently noticed, which was also triggered by the restrictions imposed during the periods when the state of emergency and state of alert were declared as a result of COVID-19 pandemic, is the shift from a single distribution channel to a retail omni-channel. To resist the potentially negative impact of this behavioural change, the Group must be ready to operate according to the new market rules, adopting an omni-channel approach, which would include logistic and distribution services targeting online retail. Moreover, consumers pay more attention to the sustainability of the supply chain for the products they buy, with a special focus on the measures taken by the entities in the chain in the area of environmental protection. Some producers offer consumers detailed information on product traceability, among which the quantity of carbon dioxide and other harmful substances for the environment and public health generated from the production and trade of their products. Hence, producers may shift to distribution and logistics companies with a lower carbon footprint, to respond to this consumer need. For example, producers or suppliers that the Group collaborates with at present may choose to work with distributors that use railway transport and not road transport, in their distribution activity. Thus, any change in the consumers' habits or any pressure from consumers on sustainability of the supply chain may have a negative impact on the Group's operations and profit margins.

Group's operations may be impacted by adverse events specific to the distribution and trade industry. The Group distributes and trades, among others, food products of third parties. In the production, supply and/or distribution chain incidents outside the Group's control may occur, leading to the contamination and alteration of the products distributed or sold by the Group. Although the Group's contractual terms impose minimum quality requirements for the products received for distribution and/or sale purposes, the risk that various incidents in the chain may occur cannot be excluded. A different type of incident that may occur in the distribution chain is the failure to supply the products in time or delivery of lower quantities of products by the Group's suppliers, which may lead to the failure to meet the orders placed by the Group's clients and to the Group's exposure to contractual liability towards its clients. The clients' trust in the quality and safety of the products distributed by the Group is key to the Group's operations and implementation of its growth strategy. Although the Group maintains high standards for product quality and dedicates substantial resources to ensure these standards are observed, the occurrence of incidents as those described above or of other incidents (such as alteration of food products following power outages at the warehouses operated by the Group or during transport) may impact on the health and safety of the consumers of such products if such incidents are not identified in time, on the Group's reputation as distributor / producer of such products and may generate significant costs to remedy such problems.

Group's operations are highly dependent on the quality of road infrastructure in Romania. The development of road infrastructure in Romania is on the list of priority investments. Still, due to a series of problems generated mainly at the level of public administration, such as inefficiency, excessive formalism and, to a certain extent, corruption, Romania has difficulties in accessing European funds available for the development of road infrastructure or in attracting other foreign investments in this sector. Through the National Recovery and Resilience Plan ("NRRP"), based on European funds to address inter alia the impact of COVID-19 pandemic on the economies of the member states, important resources (approximately EUR 4.5 billion) are intended to be allocated for road infrastructure and motor ways. Such large infrastructure projects have been planned in time, but have not been completed, generating excessive costs and, in certain cases, degrading the existing networks. The timely and safe transportation of the products and goods distributed / traded by the Group depends on the quality and expansion of the road network, and any closure thereof or obstacle in using them, caused by maintenance works, bad quality of the works or unsafe conditions, may have a material negative impact on the implementation of the Group's strategy, as well as on its current operations.

Changes to the contractual terms with the current suppliers of goods may cause profitability losses to the Group. The contracts concluded with the suppliers of products provide for strict requirements for the storage, handling and distribution of goods, such as: specific internal policies, control of storage environment, protection of materials, condition of buildings used for storage, temperature and humidity levels, special requirements for transport means, etc.. Also, certain types of goods (such as food products) must be stored separately from other categories (for example chemical products) both as legal requirements and as contractual obligations. The suppliers have the right to audit at least on a yearly basis the compliance with the contractual terms and, in case irregularities are found, they may terminate the contracts, in certain cases with immediate effect, by means of written notice. Also, contracts provide for suppliers' right of termination with a notice period between 30 days and 4 months, while the Group's obligation to notify suppliers regarding its intention to terminate the contracts is of 6 months before termination date. Considering the specifics of the Group's activity, if main suppliers terminate the contracts concluded, it is likely that Aquila may not succeed to identify similar services or products at reasonable costs during the notice period. Thus, the Group must find quick solutions to replace the products in its portfolio in order to keep its clients. For the contracts in progress, it is likely that the Group will not succeed to renegotiate the contractual terms, such as the acquisition price for the products and/or the rent for the warehouses it operates, in certain periods when the Group's activity is significantly impacted by events outside its control (such as circulation restrictions imposed during certain periods of COVID-19 pandemic). Moreover, in case suppliers do not meet the contractual terms related to contracted quantities, incidents may occur that are difficult to manage, such as shortage of stocks, leading implicitly to late deliveries to final clients. Any change in the Group's relations with suppliers may generate losses for the Group, which would put pressure on the Group's profitability margins.

Contracts concluded with product suppliers and clients provide for onerous obligations and limitations for the Group. Some contracts with product suppliers provide for onerous obligations for the Group, such as: (a) obligation to bear the costs for the products planned and communicated to the supplier, but not purchased from the supplier (e.g. costs with packaging, raw material, destruction by the supplier); (b) obligation to track and manage in real time the packaging material, as well as to report on the same, even if the management of packaging material is outsourced to third parties; (c) limitation of suppliers' liability for damages caused by the distributed products; (d) interference of suppliers with the Group's organisational structure (supra-structure controlled by the supplier aimed to coordinate, perform and carry out the sale of products, assessment of the sales team, etc.); (e) interdiction to produce, distribute, promote, trade products that may compete or interfere with the products of contracted suppliers. On the other hand, suppliers have extended contractual rights, such as: (a) right to halt sales of certain products or to change the recipe / manufacturing process for the products, (b) right to enter into similar contracts with the Group's competitors or into contracts with more advantageous terms than those agreed with the Group (c) right to unilaterally change prices and quantities already contracted, (d) refusal to receive returned products distributed by the Group, (e) demand that the Group increases sales targets or expand the coverage area or increase the number of clients to whom products are supplied. All these, if exercised, may generate significant additional costs for the Group. At the same time, suppliers may put pressure on the costs, so that the Group's operating margins may decrease. Furthermore, the Group undertook in contracts with certain clients and suppliers onerous compensation obligations in case of breach of certain covenants, such as violations of the competition law (e.g. participation in price fixing agreements or illegal exchanges of commercially sensitive information). Thus, on top of the potential sanctions that the regulatory and supervisory authorities may apply in case of a violation, the Group may be forced to pay clients, as compensation, up to 5% of the turnover generated by goods sold as a result of such breach, for example, breach of competition rules. Compliance by the Group with its obligations in certain circumstances provided by the contracts or discretionary exercise of certain rights by the suppliers or clients may significantly increase the costs for the Group, which would have a material impact on the profit margin.

Some suppliers may terminate the distribution contracts before the agreed term for reasons outside the Group's control. Some contracts concluded with major suppliers provide for termination clauses, the application of which results into immediate termination of the contract, without the intervention of a court and without other formalities, in cases such as (without being limited to) the (direct or indirect) entry into the Group's shareholding of a competitor of the respective suppliers or of the suppliers' affiliates or in case the Group enters into partnerships with such competitors or if there is any change in control over the Group. In cases of early termination for breach of obligations, including those listed above, the Group is under the obligation to pay damages. Considering the listing of Aquila on the BSE, the Group has no control over the transfer of shares on the secondary market and, therefore, it is not be able to track if the condition mentioned above regarding shareholding structure is observed. Thus, there is the risk that the respective suppliers may terminate the distribution contracts with immediate effect in case competitors become shareholders of the Group, which may have an adverse impact on the Group's operations and may generate significant additional costs.

Finding new utilities and service suppliers or changes to contractual terms with current suppliers may generate additional costs for the Group. The services contracts with major providers of services are concluded for either a long term of up to seven years (e.g., lease contracts), or for periods of one year (e.g. contracts for the transfer of liability regarding waste management). Some long-term contracts may be unilaterally terminated before term by either party upon service a 90-day notice. In case of termination of lease contracts, even if the group succeeds to find new locations at reasonable rents, it is likely that these will need additional investments in order to meet the necessary standards to procure all permits and authorisations required for operation in the respective locations and/or the special product storage terms imposed by suppliers for the respective locations. There is no guarantee that the Group's members will be able to obtain all authorisations and permits needed to carry out its activities in the new locations or that such locations will meet the requirements imposed by the suppliers without significant investments by the

Group. Furthermore, it is likely that the Group may not succeed to renegotiate some terms of the existing contracts, such as the rent, for certain periods when the Group's activity is significantly impacted by events that are beyond the Group's control (such as circulation restrictions imposed during certain periods of COVID-19 pandemic). In addition, any change such as increase in the costs related to distribution and logistics activity will have a negative impact on the Group's operating and financial results. For example, an increase in the electricity cost will have a significant impact on the margins generated by logistic activities in relation to frozen products. On the other side, the Group's logistic activity may be significantly impacted by a potential increase in transport expenses in case fuel prices go up, thus leading to lower margins for this segment of activity. Therefore, certain changes in the relations with the major utilities and service providers may have a material negative impact on the costs and, therefore, on the Group's profit margins.

There is a risk that the Group may be unable to recruit and retain qualified personnel. The Group's ability to recruit, train and retain sufficient personnel adequately trained to offer satisfactory services plays an important part of the Group's successful operations. The Group may face issues when recruiting new personnel as a result of labour shortages in the local market. Moreover, the salary cost may increase following the increase of the minimum and maximum wage at national level or due to potential changes in the tax regime, as well as a consequence of the salary changes in the public system, which would put pressure on the salary increase in the private system. Even if the Group had the necessary capacity to recruit new people, it is likely that the retention rate may be low, despite investing in training and qualification of the new recruits. The management expects that the demand, and hence, the costs of appropriately skilled personnel will continue to grow, mirroring the significant increase in demand in other industries and for public infrastructure projects. It is possible that such increases in costs may not be transferred to clients by increasing the prices for the products distributed by the Group. Also, in case of a shortage in the workforce to cover the Group's needs, the Group may be forced to significantly increase its budget for investments in equipment, for automation purposes. Any obstacles in recruiting and retaining personnel at an optimum cost level may lead to inefficient operations, which may have an impact on the Group's profitability.

The retail chains where the Group distributes the products may continue to apply pressure to keep prices low. The competitive market of large retail chains where the products from the Group's portfolio are being distributed may add pressure on the prices charged. Thus, retailers may attempt to obtain better prices for the products sold to the detriment of the Group, impacting on its margins. Moreover, the notice period for the early termination of contracts entered into between the Group and the clients is relatively short, of 30-60 days. In case major clients terminate contracts with the Group before the agreed term, the latter may not be able to identify, during the notice period, clients that need a similar quantity of products at the prices negotiated with the clients whose contracts were terminated, which would lead to a drop in sales and hence to lower margins for the Group. Also, as the Organised Retail distribution channel gains ground to the detriment of the Traditional Retail channel, the retail chains will have more negotiation power and will continue to apply pressure on the Group's margins.

The Group is dependent of IT systems and platforms for its operations. The Group is dependent on IT systems and platforms that are critical for its operations, especially for planning and monitoring of operations, scheduling, quality control, registration of orders and accounting activities. Any interruption in the Group's IT systems may pose problems in the daily performance of activities. Furthermore, in the past years, the Group was involved in a series of acquisitions and mergers with companies that used IT systems and platforms different from those of the Group. The integration of IT systems requires a deep analysis of all operations and information flows for coordination purposes and the identification of certain suppliers of solutions able to understand the respective flows and implement them in a newly integrated system. At present, the Group investigates the possibility to make an investment in a new, state of the art, enterprise resource planning (ERP) system, adapted to the Group's current needs and flexible enough to allow the integration of new functions and solutions, as the Group's development strategies are rolled out. The implementation of a new ERP system by the Group will incur significant costs and it is likely that the testing and roll-out of this new system, after configuration, may be slow or may generate errors impacting the Group's operations. Also, the new ERP system will have to be flexible and scalable enough to allow the integration of other IT systems of the companies that the Group will acquire in the future. Thus, in addition to the impact on costs, the development of IT systems and platforms used by the Group may also have an impact on its strategy for growth and development.

The Group's IT systems and infrastructure may be subject to security breaches and other cybersecurity incidents. The Group may face attempts from third parties to access the Group's IT systems without authorisation, steal relevant information and improperly use it. Another possible outcome of a breach would be temporary interruption of the Group's operation, if such systems are corrupted. Most information stored in such systems are confidential data regarding partners, suppliers, clients, employees, the Group's financial positions and legal standing. As cyber-attacks continue to evolve and become more and more sophisticated, the Group may have to invest in additional resources to improve its protection measures against such attacks, to ensure integrity of the information regarding clients, suppliers and employees and to pre-empt the risk of a negative impact on the Group's reputation. In case it does not succeed to protect the integrity and security of the information regarding partners, suppliers, clients and employees, the Group may be exposed to the risk of litigation, of early of material contracts, which may lead to a decrease in revenues and generate additional significant costs for the Group.

The Group may have in its portfolio a series of slow-moving inventories. The Group's product portfolio also includes own brands for which it is exposed to the risk that one or more of these products is no longer of interest for clients, thus making it necessary to decide to decrease the price in the attempt to sell such slow-moving inventories. Also, some of the Group's clients have contractual rights to return the products delivered by the Group at the latter's cost, if 50% of them are not sold within two months. Return of goods under these provisions may lead to increase in the inventories, whereas the contracts with suppliers do not provide for similar rights for the Group to return products that are not sold. Such incidents involving inventories may impact the Group's costs, which may lead to lower margins, and in certain cases such products may be sold at a loss, which may have an adverse impact on the Group's financial results.

The dismissal of the claim filed against the tax authority in Hungary may lead to significant fines being imposed. Aquila is plaintiff in a litigation case taken over following the merger by absorption with Agrirom against the Hungarian tax authority (National Tax and Customs Authority, Re-examination Directorate). Starting 2012, Agrirom was registered for VAT purposes in Hungary and, following an inspection performed by the competent tax authority, the right to deduct VAT in the amount of HUF 286,211,000 was rejected. The litigation is mainly related to VAT recovery, and, in case the Hungarian court dismisses the claim, Aquila will have to pay a fine of HUF 156,004,000 (approximately EUR 434,000).

Public authorities may requalify the per diems granted to drivers. According to Law no. 16/2017 on the posting of employees providing transnational services, transposing in national legislation the European directives 96/71/EC and 2014/67/EC, labour inspection excludes truck drivers on international routes from the applicability of the provisions of art. 43 of Labour Code on the temporary exercise by the employee, on the employer's direction, of works or tasks corresponding to professional duties outside the place of business. Public authorities with control powers in this area, namely the Labour Inspectorate and the National Agency for Tax Administration, may requalify the per diems granted to drivers performing international transports.

The National Agency for Tax Administration may re-calculate, for a period of five years in advance (tax limitation period), in respect of those amounts, all duties and taxes and the related penalties. The taxation decision that the National Agency for Tax Administration is entitled to issue is an enforceable title and may be suspended by courts only within extraordinary proceedings accessible if material errors made by tax authority in the administrative-tax documents are proven. The consequence of restating the amounts paid as per diem may have an adverse impact on the Group's operating results and financial condition.

The mobility package adopted at the European level may have an impact on the Group's transportation segment. At the European level a set of measures with impact on road transport operators was adopted, called Mobility package I (formed of Regulation (EU) 2020/1054, Regulation (EU) 2020/1055 and Directive (EU) 2020/1057). The provisions of Mobility Package 1 enter into force in stages, with the provisions on driving time and breaks of drivers being applicable from 20 August 2020. One of the imposed measures aimed at improving the working conditions of drivers is the obligation of the transport operator to organise the activity of drivers so that they may return "home" once every three or four consecutive weeks (depending if the driver had two consecutive reduced weekly breaks), while the driver chooses where to spend the break. This obligation of the transport operator may have an impact on the costs with certain drivers, namely it will trigger the need to hire a higher number of drivers to be able to meet this requirement. Directive (EU) 2020/1057 will apply starting 1 February 2022, and the main novelties it brings refer to the fact that bilateral road transfers and the drivers operating them will be excluded from the application of the directive on posting, while drivers operating intra-community transports such as cross-trade or cabotage will have to be paid by the transport companies hiring them, according to the social conditions applicable in the member states where they operate. These rules create a significant administrative burden on transporters that, on a monthly basis, will have to calculate the salaries of drivers depending on the member states where they operated. In addition, starting February 2022 new rules will apply in terms of the obligation to return the trucks to the country where the operator has its registered office at a maximum period of eight weeks of activity. These obligations may generate additional costs for the Group, void routes and additional emissions, a fact that was also recently acknowledged in a study of the European Commission made in 2021 showing that part of these obligations will generate an increase of up to 4.6% in the emissions generated by international road transport until 2023 and, on the other hand, admits the fact that Eastern transporters will be most affected by this measure. After the publication of the results of the Commission's study, the National Union of Road Transporters in Romania, together with the professional associations for road transport in Bulgaria, Hungary, Lithuania and Poland sent, in February 2021, a letter to the European Commission requesting the cancellation of the obligation that trucks return home every eight weeks, considering the negative impact on Eastern transporters and on the environment, as shown by the recent study of the European Commission assessing the impact of the obligation of regular return of the vehicle to the home member state. The application of the requirements included in the Mobility Package I may generate significant additional costs in the transportation segment of the Group.

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economical situation may require revisions of certain assumptions and estimates. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

The dysfunctions in the supply chains in the conflict zone generate the premises for changing the geography of the areas of responsibility of the multinational companies, respectively the passage of Moldova to the Eastern Europe area is an opportunity for Trigor and also a natural step, which is part of the international retailers policy, e.g. Kaufland and Metro which are coordinated from Romania or Lagardere expansion in Moldova.

We, as strategic partners for well-known multinational companies, are open and can offer integrated supply chain solutions to facilitate the change of the supply chain for the whole area of Eastern Europe and Moldova.

In relation to the inflation in the cost of fuel, the company took measures to mitigate this impact by :

- triggering the indexation clauses related to cost of fuel from contracts with custmores
- renegotiating the contracts where possible
- triggering the indexation list prices related to cost of distributed products
- route optimisation and order consolidation using TMS software

FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group’s principal financial liabilities comprise loans and borrowings, finance leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s financial assets are represented by loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management ensures the Group’s financial risk activities are performed under appropriate procedures and that financial risks are identified, measured, and managed in accordance with Group’s risk appetite.

Interest rate risk. The Group is exposed to interest rate risk mainly in relation to loans and borrowings bearing variable interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL and the Group does not use derivatives. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The Group does not hedge its interest rate risk which is low. Management policy is to resort mainly to variable rate financing. However, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Currency risk. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group companies. The functional currency of all Group entities is the Romanian Leu (RON). The currency in which these transactions are primarily denominated is the functional currency. Certain liabilities are denominated in foreign currency (EUR). The Group also has deposits and bank accounts denominated in foreign currency (EUR and USD). The Group's policy is to use the local currency in its transactions as far as practically possible. The Group does not use derivative or hedging instruments.

Credit risk. The Group is subject to commercial credit risk, which may deepen in case the clients’ financial condition deteriorates. The Group is subject to commercial credit risk, which may deepen in case the clients’ financial condition deteriorates. The Group has a large portfolio of clients and it is likely that one or more clients does/do not succeed to pay their invoices in time or at all, hence the Group is exposed to a risk of failure to collect or of late collection of receivables. The group measures the loss allowance for trade receivables in regard to exposure from third parties at an amount equal to lifetime expected credit loss, thus applying the simplified approach method under IFRS 9. The expected credit losses on trade receivables are estimated using a provisions matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. During economic recessions, it is much more likely that some of the Group’s clients may face financial distress, including inability to obtain financing through loans or by issuing equity securities, which may reduce the purchasing power for the products distributed by the Group or may cause delays in collecting the Group trade receivables. In case of financial distress or bankruptcy of a major client, the Group may register significant losses in relation to the trade receivables associated with that client.

The solvency of the Group's affiliates and transfer prices practices may impact on their capacity to repay the loans granted by the Group. The Group's exposure to the risk of non-repayment of loans granted to affiliates is mainly influenced by the particular nature of each affiliate. Nevertheless, the management also considers the factors that may influence the general risk of defaulting on the loans. According to the relevant tax legislation in Romania, the tax treatment of a transaction with affiliates is based on the concept of market price of the respective transaction. Based on this concept, transfer prices should be adjusted to reflect the market prices that would be set between parties that are not affiliates and that act independently based on the "full competition" principle. It is likely that tax audits to check transfer prices may be carried out in the future by tax authorities to decide if these prices observe the "full competition" principle and if the tax basis of the tax payer is not distorted. Tax authorities may adjust the amounts received, interest income and expenses of companies that conclude intra-group commercial and financing transactions, if they consider that the Group cannot justify in all cases the prices charged between affiliates, which would trigger the appropriate adjustments for the Group companies and, eventually, may lead to payment of interest and late penalties.

Liquidity risk. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables. In addition, the Group maintains credit facilities for financing of the operating expenses.

Aquila: Liquidity risk ratios (IFRS consolidated*)

Liquidity risk ratios		
(RON)	**31-dec-21**	**31-dec-20**
Current assets	637,036,868	410,542,855
Current liabilities	308,809,021	462,486,000
Current ratio	**2.06**	**0.89**
Current assets less Inventory & Prepayments	495,961,468	281,256,067
Current liabilities	308,809,021	462,486,000
Quick ratio	**1.61**	**0.61**

Capital management. Capital of the Group includes the equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Capital of the Company's includes the equity attributable to the Company's shareholders. The Group may monitor capital using a gearing ratio, which is net debt divided by total capital. The Group does not have a target gearing ratio, as the overall gearing is low (negative).

Calculation of consolidated gearing ratio is presented below:

Aquila: Gearing ratio (IFRS consolidated*)

Aquila: Gearing ratio		
(RON)	**FY 2021**	**FY 2020**
Short term debt	2,461,455	165,381,133
Short term lease liabilities	37,097,013	37,127,032
Long term debt	2,051,211	4,440,893
Long term lease liabilities	32,830,611	64,546,337
Total debt and lease liabilities	**74,440,290**	**271,495,395**
Less: Cash & equivalents	43,333,121	26,514,346
Less: Short term investments	195,000,000	
Net debt (cash)	**-163,892,831**	**244,981,049**
Equity attributable to the owners of Company	**482,967,998**	**98,424,894**
Gearing ratio	**-0.34**	**2.49**

INTERNAL CONTROL

The Group has implemented an internal control system, which includes activities implemented in order to prevent or detect undesirable events and risks such as fraud, errors, damages, noncompliance, unauthorized transactions, and misstatements in financial reporting. The existence of a control environment forms the basis for an effective internal control system. It consists of the definition and adherence to group-wide values and principles (e.g., business ethics) and of organizational measures (e.g., clear assignment of responsibility and authority, commitment to competence, signature rules and segregation of duties). Aquila's internal control system covers all areas of the Group's operations with the following main goals:

- Compliance with the applicable laws and internal regulations;
- Reliability of financial reporting (accuracy, completeness and correctness of the information);
- Prevention and detection of fraud and error;
- Protection of the Group's resources against losses due to waste;
- Effective and efficient business operations.

In order to achieve these goals, the management of the Group follows, inter alia, the below principles and approaches:

- Ensures a commitment to integrity and ethical values by demonstrating through the Board of Directors' and management's directives, actions and behaviour the importance of integrity and ethical values to support the functioning of the system of internal control;
- The Board of Directors demonstrates independence from management and exercises oversight for the development and performance of internal control;
- Establishes, with Board of Directors oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of the objectives by maintaining job descriptions, defining roles and reporting lines, defining the role of internal audit;
- Ensures and demonstrates a commitment to attract, develop and retain competent individuals in alignment with the objectives of the Group by establishing required knowledge, skills and expertise, selecting appropriate outsourced service providers when needed, evaluating competence and behaviour, evaluating the capacity of finance personnel;

- Holds individuals accountable for their responsibilities in the pursuit of the objectives of the Group by developing balanced performance measures, incentives and rewards and linking compensation and other rewards to performance;
- Specifies objectives with clarity to enable the identification and assessment of risks related to objectives by identifying financial statement accounts, disclosures and assertions, reviewing and updating understanding of applicable standards, considering the range of Group's activities;
- Identifies risks to the achievement of the Group's objectives and analyses risks as a basis for determining how the risks should be managed;
- Considers the potential for fraud in assessing risks to the achievement of objectives by considering fraud risk in the internal audit plan;
- Identifies and assesses changes that could significantly impact the system of internal control by assessing change in the external environment, CEO and senior executive changes;
- Selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives at acceptable levels by considering processes, risks and controls in the internal audit plan, identifying incompatible functions, considering alternative control activities to the segregation of duties;
- Selects and develops general control activities over technology to support the achievement of objectives by the means of recently implemented ERP, administering security and access, configuring IT to support the complete, accurate and valid processing of transactions and data;
- Develops control activities through policies and procedures that establish what is expected by developing and documenting policies and procedures;
- Obtains and uses relevant, quality information to support the functioning of internal control.

Policies and practices that represent the Group's competence standards for financial reporting positions are used as a basis for human resources and employee compliance activities, which include:

- Selecting and interviewing candidates;
- Performing background/reference checks;
- Setting certification expectations.

Senior management evaluates the capacity of personnel who are involved in recording and reporting financial information, and in designing and developing financial reporting systems including underlying IT systems. Senior management assesses the department's ability to identify issues and stay abreast of technical financial reporting developments. Considerations when assessing the adequacy of staffing levels and competence of financial reporting personnel include the extent of technical skills and nature required and the number of personnel dedicated to financial reporting.

The Board of Directors including the Audit Committee (the "Board") oversees management's performance of internal control and retain objectivity in relation to management. The board monitors the functioning of internal controls by performing periodical analysis on the profit and loss accounts, execution of the budget, internal and external audit reports. The Board demonstrates an appropriate level of scepticism of management's assertions and judgments that affect financial reporting. In particular, the Audit Committee seeks clarification and justification of the Group's process for:

- Selecting and implementing accounting policies;
- Determining critical accounting estimates;
- Making key assumptions used in the application of technical accounting and reporting matters;
- Evaluating other risks facing the Group, with the potential impact on financial reporting.

Deficiencies in the implementation or functioning of internal controls are noted in the internal audit reports and are presented to the management, with the purpose of issuing the corrective actions. The internal audit assessments include the evaluation of the internal control systems, and evaluation whether:

- Risks relating to the achievement of the Group's strategic objectives and also the risks related to day-to-day operations are appropriately identified and managed;
- The actions of the Group's directors, employees, and contractors are in compliance with the Group's policies, procedures, and applicable laws, regulations, and governance standards;
- The results of operations are consistent with established goals;
- Operations are being carried out efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Group;
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Internal control process is carried out by personnel at all levels.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The Group's culture is based on observing a common system of values, on creating and maintaining an environment in which the employees are encouraged and supported to reach their maximum potential. Employees are one of the most important resources of the Group. They, according to a regular planning, are involved in continuous development programs and registered for training sessions appropriate for the position they hold within the Group.

The Group's sustainable development policy is focused on the following directions: (i) Increase competiveness through innovation and transfer of new technologies; (ii) Environmental protection through the implementation of environmental management systems ensuring more efficient processes or lower consumption of natural resources; (iii) Organisational development and integration of IT systems.

Among the measures adopted for protecting the environment and reducing the consumption of natural resources (including the reduction of CO2 footprint), in 2021 the Group purchased 14 vehicles with alternative fuel (GPL). Furthermore, for 2022 the Group envisages the initiation of a project in the area of domestic transport with tractor head fuelled by GNC.

Also, Aquila is involved in supporting the community of which it is part, through various initiatives such as:

- Development of a playground area of 400 square meters that it donated to Ploiești Town hall;
- Subsidies granted for educational projects: "Științescu" program, dedicated to children in rural area for the development of skills in physical sciences;
- Sponsoring sports clubs for students;
- Sponsoring social cases;
- Sponsoring school competitions.

Moreover, Aquila has assumed a series of commitments related to social and environmental responsibility, such as:

Reduce the Group's carbon footprint by up to 10% in 5 years through:

- Optimising the delivery routes through cross-docking platforms;

- Implementing new logistics systems to optimize and increase the filling rate of warehouses and / or vehicles;
- Applying systems to streamline the electricity consumption of the warehouses, using renewable energy and led-based electrical installations;
- Equipping the sales department with vehicles having last generation engines, low polluting and electric.

Reduce the waste derived from the Group's activity by up to 15% through:

- Using the warehouse management systems to reduce the waste resulted from storage services;
- Implementing projects for the use of recyclable packaging;
- In the process of obtaining the certification for the first eco warehouse (specific requirements for eco goods).

Replacing old equipment with less pollutant ones:

- 70% of Aquila fleet equipped with Euro 6 engines.
- Replace all non-Euro 6 vehicles so as the entire fleet is equipped with Euro 6 engines until 2024

CONSOLIDATED REVENUES AND EXPENSES BUDGET FOR FY 2022

Aquila: P&L Budget (IFRS condolidated)*

(RON)	FY 2022	FY 2021**	Y/Y
Net turnover o/w	**2,043,530,267**	**1,929,713,842**	**6%**
Distribution	**1,895,645,588**	**1,792,709,206**	**6%**
% of Net turnover	*92.8%*	*92.9%*	
Logistics	79,094,446	73,900,083	7%
Transport	65,113,709	59,428,028	10%
Other (Investment property revenues)	3,676,525	3,676,525	0%
Other income	1,233,177	4,981,165	-75%
Cost of goods sold	**(1,497,277,093)**	**(1,443,194,521)**	**4%**
Gross profit	**398,368,494**	**349,514,685**	**14%**
Gross profit margin	*21.0%*	*19.5%*	
Cost of fuel and transportation services	(77,860,063)	(57,999,582)	34%
% of Net turnover	*3.8%*	*3.0%*	
Salaries and other employee benefits	(233,253,751)	(195,847,572)	19%
% of Net turnover	*11.4%*	*10.1%*	
Repairs, maintenance and materials cost	(21,874,570)	(20,684,688)	6%
% of Net turnover	*1.1%*	*1.1%*	
Depreciation and amortisation	(54,207,613)	(50,463,268)	7%
Impairment (loss)/gain on receivables		2,689,397	n/m
Change in provisions, net		(2,050)	n/m
Other operating expenses	(93,227,957)	(82,795,047)	13%
% of Net turnover	*4.6%*	*4.3%*	
EBITDA	**121,270,011**	**136,860,944**	**-11%**
Clean EBITDA	**121,270,011**	**134,173,597**	**-10%**
Clean EBITDA margin	*5.9%*	*7.0%*	
EBIT	**67,062,399**	**86,397,676**	**-22%**
Finance income	5,927,199	1,418,363	318%
Finance costs	(11,683,894)	(8,278,967)	41%
Other gains and losses		0	n/m
Net financial result	**(5,756,695)**	**(6,860,604)**	**-16%**
EBT	**61,305,703**	**79,537,072**	**-23%**
Income tax expense	(9,808,913)	(8,771,318)	12%
Profit for the year o/w	**51,496,791**	**70,765,754**	**-27%**

** M&A activity not included;*

For FY 2022, the Group planned CAPEX of EUR 6.71m as follows:

- Fleet CAPEX: EUR 3.86m
- Automation & Equipment CAPEX: EUR 1.86m
- IT & Communication CAPEX (Licences, Soft, Equipment): EUR 0.74m
- Other CAPEX: EUR 0.25m

Audit expenses

The contractual costs for audit services with the financial auditor for the financial year ended December 31, 2021 are in the amount of EUR 152,000.

All fees paid refer to the audit services on the separate and consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

The estimated audit fees for the audit services for the financial year 2022 are EUR 158,600.

CORPORATE GOVERNANCE

BVB CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

PROVISION OF THE BUCHAREST STOCK EXCHANGE CORPORATE GOVERNANCE CODE[1]	COMPLIANT	NON - COMPLIANT	COMMENT
Section A - Responsibilities			
A.1. All companies shall have Internal Rules for the Board of Directors (the "Board"), which shall include the terms of reference/responsibilities of the Board and the key management functions of the Company and which shall apply, inter alia, the General Principles of this Section.	x		Aquila is managed as a unitary system by a Board of Directors, which has delegated the management of the day-to-day activity of the Company to the Chief Executive Officer and Executives. The structure and principles of corporate governance of the Company, as well as the powers and responsibilities of the General Shareholders' Meeting, of the Board of Directors, of the Chief Executive Officer, and of the Executives, are described in the Articles of Association of the Company, the Rules and Procedures of the General Shareholders' Meeting (GSM), the Internal Rules of operation of the Board of Directors, as well as other relevant documents.
A.2. Provisions for the management of conflicts of interest shall be included in the Rules of the Board. In any event, Board members shall notify the Board of any conflicts of interest that have arisen or may arise and shall refrain from taking part in the discussions (including by non-attendance, unless the failure to attend prevents the establishment of the quorum) and from voting for passing a resolution on the issue giving rise to the relevant conflict of interest.	x		Board members have, under the law, duties of care and loyalty to the Company, stipulated not only in the Articles of Association of the Company, but also in other internal regulations of the Company. The Company has also implemented internal regulations on the ways to address situations of conflicts of interest.
A.3. The Board shall consist of at least 5 (five) members.	x		After the listing of the Company on the BSE, the Board has been enlarged from 3 (three) to 5 (five) members elected by the Ordinary General Shareholders'Meeting (OGSM) in 23 February 2022 in accordance with the provisions of the Companies Act and the Articles of Association of the Company.
A.4. Most Board members shall not have an executive function. In the case of companies in the Premium Category, no less than two non-executive members of the Board shall be independent.	x		Following the 23 of February OGSM, at least two Board members met all the criteria of independence set out in the Corporate Governance Code.

[1] *The Statement summarizes the principles of the Corporate Governance Code; the full version of the Code may be read on the website of the Bucharest Stock Exchange: www.bvb.ro.*

Each independent Board member shall issue a statement at the time of nomination thereof for election or re-election, and whenever any change arises in the status thereof, indicating the elements on the basis of which the same is to be deemed independent in terms of character and judgment.	x		As at the date thereof, 3 (three) Board members are independent.
A.5. Any other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of companies and non-profit institutions, shall be disclosed to the shareholders and prospective investors prior to nomination and during the term of office thereof.	x		Information on the permanent professional commitments and obligations of the Board members, including executive and non-executive positions within companies and non-profit institutions, can be found in the CVs of the Board members, available at the Company headquarters, on the Company's website and in the Prospectus available on the Company's website.
A.6. Any member of the Board shall present the Board with information on any relation with a shareholder holding, either directly or indirectly, shares representing more than 5% of all voting rights.	x		The Board members and the Executives have, under the law, duties of care and loyalty to the Company, stipulated in the Articles of Association of the Company and in other internal regulations of the Company. The Company has also implemented internal regulations on the ways to address situations of conflicts of interest.
A.7. The Company shall appoint a Secretary of the Board to be in charge of supporting the activity of the Board.	x		The Company has a General Secretary who supports the Board activities.
A.8. The Corporate Governance Statement shall stipulate whether a Board assessment has taken place under the direction of either the Chairperson or the Nomination Committee and, if so, shall summarize the key measures and the resulting changes. The Company shall have a policy/guide regarding Board assessment, including the purpose, criteria and frequency of the assessment process.		x	In the perspective of the Corporate Governance Code, the Company does not comply with the compliance requirements, which places it in the area of "non-compliant" as the Company does not have a policy/guide regarding Board assessment, including the purpose, criteria and frequency of the assessment process.
A.9. The Corporate Governance Statement shall contain information on the number of Board and Committee meetings over the past year, the participation of the directors (in person and in default) and a Report by the Board and Committees on their activities.		x	The Company executives shall meet at least once a week and the Board shall meet whenever necessary, but at least once every three months. During 2021, 33 Board meetings took place. On 22 March 2022, the Board of Directors approved the establishment of the Audit Committee and of the Nomination and Remuneration Committee. In the perspective of the Corporate Governance Code, the Audit and Nomination Committees do not comply with the compliance

			requirements, which places the Company in the area of "partial compliance in 2021" because no Committees meeting took place in 2021 as both Committees have been appointed latter in March 2022.
A.10. The Corporate Governance Statement shall include information on the exact number of independent members of the Board.	x		The assessment of the Board members' independence on the basis of the independence criteria set out in the Corporate Governance Code (which are essentially similar to those provided for by the Companies Act) showed that, starting February 2022, three (3) members of the Board met the criteria of independence provided for by the Corporate Governance Code.
A.11. The Board of companies in the Premium Category shall set up a Nomination Committee, consisting of non-executive members, to direct the nomination of any new Board members and to submit recommendations to the Board. Most members of the Nomination Committee shall be independent.	x		The members of the Board are appointed by the Ordinary General Shareholders' Meeting, on the basis of a transparent proposal procedure and by the majority of the shareholders' votes, as laid down in the Company Articles of Association and the applicable laws. Before holding the Ordinary General Shareholders' Meeting, the candidates' CVs are available for consultation by the shareholders, and the shareholders can supplement the list of candidates for Board membership. Starting March 2022, the Company has a Nomination & Remuneration Committee composed of 2 (two) independent members, elected by the Board from among its members, and one of the members of the Nomination Committee is elected as the Chair.
Section B – The risk management and internal control system			
B.1. The Board shall set up an Audit Committee, in which at least one member shall be independent and non-executive. Most members, including the Chair, shall have proven appropriate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proven adequate experience in auditing or accounting. In the case of companies in the Premium Category, the Audit Committee shall consist of at least three members and most members of the Audit Committee shall be independent.		x	The Board of Aquila has set up an Audit Committee composed of part of its members. The members of the Audit Committee are all non-executives. Starting March 2022, the Audit Committee is made up of two members of the Board. The Audit Committee includes members with proper certifications corresponding to the functions and responsibilities held in the Audit Committee. In the perspective of the Corporate Governance Code, the Audit Committee does not comply with the compliance requirements of companies in the Premium Category, which places the Company in

<table>
<tr><td></td><td></td><td></td><td>the area of "partial compliance" as the Audit Committee consists of 2 (two) members.</td></tr>
<tr><td>B.2. The Chair of the Audit Committee shall be an independent non-executive member.</td><td>x</td><td></td><td>Starting March 2022, the Chair of the Audit Committee is an independent non-executive member.</td></tr>
<tr><td>B.3. As part of its responsibilities, the Audit Committee shall carry out an annual assessment of the internal control system.</td><td>x</td><td></td><td rowspan="5">The Terms of Reference for the Audit Committee detail the role and duties of the Audit Committee, which primarily consist of:

(i) Reviewing and revising the individual and consolidated annual financial statements and the profit sharing proposal;

(ii) Reviewing and submitting recommendations on the appointment, re-appointment or revocation of the external independent financial auditor for approval thereof by the Ordinary General Shareholders’ Meeting;

(iii) Carrying out an annual assessment of the internal control system, taking into account the effectiveness and purpose of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Audit Committee, the promptness and effectiveness with which the executive management addresses any deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Board;

(iv) Assessing any conflicts of interest in connection with the transactions of the Company and its subsidiaries with related parties;

(v) Assessing the effectiveness of the internal control and risk management systems;

(vi) Monitoring the application of the legal standards and generally accepted internal audit standards;

(vii) Receiving, on a regular basis, a summary of the main findings of the audit reports, as well as other information on the activities of the Internal Audit Department and assessing the reports of the internal audit team;</td></tr>
<tr><td>B.4. The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board Audit Committee, the promptness and effectiveness with which the executive management addresses any deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Board.</td><td>x</td><td></td></tr>
<tr><td>B.5. The Audit Committee shall assess any conflicts of interest in connection with the transactions of the Company and its subsidiaries with related parties.</td><td>x</td><td></td></tr>
<tr><td>B6. The Audit Committee shall assess the effectiveness of the internal control and risk management systems.</td><td>x</td><td></td></tr>
<tr><td>B.7 The Audit Committee shall monitor the application of the legal standards and generally accepted internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.</td><td>x</td><td></td></tr>
</table>

			(viii) Reviewing and revising the transactions with related parties that exceed or are expected to exceed 5% of the Company net assets from the previous financial year, prior to their submission to the Board for approval purposes, in accordance with the Policy on Related Party Transactions.
B.8. Whenever the Code mentions reports or analyses initiated by the Audit Committee, these shall be followed by regular reports (at least annual reports) or ad hoc reports to be subsequently submitted to the Board.	x		Starting March 2022, the Audit Committee regularly presents the Board with reports on the specific issues that have been assigned to it.
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the Company with the shareholders and affiliates thereof.	x		The Company grants equal treatment to all its shareholders. Related party transactions are treated objectively, in accordance with the usual industry standards, and the applicable laws and corporate regulations.
B.10. The Board shall adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close ties, whose value is equal to or greater than 5% of the Company net assets (according to the latest financial report), is approved by the Board following a binding opinion of the Board Audit Committee and is properly disclosed to the shareholders and prospective investors to the extent that such transactions fall within the category of events subject to reporting requirements.	x		The Company has adopted the key principles for reviewing, approving, and publishing transactions with related parties in accordance with the applicable regulations and Company corporate documents, including the fact that Company transactions with related parties that exceed or are expected to exceed, either individually or in aggregate, an annual value of 5% of the Company net assets from the previous financial year, shall be approved by the Board, based on the opinion of the Audit Committee, and it will formalize in the near future the aforementioned key principles in the relevant Policy on Related Party Transactions (as at the date hereof, as regards this issue, the status is "partial compliance"). Aquila submits regular and voluntary reports on related party transactions to the Financial Supervisory Authority and the Bucharest Stock Exchange. These reports are reviewed by an independent financial auditor in accordance with the relevant legislation in force
B.11. Internal audits shall be performed by a structurally separate division (the Internal Audit Department) within the Company or by hiring an independent third party.	x		Internal audits are performed by a structurally separate division (the Internal Audit Department) within the Company.

B.12. In order to ensure the fulfilment of the primary functions of the Internal Audit Department, functionally speaking, it shall report to the Board by means of the Audit Committee. For administrative purposes and as part of the responsibilities of the management to monitor and reduce risks, it shall report directly to the Chief Executive Officer.	x		The reporting lines are respected, the Audit Department having a reporting line to the Director General and the Board of Directors, through the Audit Committee.
Section C – Fair reward and motivation			
C.1. The Company shall publish the Remuneration Policy on its website and shall include a statement on the implementation of the Remuneration Policy in the Annual Report during the annual period under review. Any key change in the Remuneration Policy shall be published on the Company website in a timely manner.	x		The Company has a Remuneration Policy in place.
Section D – Adding value by way of the investor relations			
D.1. The Company shall organize an Investor Relations Service - indicating to the general public the officer(s) in charge or the relevant organizational unit. In addition to the information required by law, the Company shall include on its website a section dedicated to Investor Relations, in both Romanian and English, with all the relevant information of interest to investors, including: • The main corporate regulations: Articles of Association, the procedures regarding the General Shareholders' Meetings (GSM); • The professional CVs for the members of the Company management bodies, other professional commitments of the Board members, including executive and nonexecutive positions in the Boards of Directors of companies or non-profit institutions; • Current and regular reports (quarterly, half yearly and annual); • Information on the General Shareholders' Meetings; • Information on the corporate events; • The name and contact details of a person who can provide relevant information, on request;		x	All the information as specified by the D1 provision is provided on the issuer's website except for the CVs of the members of the Company's professional management bodies. Aquila is currently in the process of implementing a website update which will remedy the current situation and ensure full compliance with the provision.

• Company presentations (e.g., investor presentations, quarterly result presentations, etc.), financial statements (quarterly, half-yearly, annual), Audit Reports, and Annual Reports.			
D.2. The Company shall have a policy on the annual distribution of dividends or other benefits to the shareholders. The principles of the policy of annual distribution to the shareholders shall be published on the Company website.		x	The Company does have a policy on the annual distribution of dividends or other benefits to the shareholders. The principles of the policy of annual distribution to the shareholders are not published on the Company website. Dividend Policy is not published on the Company website, in the Investor Relations section, the Corporative Governance Subsection. Aquila is currently in the process of implementing a website update which will remedy the current situation and ensure full compliance with the provision.
D.3. The Company shall adopt a policy regarding forecasts, whether they are made public or not. Forecasts mean quantified conclusions of various studies aimed at determining the overall impact of a number of factors for a future period (the so-called assumptions): by its nature, a forecast has a high level of uncertainty, and the actual results can vary significantly from the original forecasts. The Forecast Policy shall determine the frequency, period considered and content of the forecasts. If published, the forecasts may only be included in the annual, half yearly or quarterly reports. The Forecast Policy shall be published on the Company website.		x	The Company does not have a Forecast Policy, which is published on the Company website, in the Investor Relations section, the Corporative Governance Subsection. Aquila is currently in the process of implementing a website update which will remedy the current situation and ensure full compliance with the provision.
D.4. The rules of the General Shareholders' Meetings shall not limit the participation of shareholders in the general meetings or the exercise of their rights. Any amendments to these rules take effect, at the earliest, starting with the next Shareholders' Meeting.	x		Information on the organization of the General Shareholders' Meetings is mentioned in the Company Articles of Association, as well as the Corporate Governance Report, in brief. Aquila also publishes detailed convening notices for each GSM, describing in detail the procedure to be followed during each GSM. Thus, the Company ensures that the General Shareholders' Meetings are properly managed and organized, and the shareholders' rights are respected.

D.5. Independent financial auditors shall be present at the General Shareholders' Meeting when their reports are presented at these meetings.		x	The independent financial auditors do not participate in the Ordinary General Shareholders' Meetings where the individual and consolidated annual financial statements are subject to approval.
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		The information about the internal controls and significant risk management system is provided in the Annual Report.
D.7. Any specialist, consultant, expert, or financial analyst may take part in Shareholders' Meetings on the basis of a prior invitation from the Chairperson of the Board. Accredited journalists may also attend General Shareholders' Meetings, unless otherwise decided by the Chairperson of the Board.	x		The GSM Rules and Procedures provide for the possibility for any specialist, consultant, expert, financial analyst or accredited journalist to participate in the GSM on the basis of a prior invitation from the Chairperson of the Board.
D.8. The quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors that influence change in terms of sales levels, operating profit, net profit and other relevant financial indicators, from one quarter to the next, and from one year to the next.	x		The quarterly and half-yearly financial reports include information in both Romanian and English on the key factors that cause changes in terms of sales levels, operating profit, net profit and other relevant financial indicators, from one quarter to the next, and from one year to the next.
D.9. A Company shall hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions shall be published in the Investor Relations section of the Company website at the time of the meetings/teleconferences.	x		Aquila holds individual meetings and teleconferences with financial analysts, investors, brokers, and other market specialists on a quarterly basis in order to present the financial elements which are relevant to the investment decision. Investor presentations, updated on a quarterly basis, are made available at the time of the meetings/teleconferences and on the Company website, in the Investor Relations section.
D.10. If a Company supports various forms of artistic and cultural expression, sporting, educational or scientific activities and deems their impact on the Company innovation and competitiveness to be part of its mission and development strategy, it will publish its policy on its activity in this field.	x		Aquila carries out various activities related to social and environmental responsibility. For further details, please also go to the section of the Annual Report on the Sustainability and Social responsibility chapter.

DECLARATION FROM THE MANAGEMENT

According to the best information available we confirm that the individual and consolidated financial information included here offer the real and accurate situation on the company's financial position on December 31st 2021, on the financial performance and cash-flow, according to financial and accounting standards applicable to date, and that the Annual Report for the period of January 1st 2021 to December 31st, 2021 transmitted to the market operator, Bucharest Stock Exchange and to the Financial Supervisory Authority presents accurate and complete information about the company.

Chairman of the Board of Directors

Alin-Adrian Dociu

AQUILA PART PROD COM S.A.

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended

31 December 2021

This is a free translation from the original binging Romanian version.

CONTENTS **PAGE**

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
AQUILA PART PROD COM SA

Report on the Audit of the separate and consolidated financial statements

Opinion

1. We have audited the separate and consolidated financial statements of AQUILA PART PROD COM SA (the "Company") and its subsidiaries (together "the Group"), with registered office in Ploiești municipality, Str. Malu Rosu, nr. 105 A, Prahova county, identified by the unique tax registration code 6484554 which comprise the separate and consolidated statement of financial position as at 31 December 2021, and the separate and consolidated statement of profit or loss and other comprehensive income, separate and consolidated statement of changes in equity and the separate and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.

2. In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the Company as at 31 December 2021, and the separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named the "Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Separate and Consolidated the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, we have presented a description of how our audit has addressed it.

Key audit matter	How our audit addressed the key audit matter
Completeness and accurate registration of trade discounts As described in Note 6 - The Company offers significant trade discounts to customers and recognizes most of these trade discounts as a reduction in revenue. In addition, the Company offers volume discounts for certain brands of goods, the volumes based on which the discounts are determined and the percentages applied are set out in the contracts with customers. As a result, for the performance obligations fulfilled, the Company is remunerated with a variable consideration that includes commitments for the reductions to be granted. The Company estimates the discounts to be granted based on the historical sales volume model, sales volume forecast and contractual provisions. Trade discounts are deemed a key matter due to the importance of the amounts and the judgment used for the estimates.	Our audit procedures to assess the trade discounts consisted of: • obtaining an understanding of the design and implementation of the Company's main controls in relation to trade discounts; • review of customer contracts, on a sample basis, to understand the terms and conditions of offering these commercial discounts including the ways in which commercial discounts are applied, to assess whether the criteria for recognizing the Company's trade discounts were in accordance with the requirements and accounting standards in force; • reviewed on a sample basis, the recognition in the corresponding financial period of the trade discounts granted based on sales during the financial year by recalculating the discounts recognized in the financial year based on the terms agreed in the contracts concluded with customers; • reviewed on a sample basis, the recognition in the corresponding financial period of the income recorded near the end of the financial year, by comparing the selected transactions with the relevant documentation, including shipping notes; • obtained confirmations of customer balances at the end of the year, on a sample basis; • review of the sales register after the end of the financial year in order to identify the trade discounts issued and reviewed the relevant documentation to assess whether the related income has been accounted for in the corresponding financial period; • review of the exhaustiveness and adequacy of the disclosures on income and trade discounts.

Other information - Administrator’s Consolidated Report

5. Administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators’ consolidated report, but does not include the separate and consolidated financial statements and our auditor’s report thereon.

   Our opinion on the separate and consolidated financial statements does not cover the other information and, unless explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the separate and consolidated financial statements for the year ended 31 December 2021, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the Administrator’s consolidated report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

   On the sole basis of the procedures performed within the audit of the separate and consolidated financial statements, in our opinion:

   a) The information included in the Administrators’ consolidated report for the financial year for which the consolidated financial statements have been prepared are consistent, in all material respects, with the consolidated financial statements;

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b) The Administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the separate and consolidated financial statements prepared as at 31 December 2021, we are required to report if we have identified a material misstatement of this Administrator's consolidated report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

6. Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, as revised and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

8. Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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

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

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

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

    - Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. We have been appointed by the General Meeting of Shareholders dated 7 April 2021 to audit the separate and consolidated financial statements of AQUILA PART PROD COM SA for the financial year ended 31 December 2021. The uninterrupted total duration of our commitment is 5 years, covering the financial years ended 31 December 2017 until 31 December 2021.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No **non-audit services** referred to in Article 5 (1) of EU Regulation No. 537 / 2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Andrei Vladimir Cozachevici.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the separate and consolidated financial statements included in the annual financial report of AQUILA PART PROD COM SA ("the Company") as presented in the digital files which contain this audit report ("Digital Files")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;

- the selection and application of appropriate iXBRL mark-ups;

- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

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(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;

- reconciling the Digital Files including the marked-up data with the audited separate and consolidated financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;

- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;

- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.
In our opinion, the separate and consolidated financial statements for the year ended 31 December 2021 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the separate and consolidated financial statements of the Company for the year ended 31 December 2021 is set out in the "*Report on the audit of the separate and consolidated financial statements*" section above.

Andrei Vladimir Cozachevici, Audit Director

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3376

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
April 20, 2022

AQUILA PART PROD COM S.A.

SEPARATE FINANCIAL STATEMENTS

As at and for the year ended

31 December 2021

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CONTENTS **PAGE**

Financial instruments

Other information

	Note	31 December 2021	31 December 2020	1 January 2020
ASSETS				
Non-current assets				
Property, plant and equipment	**19**	108,302,107.00	121,601,231	160,677,199
Investment property	**21**	11,188,577	2,378,306	2,866,647
Intangible assets	**20**	1,542,243	-	-
Goodwill	**20**	5,011,706	-	-
Investments in subsidiaries	**28**	25,923,057	17,077,372	17,077,372
Loans to related parties	**22 (a)**	52,124,075	58,256,178	29,488,186
Long term trade receivables from related parties	**22 (b)**	-	-	33,911,007
Deferred tax assets	**14**	2,711,303	2,086,949	2,401,415
Long term prepayments		-	-	471,951
Other non-current assets		316,990	248,497	1,155,810
Total non-current assets		**207,120,058**	**201,648,533**	**248,049,587**
Current assets				
Inventories	**15**	128,362,699	97,580,243	95,570,205
Trade receivables	**16**	209,177,489	198,756,466	167,335,109
Short term proportion of loan to related parties	**22 (a)**	6,672,011	7,618,002	2,367,163
Other receivables	**17**	29,334,843	16,262,180	14,130,365
Prepayments		7,421,211	5,717,515	4,240,933
Short term deposits	**18(b)**	195,000,000	-	-
Cash and cash equivalents	**18(a)**	37,030,827	26,269,288	3,595,157
Total current assets		**612,999,080**	**352,203,694**	**287,238,932**
Total assets		**820,119,138**	**553,852,227**	**535,288,519**
EQUITY AND LIABILITIES				
Equity				
Share capital	**23 (a)**	30,589,788	3,614,728	3,614,728
Share premium		349,356,716	20,632,335	20,632,335
Owns shares	**23(c)**	(991,972)	-	-
Legal reserves	**23 (b)**	4,715,621	984,685	821,225
Retained earnings		109,003,204	69,505,675	27,160,447
Total equity		**492,673,357**	**94,737,423**	**52,228,735**

	Note	31 December 2021	31 December 2020	1 January 2020
LIABILITIES				
Non-current liabilities				
Long-term bank borrowings	**26**	2,051,211	4,440,893	6,736,205
Lease liabilities	**27**	30,809,299	22,399,374	43,653,043
Trade payables	**24**	1,688,836	3,278,314	5,547,104
Contract Liability		121,680	307,347	533,547
Total non-current liabilities		**34,671,026**	**30,425,928**	**56,469,899**
Current liabilities				
Current portion of long-term bank borrowings	**26**	2,461,455	2,422,305	2,377,485
Short-term bank borrowings	**26**	-	140,752,746	144,946,252
Leasing	**27**	35,982,195	34,581,443	36,054,154
Trade payables	**24**	219,181,346	219,796,783	212,629,990
Employee benefits	**13**	23,055,446	19,814,029	19,522,628
Current tax liabilities		1,774,732	2,416,552	2,539,379
Contract liabilities		229,206	687,536	2,292,422
Other payables	**25**	10,090,376	8,217,481	6,227,577
Total current liabilities		**292,774,756**	**428,688,875**	**426,589,888**
Total liabilities		**327,445,782**	**459,114,803**	**483,059,787**
Total equity and liabilities		**820,119,138**	**553,852,227**	**535,288,519**

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

	Note	2021	2020
Revenues	**8**	1,860,539,240	1,478,417,287
Other income	**9**	4,658,276	3,167,954
Cost of goods sold		(1,394,748,837)	(1,071,786,887)
Cost of fuel and transportation services		(58,060,597)	(39,386,725)
Salaries and other employee benefits	**13**	(186,808,297)	(158,451,938)
Repairs, maintenance and materials cost		(20,206,083)	(16,053,461)
Depreciation and amortization	**19, 20**	(47,739,904)	(41,882,292)
Impairment gains	**16, 22**	2,169,966	1,135,002
Change in provisions, net			(867,998)
Other operating expenses	**10**	(79,355,982)	(77,587,511)
Operating profit		**80,447,782**	**76,703,431**
Finance income – interest income	**11**	1,364,802	4,048,464
Finance income - other	**11**	44,761	2,434,275
Finance costs	**11**	(9,471,696)	(11,708,743)
Other gains and losses	**11, 22**	-	(5,671,400)
Net finance (cost)	**11**	**(8,062,133)**	**(10,897,404)**
Profit before tax		**72,385,649**	**65,806,027**
Income tax expense	**14**	(8,834,041)	(8,780,717)
Profit for the year		**63,551,608**	**57,025,310**
Total comprehensive income		**63,551,608**	**57,025,310**
Earnings per share			
Basic and diluted earnings per share	**12**	0.46	0.43

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

	Note	Share capital	Share premium	Own shares	Legal reserves	Retained earnings	Total
Balance at 1 January 2020		**3,614,728**	**20,632,335**	**-**	**821,225**	**26,628,308**	**51,696,596**
Profit for the year		-	-	-	-	57,025,310	57,025,310
Total comprehensive income		**-**	**-**	**-**	**-**	**57,025,310**	**57,025,310**
Transactions with owners of the Companies							
Contributions and distributions							
Dividends to the owners of the Company	**23 (d)**	-	-	-	-	(13,981,560)	(13,981,560)
Other changes		-	-	-	-	(2,923)	(2,923)
Total contributions and distributions		**-**	**-**	**-**	**-**	**(13,984,483)**	**(13,984,483)**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(13,984,483)**	**(13,984,483)**
Other changes in equity							
Set up of legal reserves		-	-	-	163,460	(163,460)	-
Balance at 31 December 2020		**3,614,728**	**20,632,335**	**-**	**984,685**	**69,505,675**	**94,737,423**

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

AQUILA PART PROD COM S.A.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021, 31 DECEMBER 2020, 1 JANUARY 2020
(All amounts are in RON, if not otherwise stated)

	Nota	Share capital	Share premium	Own shares	Legal reserves	Retained earnings	Total
Balance at 1 January 2021		**3,614,728**	**20,632,335**	**-**	**984,685**	**69,505,675**	**94,737,423**
Comprehensive income							
Profit for the year		-	-	-	-	63,551,608	63,551,608
Other comprehensive income		-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**63,551,608**	**63,551,608**
Transactions with owners of the Companies							
Contributions and distributions							
Issuing new shares	**1**	10,000,020	345,699,421	-	-	-	355,699,441
Dividends to the owners of the Company	**23 (d)**	-	-	-	-	(21,395,289)	(21,395,289)
Repurchase of own shares		-	-	(991,972)	-	-	(991,972)
Total contributions and distributions		**10,000,020**	**345,699,421**	**(991,972)**		**(21,395,289)**	**333,312,180**
Total transactions with owners of the Company		**10,000,020**	**345,699,421**	**(991,972)**		**(21,395,289)**	**333,312,180**
Other changes in equity							
Impact of merger of entities under common control	**31**			-	107,000	965,146	1,072,146
Incorporation of share premium		16,975,040	(16,975,040)	-	-	-	-
Set up of legal reserves		-	-	-	3,623,936	(3,623,936)	-
Balance at 31 December 2021		**30,589,788**	**349,356,716**	**(991,972)**	**4,715,621**	**109,003,204**	**492,673,357**

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

This is a free translation from the original binging Romanian version.
The accompanying notes are an integral part of these separate financial statements.

	Nota	2021	2020
Cash flows from operating activities			
Profit for the year		**63,551,608**	**57,025,310**
Adjustments for:			
Depreciation and Amortisation	**19,20,21**	47,739,904	41,882,292
Loss/(Gain) on disposal of property, plant and equipment	**9,19**	(722,147)	1,424,860
Impairment charge/(reversal)	**16,17**	(2,169,966)	(1,135,002)
Changes in provisions, net			867,998
Net finance cost		8,062,133	5,226,004
Other gains and losses	**11**	-	5,671,400
Income tax expense	**14**	8,834,041	8,780,717
Changes in:			
Decrease/(increase) in inventories		(4,943,333)	(2,010,038)
Decrease/(increase) in trade receivables		21,072,799	(38,556,757)
Decrease/(increase) in other receivables		(12,898,507)	(7,707,240)
Decrease/(increase) in prepayments		(1,553,789)	(1,004,631)
Increase/(decrease) in trade payables		(34,554,268)	4,898,003
Increase/(decrease) in other payables		(2,649,180)	18,740,955
Increase/(decrease) in provisions and employee benefits		1,551,856	(576,598)
Increase/(decrease) in contract liability		(643,997)	(1,831,086)
Cash generated from operating activities		**90,677,154**	**91,696,187**
Interest paid		(5,640,249)	(5,957,706)
Income tax paid		(9,475,861)	(8,903,544)
Net cash from operating activities		**75,561,043**	**76,834,937**

	Nota	2021	2020
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	**19**	(5,358,881)	(8,354,765)
Payments for purchase of intangible assets	**20**	-	-
Payments for purchase of subsidiary	**30**	(22,400,000)	
Proceeds from sale of property, plant and equipment		1,688,076	2,772,078
Payments for loans granted to related parties			(1,403,563)
Proceeds from loans granted to related parties		7,078,096	3,894,741
Dividends received			2,434,275
Interest received		1,364,802	4,048,463
Cash transferred at merger	**30**	217,906	300,854
Short term investments	**18b**	(195,000,000)	-
Net cash used in investing activities		**(212,410,001)**	**3,692,083**
Cash flows from financing activities			
Proceeds share issue		354,163,759	-
Repayment of long-term bank loans	**26**	(2,461,455)	(2,387,782)
Proceeds from short-term bank loans	**26**	-	18,763,934
Repayment of short-term bank loans	**26**	(140,752,746)	(22,957,436)
Payment of lease liabilities	**26**	(41,943,772)	(37,290,045)
Dividends paid	**26**	(21,395,289)	(13,981,560)
Net cash used in financing activities		**147,610,497**	**(57,852,889)**
Net increase/(decrease) in cash and cash equivalents		10,761,539	22,674,131
Cash and cash equivalents at 1 January	**18**	**26,269,288**	**3,595,157**
Cash and cash equivalents at 31 December	**18**	**37,030,827**	**26,269,288**

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

1 REPORTING ENTITIES AND GENERAL INFORMATION

1. A General information about the Company

These financial statements are the individual financial statements of AQUILA PART PROD COM S.A. („the Company" or „Aquila").

The Company headquarter and activities are the following:

Entitate	Sediu	Numar inregistrare Registrul Comertului Cod Unic de Inregistrare	Activitate
Aquila Part Prod Com S.A.	105A Malu Rosu Stret, Ploiesti, Prahova County, Romania	Trade Register no: J29/2790/1994 Unique registration code: 6484554	Wholesale of consumer goods, Rendering of logistic services, Internal and external transport of goods

Based on General Shareholders meeting from 8 June 2021, Aquila Part Prod Com SA increased the share capital with RON 16,975,040 through issue of 1,697,504 shares with a par value of RON 10. Issue of shares was performed against incorporation in full of the statutory share premium determined by the merger with Seca Distribution SRL. Additionally, the Company modified the par value of the shares from RON 10 to RON 0.15 through stock split, total number of shares issued by the Company after the stock split is 133,333,600.

In November 2021, Aquila Part Prod Com SA increased the share capital with RON 10,000,020 through issue of 66,666,800 shares with a par value of RON 0.15. The issued shares were used for the initial public offer where Aquila Part Prod Com SA received RON 355,157,710 (gross amount: RON 366,667,400, broker fee: RON 11,509,689).

As at 31 December 2021 the shareholders of the Company are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each holding 33.33 % in each company and a series other shareholders which hold a combined stake of 33.34%. The number of shares of the Company is as follows:

Shareholder	Number of shares	Par value (RON)	Statutory Share capital (RON)
Mr. Vasile Constantin Catalin	66,666,800	0.15	10,000,020
Mr. Dociu Alin Adrian	66,666,800	0.15	10,000,020
Other shareholders	66,666,800	0.15	10,000,020
Total	**200,000,400**		**30,000,060**

As at 31 December 2020 and 1 January 2020 the shareholders of the Company are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each holding 50% in each company. The number of shares of the Company is as follows:

Shareholder	Number of shares	Par value (RON)	Statutory Share capital (RON)
Mr. Vasile Constantin Catalin	151,250	10	1,512,500
Mr. Dociu Alin Adrian	151,250	10	1,512,500
Total	**302,500**		**3,025,000**

Aquila's subsidiaries are the following:

Entity	% shareholding as at 31 December 2021	% shareholding as at 31 December 2020	% shareholding as at 1 January 2020
Printex S.A.	95.75%	95.75%	95.75%
Agrirom S.R.L.*	-	100%	100%
Trigor S.R.L.	100%	-	-

*AGRIROM S.R.L. was absorbed through merger by AQUILA PART PROD COM S.A. starting with 1 January 2021.

1 REPORTING ENTITIES AND GENERAL INFORMATION (CONTINUED)

1. B Statement of compliance with IFRS

The Company's separate financial statements have been prepared in accordance with Order no. 2844/2016 for the approval of the accounting regulations compliant with the International Financial Reporting Standards as adopted by EUs as at 31 December 2021. The individual financial statements prepared for the year ended 31 December 2021 represent the first set of financial statements for which the Company applied IFRS.

The financial statements are prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" as these are the first annual financial statements in which the Company adopts IFRS.

Previously, the Company prepared individual statutory financial statements in accordance with the provisions of Order no. 1802/2014 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements ("RAS financial statements"). The major differences from the statutory individual financial statements prepared in accordance with Romanian legislation (Romanian Accounting Standards or "RAS"), so that they are aligned with IFRS standards, are:

• different methodology for calculating the impairment of debt exposures;

• application of the IFRS 16 Leasing standard with the related presentation requirements;

• recognition and measurement of deferred income tax;

• presentation of the necessary information in accordance with IFRS.

The accounting principles of these individual financial statements are presented in Note 2. The detailed differences between the RAS and IFRS financial statements are presented in note 35.

2 BASIS OF ACCOUNTING

The separate financial statements are prepared in accordance with the requirements of the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EUs.

The separate financial statements have been approved and authorized for issue by the Board of Directors on 22nd March 2022. The separate financial statements will be submitted for shareholders' approval in the meeting scheduled on 28th April 2022.

Details of the Company's accounting policies are included in Note 6.

Going concern basis of accounting

The separate financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations in the foreseeable future.

At December 31, 2021, the Company's financial position shows net current assets of RON 320 million, mainly as a result of short term deposits of RON 195 million related to IPO, the Company having no short-term loans. The Company continues to trade profitably and generate positive cash flows and management has assessed that the Company's is able to meet its obligations as they fall due.

Based on the facts described above, management has assessed that the going concern assumption adopted in the preparation of the separate financial statements to be appropriate.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These individual financial statements are presented in Romanian Lei (RON), which is the functional currency of the Company.

All financial information is presented in RON, except when otherwise indicated.

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these individual financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed periodically. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 6 (h) (iii) and 6 (i) (iii) – useful lives of property, plant and equipment and intangible assets;
- Notes 6 (m) (i) , 22, 29 (b) – measurement of ECL allowance for trade receivables, loans to related parties and long-term receivables from related parties;
- Notes 6 (q), 27 and 32 – recognition and measurement of provisions and contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources; and

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29 (a) – financial instruments

5 BASIS OF MEASUREMENT

The individual financial statements have been prepared on the cost basis.

6 SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies used in preparing these financial statements are listed below.

(a) Revenue from contracts with customers

In accordance with IFRS 15, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Company is expected to be entitled to receive in exchange of those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties (such as VAT, excise or other taxes related to sale).

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Revenue from contracts with customers (continued)

	Nature and satisfaction of contractual obligations	Revenue recognition policies
Sale of goods	The performance obligations are agreed based on purchase orders from the customers under framework contracts. Consequently, each additional good to be delivered based on purchase orders represent a distinct performance obligation. Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. The performance obligation is satisfied at that point in time. Invoices are issued when the goods are dispatched from Company's warehouses. Considering that the deliveries are made within the same country and using the Company's distribution network, there is no significant time passed between the dispatch time and delivery. Discounts are offered by the Company, which are included on the invoice issued. Payment terms vary from 15 to 90 days. Additionally volume-based discounts are offered by the Company for certain brands of goods, the volumes based on which the discounts are determined and the percentages applied are established in the contracts with customers. As a result, for the performance obligations performed, the Company is remunerated with a variable considerations which includes accruals for discounts to be granted. The Company estimates the discounts to be granted based on the historical pattern of volume of sales, sales volume forecast and contractual provision. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments..	Revenue is recognized when the goods are delivered and have been accepted by customers at their premises (at a point in time). The company recognizes revenues when the performance obligation is satisfied, which is the point at which control of the promised goods are transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods. For the majority of the Company's customer arrangements, control transfers to customers at a point-in-time when goods have been delivered, as that is generally when legal title, physical possession and risks and rewards of goods transfers to the customer. The timing of satisfaction of the performance obligation is not subject to significant judgment. Aquila generates revenue primarily from the distribution and sale of products to its customers. Substantially all revenue is recognized at the point in time in which the product is delivered to the customer. The company grants certain customers sales incentives, such as rebates or discounts, which are accounted for as variable consideration. The variable consideration is based on amounts known at the time the performance obligation is satisfied and, therefore, requires minimal judgment. Volume based discounts not granted to customers before year end are accrued for. Such volume discounts are measured as variable consideration and an estimate is included in the transaction price. Actual amounts are settled upon invoicing. After completion of Company's performance obligations, the company has an unconditional right to consideration as outlined in its contracts with customers. Aquila's customer receivables will generally be collected in less than 90 days in accordance with the underlying payment terms. Customer receivables, which are included in accounts receivable, less allowances in the consolidated balance sheet, are presented in the balance sheet line trade receivables. Aquila has no significant commissions paid that are directly attributable to obtaining a particular contract.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Revenue from contracts with customers (continued)

	Nature and satisfaction of contractual obligations	Revenue recognition policies
Logistic services: warehouse services, handling, packaging	The performance obligation is the performance of services related to goods of customers for which the Company ensures distribution. The performance obligation is satisfied as the Company performs the logistic services on a continuous basis. Invoices are issued monthly based on documents that attest the services performed by the Company during the respective month. Payment terms vary from 15 to 90 days. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments.	Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the performance of the Company as the services are performed. The services are recognized monthly once the service is performed
Transport services	The performance obligation is the transportation of the goods of customers from warehouses to retailers. Each shipment of goods ordered by the customer represents a performance obligation. The performance obligation is satisfied when the transportation is complete. Invoices are issued monthly based on the supporting documents or transports completed during the month. Payment terms vary from 15 to 90 days. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments.	Revenue is recognized at a point in time when the transportation is complete.

(b) Finance income and finance costs

The Company's finance income and finance costs mainly include:

- interest income;
- interest expense; and
- foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense are recognised using the effective interest method.

(c) (c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting dateNon-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Beneficiile angajatilor

(i) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Company, in the normal course of business, makes payments to the state-management pension schemes on behalf of its employees. All employees of the Company are members of the state pension plans.

The Company does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Company has no obligation to provide further benefits to current and former employees. The Company does not have any defined benefit plans.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that the future taxable profits will be available against which they can be used.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

Inventories consist mainly of goods for resale and consumables.

The cost of inventories is calculated using the first-in, first-out cost formula. The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Property, plant and equipment

(i) Recognistion and measurement

Property, plant and equipment are stated initially at cost, which includes purchase price and other costs directly attributable to acquisition and bringing the asset to the location and condition necessary for their intended use.

After initial recognition, all items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Category	**Useful lives (years)**
Buildings	20-40
Equipment	5
Office equipment	14

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

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly.

(h) Intangible assets and goodwill

(i) Recognistion and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Brands are recognised only on business combinations.

Brands and other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets and goodwill (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortization

Amortization is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

Brands are amortized over 5-6 years according the management assessment of the period over which they are expected to generate cash inflows. The estimated useful lives of software are 3-5 years.

Amortization methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

(i) Investment property

Investment property is initially measured at cost and subsequently at cost less any accumulated depreciation and any accumulated impairment losses.

The Comapny is using linear depreciation method, buildings within investment property are amortised over 20-40 years. Land is not depreciated.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(j) Financial instruments

(i) Recognistion and initial measurement

Trade receivables and loans are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, the Company classifies a financial asset as measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

At 31 December 2021, 31 December 2020 and 1 January 2020 the Company does not have any financial assets classified under this category.

Financial assets measured at amortized cost

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses via loss allowance account. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

At 31 December 2021, 31 December 2020 and 1 January 2020 the Company does not have any financial assets classified under this category.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss, all being classified at amortized cost.

Financial liabilities of the Company include bank borrowings, bank overdrafts and trade payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire based on the initial agreements concluded or based on restructuring agreements, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

When the Company exchanges with the existing counterparty one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial asset and the recognition of a new financial asset. Similarly, the Company accounts for substantial modification of terms of an existing asset or part of it as an extinguishment of the original financial asset and the recognition of a new financial asset. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset. If the modification is not substantial, the difference between: (1) the carrying amount of the financial asset before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within "Other gains and losses".

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Share capital

Actiuni ordinare

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. The Company recognizes changes in share capital in accordance with the applicable legislation and after approval of the General Meeting of Shareholders and registration according to the applicable legal obligations.

Until 31 December 2003 the economy of Romania was considered hyperinflationary. Consequently, share capital and legal reserves setup before 31 December 2003 were adjusted for the effects of hyperinflation until that date in accordance with IAS 29.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment

(i) Non-derivative financial assets

The Company recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience as allowed by the simplified approach in IFRS 9..

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Measurement of ECLs

IFRS 9 does not prescribe a single method to measure ECLs. The method used by the company to measure ECLs is based on a provision matrix considering historical loss rates. IFRS 9 allows entities to use practical expedients when estimating ECLs for trade receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Purchased or originated credit impaired financial assets („POCI" assets)

Purchase or Originated Credit Impaired financial assets (POCI) are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate (EIR). The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses. The Company recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of multiple scenarios, discounted by the credit-adjusted EIR.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and recognised as a liability to the extent it is unpaid at the reporting date. Dividends are disclosed in the notes to the financial statements when their distribution is proposed after the reporting date and before the date of the issuance of the financial statements

(n) Provisions

A provision is recognised if, as a result of a past event, the Comapny has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Contingent assets and liabilities

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b) a present obligation that arises from past events but is not recognized because:

   i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Company's financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is not recognized in the Company's financial statements but disclosed when an inflow of economic benefits is probable.

(p) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) As a lessee (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. The Company is using publicly available information to estimate the Incremental Borrowing Rate, the rate used for discounting the future cashflows. The Management considers most relevant the statistics information as published on the website of National Bank of Romania (BNR) in regard to medium to long term loans granted by Commercial Banks from Romania in the currency of the lease contracts. It is remeasured when there is a change in future lease payments arising from a change in a floating interest rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. As part of the remeasurement process, the Company revises the discount rate when the remeasurement is determined by a change of the lease term or a change in the assessment of an option to purchase the underlying asset or a change of lease payments due to changes in a floating interest rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (below RON 25,000 equivalent of EUR 5,000) and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

(q) Business combinations and legal mergers

Business combinations are accounted for using the acquisition method when control is transferred to the acquirer. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

In case of a legal merger following a business combination, where the parent is the surviving entity, the separate financial statements of the parent are a continuation of the Group consolidated financial statements. Hence, the values recognised in the consolidated financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the consolidated financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

The difference between the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger and the carrying amount of the investment in the merged subsidiary before the legal merger is recognised directly in equity, through retained earnings.

(r) Related parties

A related party is a person or entity that is related to the Company that is preparing its financial statements (referred to as "reporting entity"):

(a) A person or close member of that person's family is related to the reporting if that person:

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Related parties (continued)

(b) An entity is related to a reporting entity if any of the following conditions apply:

i) the entity and reporting entity are members of the same group (which means that each parent, subsidiary or fellow is related to the others);

ii) one entity is an associate or joint venture of the other entity (or associate or joint venture of a member of the group of the other entity is a member);

iii) both entities are joint ventures of the same third party;

iv) one entity is a joint venture of a third party and the other entity is an associate of the third party;

v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

vi) the entity is controlled or jointly controlled by a person identified in (a);

vii) a person identified in (a) i) has significant influence over the entity or is member of the key management personnel of the entity (or of a parent of the entity);

viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(s) Subsequent events

Events occurring after the reporting date, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the financial statements. When the going concern assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

(t) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes

(u) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 4).

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

6 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(v) IPO Costs

The costs of an IPO that involves both issuing new shares and a stock market listing are accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares are deducted from equity (net of any income tax benefit) in line with, IAS 32.37

- Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income

- Costs that relate to both share issuance and listing are allocated between those functions on a rational and consistent basis in line with IAS 32.38. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares represent an acceptable approach.

The Company has performed this analysis and has booked, in Equity, incremental costs directly attributable to issuing new shares, gross of tax, of RON 13,057,088. The current income tax associated to these costs amounts to RON 2,089,134. From a tax perspective, these costs are entirely deductible the year they are incurred.

7 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Company expects that the adoption of the financial reporting standards below, effective January 1, 2022 or later will not have a material impact on the Company's financial statements.

(i) Standards and Interpretations endorsed by the EU

- Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021 - effective for annual periods beginning on or after 1 April 2021.

- Amendment to IAS 16 Property, Plant and Equipment Property, Plant and Equipment – Proceeds before Intended Use - effective for annual periods beginning on or after 1 January 2022.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract - effective for annual periods beginning on or after 1 January 2022.

- Annual Improvements to IFRS Standards 2018-2020 (Amendment to IFRS 9 Financial Instruments and Amendment to Illustrative Examples accompanying IFRS 16 Leases) - effective for annual periods beginning on or after 1 January 2022

7 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

(ii) Standards and interpretations that have not yet been endorsed by the EU

- Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture - effective date deferred indefinitely.
- Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current - effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments - effective for annual periods beginning on or after 1 January 2023.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for annual periods beginning on or after 1 January 2023.

8 REVENUE

	2021	2020
Revenue	1,857,278,622	1,473,582,577
Other income		
Rental income	3,260,618	4,834,710
Total revenue	**1,860,539,240**	**1,478,417,287**

Disaggregation of revenue from contracts with customers

	2021	2020
Distribution of goods	1,723,950,511	1,335,324,508
Logistics services	73,900,083	78,031,609
Transport services	59,428,028	60,226,461
Total	**1,857,278,622**	**1,473,582,577**

Disaggregation of revenue per country

	2021	2020
Romania	1,721,333,234	1,366,537,457
Germany	44,877,983	32,544,379
Holland	38,333,443	2,414,438
Other	52,733,961	72,086,304
Total	**1,857,278,622**	**1,473,582,577**

8 REVENUE (CONTINUED)

Timing of revenue recognition

	2021	2020
Products and services transferred at a point in time	1,760,797,563	1,371,985,179
Services transferred over time	96,481,059	101,597,398
Total	**1,857,278,622**	**1,473,582,577**

The Company has applied the practical expedient from IFRS 15:121 since the contracts are concluded on one year basis.

9 OTHER INCOME

	2021	2020
Contractual penalties	215,227	7,000
Insurance compensations	2,478,246	3,463,309
Income from subsidies*	232,229	226,200
Net (loss)/gain on disposal of property, plant and equipment	722,147	(1,424,860)
Others*	1,010,427	896,305
Total	**4,658,276**	**3,167,954**

**Other income is mainly related to lower payments of disability fund contribution, due o the fact that the entity makes acquisitions form entities with employees with handicap.*
** Income from subsidies is resulted from the scrapping premium received as per the Car Park Renewal Stimulation Program.*

10 OTHER OPERATING EXPENSES

	2021	2020
Audit and consulting	1,384,463	1,268,504
Bank commissions and similar charges	2,698,948	2,309,157
Commissions and fees	2,594,119	1,704,297
Compensations, fines and penalties	337,485	387,190
Current asset disposal expenses	5,382,047	3,549,683
General consulting	7,501,871	4,803,547
Handling and storage services	776,264	681,242
Insurance premiums	6,320,962	6,318,025
IT services	1,354,061	1,527,020
Marketing and publicity	1,096,359	873,810
Merchandising	4,862,915	16,545,105
Other operating expenses	8,626,069	6,543,591
Postage and telecommunications	567,746	575,131
Rental	5,922,686	5,122,886
Road taxes	10,361,446	11,246,460
Sanitation services	276,118	232,676
Security	1,522,569	1,741,476
Services charges (warehousing rent contracts)	1,823,576	839,669
Sponsorships	2,391,152	2,414,000
Trainings and other staff expenses	789,129	212,801
Travel	3,279,936	3,301,501
Utilities	8,378,697	4,756,136
Total	**79,355,982**	**77,587,511**

11 NET FINANCE COSTS

	2021	2020
Interest income	1,364,802	4,048,463
Other finance income	44,761	2,434,276
Total finance income	**1,409,563**	**6,482,739**
Interest expense	(5,640,249)	(5,957,706)
Net foreign exchange losses	(3,483,648)	(5,147,359)
Other financial expenses	(347,799)	(603,678)
Total finance costs	**(9,471,696)**	**(11,708,743)**
Other gains and losses (Note 22)	**-**	**(5,671,400)**
Net finance costs	**(8,062,133)**	**(10,897,404)**

Interest income includes interest related to related parties loans receivables

12 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

Profit attributable to ordinary shareholders

	2021	2020
Profit attributable to ordinary shareholders	63,551,608	57,025,310
Profit attributable to ordinary shareholders	**63,551,608**	**57,025,310**

Weighted-average number of ordinary shares (in number of shares)

	2021	2020
Weighted-average number of ordinary shares at 31 December	138,874,167	133,333,600

Earnings per share	**2021**	**2020**
Basic and diluted earnings per share (RON)	0.46	0.43

13 EMPLOYEE BENEFITS

Employee benefits payables and accruals at year-end are as follows:

	2021	2020
Wages and salaries	17,044,158	14,709,654
Social security contributions	5,060,193	4,344,774
Tax on salaries	951,095	759,601
Total payables and accruals at year-end	**23,055,446**	**19,814,029**

In Romania, all employers and employees, as well as other persons, are contributors to the state social security systems. The social security system covers pensions, allocations for children, temporary inability to work, risks of works and professional diseases and other social assistance services, unemployment benefits and incentives for employers creating new workplaces.

Employee benefit expenses are as follows:

	2021	2020
Wages and salaries	157,617,607	131,373,434
Per diem	12,547,002	12,881,182
Social contributions and charges	7,515,690	6,483,777
Meal tickets	9,127,998	7,713,545
Total employees benefits for the year	**186,808,297**	**158,451,938**

Management remuneration is disclosed in Note 29.

14 INCOME TAXES

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. The Company considers that the accounting records for taxes due are adequate for all open tax years, based on assessment made by management taking into account various factors, including the interpretation of tax legislation and previous experience. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(i) Amounts recognised in profit or loss

	2021	2020
Current tax expense	9,708,997	8,466,250
Deferred tax expense/(income)	(874,956)	314,467
Total income tax expense	**8,834,041**	**8,780,717**

14 INCOME TAXES (CONTINUED)

(ii) Reconciliation of effective tax rate

	2021		2020	
Profit before tax		72,385,649		66,109,832
Tax using Company's domestic tax rate	16%	11,581,704	16%	10,577,573
Legal reserve	-1%	(586,312)	0%	(26,154)
Tax effect of non-deductible expenses	12%	8,902,068	3%	1,733,501
Tax-exempt income	-2%	(1,317,390)	-1%	(388,740)
Tax credit – sponsorship	-2%	(1,201,064)	-4%	(2,810,568)
Other fiscal adjustments*	-12%	(8,544,965)	0%	(304,896)
Income tax	**12%**	**8,834,041**	**13%**	**8,780,717**

Other fiscal adjustments* : relates to the fiscal impact of IFRS transition (unfavorable), recognition in equity of IPO costs (favorable) and IFRS 16 adjustments related to instalments for operating leasing contracts concluded before December 2020 (favorable)

(iii) Movement in deferred tax balances

			Balance at 31 December 2020		
2020	**Net balance at 1 January 2020**	**Recognised in profit or loss**	**Balance at 31 December 2020**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	1,318,377	45,353	1,363,730	1,406,246	(42,516)
Intangible assets		-	-		
Leases	104,216	(104,216)	-	-	
Impairment of trade receivables	1,501,747	(289,723)	1,212,023	1,212,023	
Employee benefits	894,663	(44,224)	850,439	850,439	
Revaluation reserves	(1,417,587)	78,343	(1,339,244)		(1,339,244)
Net tax assets / (liabilities)	**2,401,415**	**(314,467)**	**2,086,948**	**3,468,709**	**(1,381,760)**

				Balance at 31 December 2021		
2021	**Net balance at 1 January 2021**	**Recognised in profit or loss**	**Impact of merger**	**Balance at 31 December 2021**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	1,363,730	1,288,700	(1,317,885)	1,334,545	1,334,545	
Intangible assets	-	330,295	(330,295)	-		
Leases	-	(1,160,829)	1,160,829	-		
Impairment of trade receivables	1,212,023	83,866	450,891	1,746,781	1,746,781	
Employee benefits	850,439	276,156	77,652	1,204,247	1,204,247	
Revaluation reserves	(1,339,244)	56,768	(291,795)	(1,574,271)		(1,574,271)
Net tax assets / (liabilities)	**2,086,948**	**874,956**	**(250,603)**	**2,711,303**	**4,285,573**	**(1,574,271)**

15 INVENTORIES

	31 December 2021	31 December 2020	1 January 2020
Consumables	730,636	530,763	470,003
Goods for resale	127,632,063	97,049,479	95,100,202
Total inventories	**128,362,699**	**97,580,243**	**95,570,205**

Cost of inventories recognized as an expense in the statement of profit or loss in 2021 is RON 1,394,748,837 (2020: RON 1,071,786,887).

16 TRADE RECEIVABLES

	31 December 2021	31 December 2020	1 January 2020
Trade receivables from third parties, gross	214,252,740	204,168,639	173,465,971
Trade receivables from related parties, gross	5,842,129	3,419,081	3,271,931
Loss allowance	(10,917,380)	(8,831,254)	(9,402,793)
Total trade receivables, net	**209,177,489**	**198,756,466**	**167,335,109**

Short term trade receivables from related parties are presented in Note 29.

The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer segments:

	31 December 2021			
	Weighted average ELC Rate	**Gross value**	**Bad debt allowance**	**Net trade receivables**
Not overdue	1%	173,510,586	(1,742,916)	171,767,670
Past due 1-30 days	5%	33,426,499	(1,647,563)	31,778,936
Past due 31-60 days	28%	5,382,749	(1,506,669)	3,876,080
Past due 61-90 days	55%	2,256,037	(1,238,921)	1,017,116
Past due more than 90 days	87%	5,518,998	(4,781,312)	737,686
Total		**220,094,869**	**(10,917,380)**	**209,177,489**

16 TRADE RECEIVABLES (CONTINUED)

	31 December 2020			
	Weighted average ELC Rate	**Gross value**	**Bad debt allowance**	**Net trade receivables**
Not overdue	0.52%	151,353,817	(786,283)	150,567,535
Past due 1-30 days	3.58%	44,682,110	(1,600,953)	43,081,157
Past due 31-60 days	31.76%	5,171,371	(1,642,625)	3,528,746
Past due 61-90 days	57.04%	1,357,627	(774,359)	583,268
Past due more than 90 days	80.18%	5,022,794	(4,027,032)	995,762
Total		**207,587,720**	**(8,831,252)**	**198,756,468**

	1 January 2020			
	Weighted average ELC Rate	**Gross value**	**Bad debt allowance**	**Net trade receivables**
Not overdue	0.63%	132,723,766	(838,464)	131,885,302
Past due 1-30 days	3.24%	38,741,721	(1,255,992)	37,485,729
Past due 31-60 days	29.91%	2,219,834	(663,970)	1,555,864
Past due 61-90 days	53.01%	1,026,805	(544,356)	482,449
Past due more than 90 days	301.12%	2,025,776	(6,100,008)	(4,074,232)
Total		**176,737,902**	**(9,402,790)**	**167,335,111**

The movement in the loss allowance for trade receivables is as follows:

	2021	**2020**
Balance as at 1 January	**8,831,252**	**12,103,162**
Merger impact (Note 30.2)	5,123,166	
Impairment reversed	(4,321,241)	(1,213,342)
Amounts written off	(867,073)	(2,136,906)
Impairment recognized	2,151,275	78,340
Balance as 31 December	**10,917,380**	**8,831,254**

17 OTHER RECEIVABLES

	31 December 2021	**31 December 2020**	**1 January 2020**
Receivable from medical leaves	2,290,181	1,323,972	2,372,739
Advances to employees	272,924	268,493	266,034
Other receivables	1,369,537	809,618	730,132
Advances for inventories	25,402,201	13,860,097	10,761,460
Total	**29,334,843**	**16,262,180**	**14,130,365**

18 CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

18(a)

	31 December 2021	31 December 2020	1 January 2020
Bank current accounts	36,254,161	25,229,578	2,468,476
Cash in hand	56,191	120,125	132,133
Promissory notes and cheques in bank	720,475	919,585	994,548
Total cash and cash equivalents	**37,030,827**	**26,269,288**	**3,595,157**

18(b)

Short term investments

Balance presented of RON 195,000,000 relates to part of the amounts received from the IPO which were placed in short term deposits (6 month).

19 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment in 2021 and 2020 were as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross carrying amount					
Balance at 1 January 2020	**158,774,950**	**213,592,952**	**14,463,538**	**166,534**	**386,997,974**
Additions	1,541,396	4,772,517	153,559	588,971	7,056,442
Transfer from investment property (note 21)	(442,644)	-	-	-	(442,644)
Disposals	(2,530,099)	(31,149,845)	(345,240)	(393,372)	(34,418,557)
Balance at 31 December 2020	**157,343,603**	**187,215,624**	**14,271,856**	**362,132**	**359,193,215**
Acquisition through merger	22,600,559	15,137,894	418,320	-	38,156,773
Additions	5,756,586	14,689,597	232,068	1,905,974	22,584,225
Transfer Investment property	(10,218,795)				(10,218,795)
Disposals	(510,179)	(7,777,938)	(6,429)	(1,575,598)	(9,870,143)
Balance at 31 December 2021	**174,971,774**	**209,265,177**	**14,915,816**	**692,508**	**399,845,274**
Accumulated depreciation and impairment losses					
Balance at 1 January 2020	**62,142,968**	**156,910,235**	**7,267,573**	**-**	**226,320,776**
Depreciation	21,593,314	18,838,568	1,267,618	-	41,699,501
Accumulated depreciation of disposals	137,094	(30,220,146)	(345,241)	-	(30,428,292)
Balance at 31 December 2020	**83,873,377**	**145,528,657**	**8,189,950**	**-**	**237,591,984**
Acquisition through merger	2,726,812	7,329,244	207,838		10,263,894
Depreciation	25,100,039	20,490,054	1,231,502	-	46,821,594
Accumulated depreciation of disposals*	(894,069)	(2,238,406)	(1,831)	-	(3,134,306)
Balance at 31 December 2021	**110,806,159**	**171,109,549**	**9,627,459**	**-**	**291,543,167**
****Includes transfers to investment property***					
Net carrying amounts					
At 1 January 2020	**96,631,982**	**56,682,718**	**7,195,965**	**166,534**	**160,677,198**
At 31 December 2020	**73,470,226**	**41,686,967**	**6,081,906**	**362,132**	**121,601,231**
At 31 December 2021	**64,165,615**	**38,155,628**	**5,288,356**	**692,508**	**108,302,107**

19 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment includes right-of-use assets with a net carrying value of 31,552,896 RON at 31 December 2021 (31 December 2020: 34,779,020 RON) ; (1 January 2020 : 46,983,737 RON) related to leased equipment and 41,482,745 RON as at 31 December 2021 (31 December 2020: 52,338,005 RON and 1 January 2020 : 75,099,067 RON) related to leased properties that do not meet the definition of investment property (see Note 27).

20 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Brands	Other intangible assets	Total
Gross book value				
Balance at 1 January 2020	**-**	**-**	**160,750**	**160,750**
Additions	-	-	-	-
Acquisitions through business (Note 30)	-	-	-	-
Balance at 31 December 2020	**-**	**-**	**160,750**	**160,750**
Additions				
Acquisitions through merger (Note 30)	5,011,706	2,698,926	-	7,710,632
Disposals	-	-	-	
Balance at 31 December 2021	**5,011,706**	**2,698,926**	**160,750**	**7,871,382**
Accumulated amortization				
Balance at 1 January 2020	**-**	**-**	**160,750**	**160,750**
Amortization	-	-	-	-
Acquisition through business combination	-	-	-	-
Balance at 31 December 2020	**-**	**-**	**160,750**	**160,750**
Amortization	-	385,561	-	
Acquisition through merger	-	771,122	-	1,156,683
Balance at 31 December 2021		**1,156,683**	**160,750**	**1,317,433**
Net carrying amounts				
At 1 January 2020	-	-	**-**	**-**
At 31 December 2020	-	-	**-**	**-**
At 31 December 2021	**5,011,706**	**1,542,243**	**-**	**6,553,949**

Following the merger of AGRIROM SRL by AQUILA PART PROD COM SA, the Company mainly recognised goodwill of RON 5,011,706 and brands of RON 2,698,926 (Agrirom's brands for food products: Gradena, Yachtis, LaMasa and Frisco).

As at 31 December 2021, the Company performed an impairment analysis for the goodwill, which allocated to the CGU formed by the distribution and trade with food, beverages and tobacco performed by AGRIROM SRL. The WACC used is of 11,4%, growth rate of 2.5%. Even with 1% change in these there is no impairment

Based on the analysis, the goodwill is not impaired as at 31 December 2021

20 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The recoverable amount of the goodwill is determined based on a value in use calculation for uses cash flow projections based on financial budgets covering a five-year period and a pre-tax discount rate of 11.4% per cent per annum.

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for current decreasing trend in refrigerated product sales in the next 2 years followed by a slower increasing trend with an average of 5%.

Operating profits

Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of current trends of reduction followed by a slower increase trend in coming years.

Cash conversion

Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 2.5% per cent per annum growth rate.

Changes by 1% of the assumptions used such as WACC, growth in perpetuity does not lead to impairment.

Brands have been recognised at fair value at the acquisition date of Agrirom.

21 INVESTMENT PROPERTY

(a) Reconciliation of carrying amounts

	2021	2020
Gross book value		
Balance at la 1 January	**2,561,096**	**3,003,740**
Business combination (Note 30)	8,086,605	-
Acquisitions		
Transfer investment property	1,459,187	-
Disposals	-	(442,644)
Balance at 31 December	**12,106,888**	**2,561,096**
Accumulated depreciation and impairment		
Balance at 1 January	**182,791**	**137,093**
Depreciation charge	735,520	45,698
Disposals	-	-
Balance at 31 December	**918,310**	**182,791**
Carrying amount		
Balance at 1 January	**2,378,305**	**2,866,647**
Balance at 31 December	**11,188,577**	**2,378,305**

Investment property comprises of land and buildings of AQUILA PART PROD COM SA which are rented to third parties.

The company performed internal valuation and determined that value were not significantly chaged in 2020 and 2021

21 INVESTMENT PROPERTY (CONTINUED)

(b) Amounts recognised in profit or loss

	2021	2020
Income-generating property	3,260,618	4,834,710

22 LOANS TO RELATED PARTIES AND LONG-TERM RECEIVABLES FROM RELATED PARTIES

The Company has loans to related parties and long term receivables from receivables which are considered purchased or originated credit-impairment financial assets ("POCI").

(a) Loans to related parties

	31 December 2021	31 December 2020	1 January 2020
Novadex	15,121,550	18,188,213	20,155,231
Aquila Agricola	7,157,250	7,429,495	5,694,046
Aquila Construct	-	2,261,663	2,367,163
Best Coffee Solutions	3,503,183	3,831,590	3,399,428
Nordexim	32,774,621	33,923,738	
Aquila Trade Solutions	239,481	239,481	239,481
Total	**58,796,085**	**65,874,180**	**31,855,349**
Short-term portion	6.672.011	7.618.002	2.367.163
Long-term portion	52.124.075	58.256.178	29.488.186

(i) Novadex – contract with Novadex was concluded in 2007 for an original amount of RON 2,500,000 and an original maturity of 2 years. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 25,000,000.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2028. As per addendum the loan the loan has been converted in EUR and is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

(ii) Aquila Agricola – contract with Aquila Agricola was concluded in 2007 for an original amount of RON 150,000 and original maturity of 31 December 2008. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 15,000,000.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2030. As per addendum the loan has been converted in EUR is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

(iii) Aquila Construct – contract was concluded in 2013 for an original amount of RON 1,000,000 and original maturity of 30 September 2013. Subsequently the contract's maturity was extended annually with another 12 monthsn until 31 December 2020. Also the loan limit amount was increased multiple times up to the current limit of RON 15,000,000. The loan is not secured.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

22 LOANS TO RELATED PARTIES AND LONG TERM RECEIVABLES FROM RELATED PARTIES (continued)

(a) Loans to related parties (continued)

(iv) Best Coffee Solutions - the contract with Best Coffee Solutions was concluded in 2016 for an original amount of RON 1,000,000 and original maturity of 30 June 2013. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 7,000,000 RON.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2030. As per addendum the loan has been converted in EUR is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

The loans to related parties are classified as POCI financial assets, as a result the Company measures the loss allowance for loans receivables at an amount equal to lifetime ECL. The expected credit losses on loans to related parties are determined based on the expected cash inflow to be obtained from each debtor until the end of 2030, based on the projected future cash flows of the debtors. The future cashflow projections have incorporated judgement and estimates considering historical performances of the related parties as well as expected reasonable future changes based on the information available as at the date of the preparation of these financial statements.

On initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate.

If a financial asset is purchased or originated credit-impaired then at the reporting date only the cumulative changes in lifetime expected credit losses since initial recognition are recognised as a loss allowance.

(b) ***Long term trade receivables from related parties***

The Company has long term trade receivables from Nordexim, representing mainly sales of coffee vending machines made prior to 1 January 2017.

	Carrying amount (amortised cost)
Balance as at 1 January 2020	33,911,007
Balance as at 31 December 2020	-
Balance as at 31 December 2021	-

The Company classified the receivables from Nordexim as non-current based on the Company's expectation that the financial assets will be realised within a period longer than 12 months.

On 31 December 2020, the Company converted the trade receivables into a loan with a maturity of 10 years, until 31 December 2030, repayable in quarterly tranches, with an interest of 1.8 pa and it is not guaranteed. The loan is denominated in EUR.

Long term receivables from related parties are classified as POCI financial assets, as a result the Company measures the loss allowance at an amount equal to lifetime ECL. The expected credit losses on Long term receivables from related parties are determined based on the expected cash inflow to be obtained from debtors until the end of 2030, based on the projected future cash flows of the debtor.

23 CAPITAL AND RESERVES

(a) Share capital

As of 31 December 2021 the share capital is RON 30,589,788 (31 December 31 2020: RON 3,614,728, 1 January 2020: RON 3,614,728), includes the effect of restatement required by the application of IAS 29 Financial Reporting in Hyperinflationary Economies until 31 December 2003. The reconciliation of share capital is as follows:

Share capital (nominal value)	3,025,000
Restatement adjustment in accordance with IAS 29	589,728
Restated share capital balance as at 1 January 2020	**3,614,728**
Share capital (nominal value)	3,025,000
Restatement adjustment in accordance with IAS 29	589,728
Restated share capital balance as at 31 December 2020	**3,614,728**
Share capital (nominal value)	30,000,060
Restatement adjustment in accordance with IAS 29	589,728
Restated share capital balance as at 31 December 2021	**30,589,788**

The number of shares of the Company was as follows:

	Ordinary shares	
Number of shares	**2021**	**2020**
In issue at 1 January	**302,500**	**302,500**
Share issuance at RON 10	1,697,504	-
Share split RON 10 to RON 0.15	131,333,596	-
Share issuance at RON 0.15	66,666,800	-
In issue at 31 December – fully paid	**200,000,400**	**302,500**

The par value of the shares is 0.15 RON as at 31 December 2021 and 10 RON as at 31 December 2020.

New shares issued in 2021 were presented in Note 1.

All ordinary shares rank equally with regard to the above companies' residual assets.

Holders of ordinary shares are entitled to dividends as declared from time to time, distributed from the statutory profits and are entitled to one vote per share at general meetings of the above companies.

The above companies recognize changes in share capital only after their approval in the General Shareholders Meeting and their registration by the Trade Register.

(b) Legal reserves

Legal reserves are set up as 5% of the gross profit for the year as per statutory individual financial statements of the Romanian companies, until the total legal reserves reach 20% of the paid-up nominal share capital of each company, according to the legislation. These reserves are deductible for income tax purposes and are not distributable.

Legal reserves were restated according to IAS 29 Financial Reporting in Hyperinflationary Economies until 31 December 2003 (the adjustment for the effect of hyperinflation amounts to RON 110,255 RON as at 31 December 2021, 31 December 2020, 1 January 2020).

23 CAPITAL AND RESERVES (CONTINUED)

(c) Own Shares

The balance of RON 991,972 relates to 180,000 own purchased shares.

(d) Dividends

The Company companies may distribute dividends from statutory earnings only, as per separate financial statements prepared in accordance with statutory accounting regulations.

The dividends declared by the Company were as follows:

	Distribution of dividends	
	2021	**2020**
To the owners of the Company	21,395,289	13,981,560
Total	**21,395,289**	**13,981,560**
Weighted-average number of ordinary shares (in no. of shares)		
Weighted-average number of ordinary shares at 31 December	**138,874,167**	**133,333,600**
Dividend per share	**0.15**	**0.10**

Out of the dividends declared by the Company, the dividends paid were 21,395,289 RON in 2021 and 13,982,760 RON in 2020. In the period January to August 2021, the shareholders of the Company approved the distribution of dividends of RON 21,395,289 in the following : January (RON 3,076,738), March (RON 3,252,632) and August (RON 15,065,919) before the IPO.

(e) Capital management

The Company manages its capital such as to make sure that the Company entities will be able to continue as a going concern and to maximize the profits for the shareholders, by optimization of the balances of liabilities and equity.

The structure of the Company's capital comprises liabilities, which include borrowings, cash and cash equivalents, and equity attributable to the owners of the Company. Equity comprises share capital, reserves and retained earnings.

The Company's capital risk management includes a regular review of the equity structure. As part of this review, management considers the cost of equity and the risk associated to each class of equity. The Company balances its general structure of capital by the payment of dividends, by issuance of new shares, as well as by contracting new liabilities or extinguishing the existent ones.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

In RON	**31 December 2021**	**31 December 2020**	**1 January 2020**
Borrowings and lease liabilities	71,304,160	204,596,761	233,767,139
Less: Cash and bank balances	(37,030,827)	(26,269,288)	(3,595,157)
Net debt	**34,273,333**	**178,327,473**	**230,171,982**
Total equity	**492,673,357**	**94,737,423**	**52,228,735**
Gearing ratio	0.07	1.88	4.41

24 TRADE PAYABLES

	31 December 2021	31 December 2020	1 January 2020
Trade payables to third parties	197,283,234	207,684,908	210,257,460
Trade payables to related parties	390,493	10,023	29,487
Refund liabilities	23,196,455	15,380,166	7,890,145
Total	**220,870,182**	**223,075,097**	**218,177,092**
Current	219,181,346	219,796,783	212,629,988
Non-current	1,688,836	3,278,314	5,547,104

Trade payables to related parties are presented in Note 29.

Refund liabilities are recognized for volume discounts accrued as at year end to be granted to customers. Such volume discounts are invoiced to customers in the following financial period.

Non-current trade payables as at 31 December 2021, 31 December 2020 and 1 January 2020 represent payables to Felix Development S.R.L. for the acquisition by AQUILA PART PROD COM SA of warehouse localised in Ploiesti. The contract was concluded in 27 March 2017, transaction price being EUR 3 million (RON 14.5 million) and is payable in equal monthly instalments until April 2023.

25 OTHER PAYABLES

	31 December 2021	31 December 2020	1 January 2020
VAT payable	5,628,624	2,794,263	5,254,928
Sundry creditors	1,369,778	391,193	162,998
Other payables to related parties	-	-	614,777
Other payables	3,091,974	5,032,025	194,874
Total	**10,090,376**	**8,217,481**	**6,227,577**

Other payables to related parties are presented in Note 29.

26 LOANS AND BORROWINGS

(a) Long- term bank borrowings

	2021	2020
Balance as at 1 January	**6,863,198**	**9,113,690**
Reimbursements	(2,461,455)	(2,387,782)
Foreign exchange impact	110,923	137,290
Balance as at 31 December	**4,512,666**	**6,863,198**
Current portion	2,461,455	2,422,305
Long term portion	2,051,211	4,440,893

26 LOANS AND BORROWINGS (CONTINUED)

(a) Long- term bank borrowings (continued)

In February 2019, AQUILA PART PROD COM SA contracted a long-term loan of EUR 2,280,000 with Raiffeisen Bank to finance the acquisition of AGRIROM SRL. The loan is re-payable in 55 equal monthly instalments until 31 October 2023. The interest rate is 1M EURIBOR + 2.75%. The balance of the loan as at 31 December 2021 is EUR 911,999 ; 31 December 2020 is EUR 1,409,455, of which EUR 497,455 due within 1 year.

The loan is guaranteed with AQUILA PART PROD COM SA's bank accounts with Raiffeisen Bank

In December 2021 AQUILA PART PROD COM SA contracted a long-term loan of EUR 5,000,000 with BERD to finance various projects (Software – 28%, Equipment – 36%, Marketing Spending – 13% and working Capital - 23%). As at 31 December 2021 no amount was drawn from this loan.

The loan is guaranteed with 5% from the value of shares of the founding members.

(b) Short- term bank borrowings

Entity	Lender	Maturity	31 December 2021	31 December 2020	1 January 2020
	Unicredit Bank	August 2021/20/19/18/17	-	64,922,088	87,879,524
AQUILA PART	EximBank	August 2021/20/19/18/17	-	14,976,669	9,366,724
PROD COM SA	Raiffeisen Bank	June 2021/20/19/18/17	-	60,853,989	47,700,000
Total			-	**140,752,746**	**144,946,248**

As of December 31, 2021, the Company has short-term credit facilities but the balance is nill; as of December 31, 2020 and January 1, 2020, the situation of short-term credit facilities is as follows:

AQUILA PART PROD COM SA

i. Unicredit Bank: multicurrency (RON, EUR) credit line contracted in 2015 together with SECA DISTRIBUTION SRL, with a limit of EUR 24,200,000. The credit includes 2 facilities:

- Facility A with a limit of EUR 13,350,000 for general expenses, and issuance of bank letters of guarantee and letters of credit. This facility is valid until 31 May 2022. The interest rate is ON EURIBOR + 2.25% for EUR and ON ROBOR + 2% for RON. The amount used from this facility as at 31 December 2021 is 0 (31 December 2020 EUR 13,332,667; 1 January 2020: EUR 11,553,877).

- Facility B (non-cash) with a limit of EUR 10,850,000 for issuance of bank letters of guarantee. This facility is valid until 31 May 2022. The amount used from this facility as at 31 December 2021 is EUR 10,163,439 ; 31 December 2020 is EUR 10,716,359; 1 January 2020 is EUR 10,378,699.

The credit is guaranteed by AQUILA PART PROD COM SA with trade receivables from certain customers, bank accounts with Unicredit Bank, vehicles, and certain goods for resale. The credit is also guaranteed by Novadex, a related party, the shareholders and other related individuals. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

ii. EximBank: multi-currency (RON, EUR) credit facility contracted in 2014 including a revolving credit line and a facility for issuance of bank letters of guarantee, with a limit of EUR 3,080,000. The interest rate is 1M EURIBOR + 2.25% for EUR and 1M ROBOR + 1.5% for RON. The facility is valid until 3 August 2022. The credit balance as at 1 January 2020 is EUR 1,960,000. Amount used as at December 31 2020 is of EUR 3,075,670 and at 31 December 2021 : EUR 0.

The loan is guaranteed by AQUILA PART PROD COM SA with the bank accounts with EximBank, certain goods for resale, and trade receivables from certain customers.

The loan is also guaranteed by the shareholders, and by a state counter guarantee of EUR 1,078,000. The carrying amount of assets pledged as collateral is presented in Note 26.

Facility B (non-cash) with a limit of EUR 8,000,000 for issuance of bank letters of guarantee. This facility is valid until 14 July 2023. The amount used from this facility as at 31 December 2021 is EUR 6,454,319 ; 31 December 2020 is EUR 7,061,005; 1 January 2020 is EUR 6,220,000.

26 LOANS AND BORROWINGS (CONTINUED)

(b) Short- term bank borrowings (continued)

iii. Raiffeisen Bank: overdraft facility with a limit of EUR 13,500,000 contracted in 2005. The interest rate is O/N EONIA + 2.25% for EUR and O/N ROBOR + 1.5% for RON. The facility is valid until 30 June 2022. The amount used as at 1 January 2020 is EUR 9.980.541 (as at December 31, 2020 is EUR 12,497,225 and as at December 31, 2021 is EUR 0).

The contract provides for financial covenants to be met by AQUILA PART PROD COM SA: equity ratio (equity to total assets) higher than 20%, computed based on the statutory stand-alone financial statements of AQUILA PART PROD COM SA.

The loan is guaranteed by AQUILA PART PROD COM SA with bank accounts with Raiffeisen Bank, goods for resale, trade receivables from certain customers, and certain land and buildings. The loan is also guaranteed by, PRINTEX SA, a subsidiary of Aquila, Novadex, Nordexim and Aquila Agricola, related parties, and the shareholders. The carrying amount of assets pledged as collateral is presented in Note 26 (c).AQUILA PART PROD COM SA have a non-cash credit facility for issuance of bank letters of guarantee contracted with Raiffeisen Bank in 2014, with a limit of EUR 4,500,000 valid until 30 June 2023. The facility was fully used by AQUILA PART PROD COM SA.

Banca Transilvania: credit line contracted in 2018 to finance working capital, in amount of EUR 4,000,000. The interest rate is 1M EURIBOR + 2.45%. The credit is valid until 28 September 2022. The loan balance as at 31 December 2021 is EUR 0 ; 31 December 2020 is EUR 3,897,006 (1 January 2020: 3,894,782).

The loan is guaranteed with inventories, trade receivables from certain customers, and existing and future cash collections and bank accounts with Banca Transilvania, and by AQUILA PART PROD COM SA with existing and future cash collections and bank accounts with Banca Transilvania. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

(c) Guarantees and pledges

In relation to the borrowings presented above, the Company entities have the following pledges on assets made in favour of the banks for loans and letters of guarantees bank facility as part of the reements with the banks:

	31 December 2021	**31 December 2020**	**1 January 2020**
Property, plant and equipment and investment property	6.891.436	7.010.226	21.420.057
Inventories	85.848.799	87.251.156	88.803.864
Trade receivables	146.212.328	143.325.015	112.221.183
Cash and cash equivalent	36.254.161	25.229.578	2.180.401

26 LOANS AND BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Equity
	Long-term borrowings	Short-term borrowings	Leases	Retained earnings
Balance at 1 January 2020	**9,113,690**	**144,946,252**	**79,707,197**	**27,160,447**
Changes from financing cash flows	-	-	-	-
Repayment of borrowings	(2,387,782)	(4,193,506)	-	-
Payment of lease liabilities	-	-	(20,886,536)	-
Total changes from financing cash flows	**(2,387,782)**	**(4,193,506)**	**(20,886,536)**	**-**
The effect of changes in foreign exchange rates	**137,290**	**-**	**-**	**-**
Other changes				
Liability-related				
New leases	-	-	690,255	-
Interest expense	1,377,657	1,946,843	2,633,205	-
Interest paid	(1,377,657)	(1,946,843)	(2,633,205)	-
Lease modifications	-	-	(2,530,099)	-
Dividends paid	-	-	-	(13,981,560)
Total liability-related other changes	**-**	**-**	**-**	**56,326,788**
Balance as at 31 December 2020	**6,863,198**	**140,752,746**	**56,980,817**	**69,505,675**

		Liabilities			Equity
	Note	Long-term borrowings	Short-term borrowings	Leases	Retained earnings
Balance at 1 January 2021		**6,863,198**	**140,752,746**	**56,980,817**	**69,505,675**
Repayment of borrowings		(2,461,455)	(140,752,746)	-	-
Payment of lease liabilities		-	-	(5,878,020)	-
Total changes from financing cash flows		**(2,461,455)**	**(140,752,746)**	**(5,878,020)**	**-**
The effect of changes in foreign exchange rates		**110,923**	**-**	**-**	**-**
Other changes					
Liability-related					-
New leases	**27**	-	-	12,373,670	-
Interest expense		1,195,285	2,237,739	2,207,226	-
Interest paid	**11**	(1,195,285)	(2,237,739)	(2,207,226)	-
ease modifications		-	-	3,315,027	-
Dividends paid	**23**	-	-	-	(21,395,289)
Total liability-related other changes		**-**	**-**	**-**	**60,892,818**
Balance at 31 December 2021		**4,512,666**	**-**	**66,791,494**	**109,003,204**

27 LEASES

(a) Leases as lessee

On assessing the application of IFRS 16 Leases, the Company considered the following criteria to determine whether the arrangements contain any leases:

a) The lessee has the right to obtain substantially all of the economic benefits from using the asset throughout the period of use; and

b) The lessee has the right to direct the use of the identified asset throughout the period of use.

The Company leases warehouse and office space. The leases typically run for a period of 5 to 10 years. Additionally, the Company leases transport vehicles. The leases typically run for a period of 5 years. Majority of these leases transfer the ownership of the underlying asset at the end of the lease term.

In case of leases without transfer of ownership of underlying asset at the end of the lease term, only part of these leases include renewal options, which may be applied if the Company announces the lessor with at more than 12 months in advance of the original lease term. The renewal and the extension of the term has to be agreed by both parties through signing an addendum to the contract. Considering that both the renewal and the additional lease term has to be approved also by the lessor, the Company did not consider any renewal option when determining the lease term.

The Company determined the incremental borrowing rate based on the interest rate applied by the financial institution to similar entities for loans with the same characteristics as the lease contracts (in terms of currency and term).

The Company does not include in the lease payments costs incurred in connection with the lease that are not part of the cost of the right-of-use asset (such as maintenance or insurance).

Information about leases for which the Company is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

2021	**Land and buildings**	**Equipment (Transport vehicles)**	**Total**
Balance at 1 January	**52,338,005**	**34,779,020**	**87,117,025**
Depreciation charge for the year	(23,608,988)	(15,185,207)	(38,794,196)
Merger impact	6,997,633	2,026,482	9,024,115
Additions to right-of-use assets	2,984,093	9,389,577	12,373,670
Change of right-of-use assets	2,772,003	543,024	3,315,027
Balance at 31 December	**41,482,745**	**31,552,896**	**73,035,641**

2020	**Land and buildings**	**Equipment (Transport vehicles)**	**Total**
Balance at 1 January	**75,099,067**	**49,602,687**	**124,701,754**
Depreciation charge for the year	(20,921,218)	(14,823,668)	(35,744,886)
Additions to right-of-use assets	690,255	-	690,255
Change of right-of-use assets	(2,530,099)	-	(2,530,099)
Balance at 31 December	**52,338,005**	**34,779,020**	**87,117,024**

27 LEASES (CONTINUED)

(ii) Amounts recognised in profit or loss

	2021	2020
Interest on lease liabilities	2,207,226	2,699,504
Expenses related to variable lease payments, short term lease and low value lease*	5,922,686	5,122,886

Low value leases in amount of RON 698,757, short term lease in amount of RON 939,383 and not in scope (variable & service charge) in amount of RON 4,284,546.

(iii) Amounts recognised in statement of cash flows

	2021	2020
Total cash outflows for leases	(41,943,772)	(37,290,045)

(b) Leases as lessor

The Company leases out its investment property consisting of its owned properties. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The Company ensures via contractual clauses that property rights are retained by the lessor and lessees are required to returned the assets leased in the same condition as when taken under lease.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	31 December 2021
Less than one year	410,956
One to two years	392,830
Two to three years	331,912
Three to four years	247,452
Four to five years	247,452
More than five years	247,452
Total	**1,878,054**

For the previous reporting periods the Company did not have investment property leased as a lessor

28 INVESTMENTS IN SUBSIDIARIES

	31-Dec 2021	31-Dec 2020	1-Jan 2020
Investment in Printex	3,523,057	3,523,057	3,523,057
Investment in Agrirom*	-	13,554,315	13,554,315
Investment in Trigor	22,400,000	-	-
Investments in subsidiaries	**25,923,057**	**17,077,372**	**17,077,372**

The investments in subsidiares are represented by the Company's investments in Printex S.R.L, Agrirom and Trigor AVD S.R.L. In 2021 Agrirom merged with Aquila (see note 30.2). At 19 May 2021 the Company obtained control over Trigor AVD S.R.L. while Printex was the Company subsidiary since transition.

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

(a) Accounting classifications and fair values

For the purchased or originated credit-impaired financial assets, loans to related parties and long term trade receivables from related parties, the net carrying amount of the financial assets represents an approximation of fair value. For the bank borrowings, the incremental costs are not material, interest is based on variable interest rates and carrying amount approximates fair value.

(b) Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, long term trade receivables from related parties and loans granted to related parties and.

The carrying amounts of financial assets represent the maximum credit exposure

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have an overdue of more than 30 days past due.	Provision Matrix
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Provision Matrix
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Provision Matrix
POCI	Purchased or originated credit impaired financial assets	Lifetime ECL
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

As at 31 December 2021, 2020 and 1 January 2020 there are no significant movements between stages as of end of reporting dates.

The tables below detail the credit quality of Company's financial assets, as well as the Company's maximum exposure to credit risk:

31 December 2021	Note	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Loans to related parties	22	Lifetime ECL (credit impaired))	58,796,085		58,796,085
Trade receivables	16	Lifetime ECL (simplified model)	220,094,869	(10,917,380)	209,177,489
			278,890,954	**(10,917,380)**	**267,973,574**

31 December 2020	Note	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Loans to related parties	22	Lifetime ECL (credit impaired))	65,874,180	-	65,874,180
Trade receivables	16	Lifetime ECL (simplified model)	207,587,720	(8,831,252)	198,756,468
			273,461,900	**(8,831,252)**	**264,630,648**

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

1 January 2020	Note	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Loans to related parties	22	Lifetime ECL (credit impaired))	31,855,349	-	31,855,349
Long term trade receivables from related parties	22	Lifetime ECL (credit impaired))	50,790,586	(16,879,579)	33,911,007
Trade receivables	16	Lifetime ECL (simplified model)	176,737,902	(9,402,790)	167,335,112
			259,383,837	**(26,282,369)**	**233,101,468**

A. For loans to related parties and long term trade receivables from related parties, which are classified as POCI financial assets, the Company has determined the loss allowance based on the expected cash inflow to be obtained from each debtor until the end of 2030, based on the projected future cash flows of the debtors. Note 22 includes further details on the loss allowance for these assets.

The loans contracts were concluded during 2007 – 2013, initially with a maturity of 12 months.

Subsequently, the loans were prolonged annually for another 12 months. On 31 December 2020, the Company concluded an addendum with each debtor for restructuring of the loans – modifying the maturity to 31 December 2030.

In case of loans, the Company recognizes the receivables together with unamortised balance of day 1 loss, the Company charged a day 1 loss at initial recognition of the receivable.

B. Note 16 includes further details on the loss allowance for these assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains credit facilities for financing of the operating expenses (please see Note 25).

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
Financial liabilities	**Carrying amount**	**Total**	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
31 December 2021						
Long-term bank borrowings	4,512,666	4,512,666	2,461,455	2,051,211		
Short-term bank borrowings	-	-	-	-	-	-
Lease liabilities	66,791,494	66,791,494	35,982,195	17,001,897	10,904,489	2,902,913
Trade payables	220,870,182	220,870,182	219,181,346	1,660,038	28,798	
Total	**292,174,342**	**292,174,342**	**257,624,996**	**20,713,146**	**10,933,286**	**2,902,912**
31 December 2020						
Long-term bank borrowings	6,863,198	6,863,199	2,422,305	2,422,305	2,018,588	
Short-term bank borrowings	140,752,746	140,752,746	140,752,746	-	-	-
Lease liabilities	56,980,817	100,574,836	43,192,291	31,597,073	22,286,575	3,498,898
Trade payables	223,075,097	223,075,097	219,796,783	2,249,330	1,028,984	-
Total	**427,671,858**	**471,265,878**	**406,164,125**	**36,268,708**	**25,334,147**	**3,498,898**
1 January 2020						
Long-term bank borrowings	9,113,690	9,604,502	2,598,145	2,532,764	4,473,593	-
Short-term bank borrowings	144,946,252	144,946,252	144,946,252	-	-	-
Lease liabilities	79,707,197	152,595,017	47,106,095	41,437,707	57,216,598	6,834,618
Trade payables	218,177,094	218,177,094	212,629,990	2,259,060	3,288,044	-
Total	**451,944,233**	**525,322,865**	**407,280,482**	**46,229,531**	**64,978,234**	**6,834,618**

Liquidity risk ratios

	31 December 2021	**31 December 2020**	**1 January 2020**
Current assets	612,999,080	352,203,694	287,238,932
Current liabilities	292,774,756	428,688,875	426,589,888
Current ratio	**2.09**	**0.82**	**0.67**
Cash and cash equivalents	37,030,827	26,269,288	3,595,157
Trade receivables	209,177,489	198,756,466	167,335,109
Current liabilities	292,774,756	428,688,875	426,589,888
Quick ratio	**0.84**	**0.52**	**0.40**

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company companies. The functional currency of all Company entities is the Romanian Leu (RON).

The currency in which these transactions are primarily denominated is the functional currency. Certain liabilities are denominated in foreign currency (EUR). The Company also has deposits and bank accounts denominated in foreign currency (EUR and USD). The Company 's policy is to use the local currency in its transactions as far as practically possible. The Company does not use derivative or hedging instruments.

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

Amounts in RON	RON	EUR	USD	GBP	PLN	CHF	MDL	Total
31 December 2021								
Cash and cash equivalents	20,888,985	16,125,920	4,745	10,217	960			37,030,827
Trade receivables	200,738,307	8,429,714		9,468				209,177,489
Loans to related parties	-	58,796,086						58,796,086
Long-term bank borrowings	-	(4,512,666)						(4,512,666)
Lease liability	(89,646)	(66,701,848)						(66,791,494)
Short-term bank borrowings	-	-	-	-	-	-		-
Trade payables	(157,428,437)	(61,351,715)	(1,237,933)		(830,549)	(21,548)		(220,870,182)
Net statement of financial position exposure	**64,109,209**	**(49,214,509)**	**(1,233,188)**	**19,685**	**(829,589)**	**(21,548)**		**12,830,060**

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Amounts in RON	RON	EUR	USD	GBP	PLN	CHF	MDL	Total
31 December 2020								
Cash and cash equivalents	21,929,552	3,494,039	653,862	232	-	-	191,603	26,269,288
Trade receivables	177,418,616	11,377,295	65,075	7,966	-	-	9,887,514	198,756,466
Loans to related parties	65,874,180	-	-	-	-	-	-	65,874,180
Long-term bank borrowings	-	(6,863,198)	-	-	-	-	-	(6,863,198)
Lease liability	-	(56,980,817)	-	-	-	-	-	(56,980,817)
Short-term bank borrowings	-	(140,752,746)	-	-	-		-	(140,752,746)
Trade payables	(82,862,310)	(59,521,339)	(1,960,072)	-	(488,971)	-	(360,947)	(145,193,639)
Net statement of financial position exposure	**182,360,038**	**(249,246,766)**	**(1,241,135)**	**8,198**	**(488,971)**	**-**	**9,718,170**	**(58,890,466)**
1 January 2020								
Cash and cash equivalents	208,623	3,315,505	25,816	45,213	-	-		3,595,157
Trade receivables	135,623,507	18,578,791	146,504	-	-	-	12,986,306	167,335,109
Loans to related parties	31,855,349	-	-	-	-	-	-	31,855,349
Long-term bank borrowings	-	(9,113,690)	-	-	-	-	-	(9,113,690)
Lease liability		(79,707,197)	-	-	-	-	-	(79,707,197)
Short-term bank borrowings	-	(144,946,252)	-	-	-	-	-	(144,946,252)
Trade payables	(152,989,699)	(62,053,037)	(2,270,803)	-	-	(18,347)	(845,208)	(218,177,094)
Net statement of financial position exposure	**14,697,780**	**(273,925,880)**	**(2,098,484)**	**45,213**	**-**	**(18,347)**	**12,141,099**	**(249,158,618)**

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Currency risk (continued)

The following significant exchange rates have been applied:

	Average rate			**Year-end spot rate**		
RON	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
EUR 1	4.9204	4.8371	4.7452	4.9481	4.8694	4.7793
USD 1	4.1604	4.2440	4.2379	4.3707	3.9660	4.2608
GBP 1	5.7233	5.4423	5.4113	5.8994	5.4201	5.6088
CHF 1	4.5515	4.5201	4.2652	4.7884	4.4997	4.4033
PLN 1	1.078	1.0889	1.1041	1.0768	1.0676	1.1213
MDL 1	0.2353	0.2451	0.2413	0.2463	0.2305	0.2481

Sensitivity analysis

A reasonably possible strengthening (weakening) of RON against EUR, MDL, USD, GBP and CHF as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit of loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in RON	**Profit or loss before tax**	
	Strengthening	**Weakening**
31 December 2021		
EUR (3% movement)	(1,561,892)	1,561,892
USD (5% movement)	(58,128)	58,128
GBP (5% movement)	965	(965)
CHF (7% movement)	(1,415)	1,415
PLN (3% movement)	(26,759)	26,759
31 December 2020		
EUR (3% movement)	7,477,403	(7,477,403)
USD (4% movement)	49,645	(49,645)
GBP (3% movement)	(246)	246
PLN (4% movement)	19,559	(19,559)
MDL (5% movement)	(485,909)	485,909

29 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Interest rate risk

The Company is exposed to interest rate risk mainly in relation to loans and borrowings bearing variable interest rate.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

In RON	**31 December 2021**	**31 December 2020**	**1 January 2020**
Fixed-rate instruments			
Financial liabilities (borrowings and leases)	(66,791,494)	(56,980,817)	(79,707,197)
Variable-rate instruments			
Financial liabilities (borrowings)	(4,512,666)	(147,615,944)	(154,059,942)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL and the Company does not use derivatives. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Effect	**Profit or loss before tax**	
	100 bp increase	**100 bp decrease**
31 December 2021		
Variable-rate instruments	(45,127)	45,127
Cash flow sensitivity	**(45,127)**	**45,127**
31 December 2020		
Variable-rate instruments	(1,476,159)	1,476,159
Cash flow sensitivity	**(1,476,159)**	**1,476,159**

30 RELATED PARTIES

(a) Main shareholders

As of December 31, 2021, the shareholders of AQUILA PART PROD SA are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each with a shareholding of 33.3% and a number of natural and legal shareholders holding 33.4% of the shares.

On 31 December 2020 and 1 January 2020, the shareholders of AQUILA PART PROD SA are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each with a 50% shareholding.

There are no balances with shareholders related to dividends payable at 31 December 2021 and 31 December 2020.

(b) Management remuneration

	2021	2020
Executive management compensation	7,296,091	7,099,640

(c) Balances with related parties

The table below presents the -nature of the related parties relationship and transactions:

Related party	Relattionship	Nature of transactions
Aquila Construct	Entity under common control	Loan granting, Receipt of loan
Best Coffee Solutions	Entity under common control	Loan granting
Aquila Agricola	Entity under common control	Loan granting
Novadex	Entity under common control	Loan granting, sale of merchandise
Nordexim	Entity under common control	Sale of merchandise
Aquila Asig	Entity under common control	Insurance Broker agent
Best Distribution Moldova	Entity under common control	Sale of merchandise, Acquisition of services
Lorac Impex S.R.L.	Member of key management personnel	Consulting Services

For loans granted to related parties and long term receivables please refer to Note 22.

Balances: trade payables	**31 December 2021**	**31 December 2020**	**1 January 2020**
Aquila Construct		10,023	-
Aquila Agricola		-	10,000
Aquila Asig	127,757	-	-
Nordexim		-	1,199
Novadex	262,736	-	18,288
Total	**390,493**	**10,023**	**29,487**

Balances: other payables	**1 January 2020**
Aquila Asig	614,777
Total	**614,777**

30 RELATED PARTIES (CONTINUED)

For the reporting periods ending 2020 and 2021 there were no balances for other payables to related parties

Balances: trade receivables	31 December 2021	31 December 2020	1 January 2020
Aquila Construct	884,970	70,445	83,078
Best Coffee	338,404	5,219	268,004
Aquila Agricola	23,326	64,023	32,273
Aquila Asig	1,255	2,839	3,997
Novadex	3,306	-	765,747
Nordexim	4,590,869	3,270,229	2,112,023
Best Distribution Moldova	-	6,326	6,809
Total	**5,842,129**	**3,419,081**	**3,271,931**

(d) Transactions with related parties

Purchases (without VAT)	2021	2020
Aquila Construct		34,022
Best Coffee	590,737	2,217,952
Nordexim	803,191	305,292
Novadex	355,260	493,343
Lorac Impex S.R.L.	1,448,325	2,368,116
Best Distribution Moldova	-	259,530
Total	**3,197,513**	**5,678,255**

Sales (without VAT)	2021	2020
Aquila Construct	1,457,322	1,092,135
Best Coffee	363,820	515,566
Aquila Agricola	32,789	266,81
Aquila Asig	7,618	5,773
Nordexim	11,381,546	9,974,740
Novadex	2,778	-
Best Distribution Moldova	-	61,491
Total	**13,245,873**	**11,676,386**

Loans to related parties

The Company has significant loans granted to related parties. Related balances, finance income and losses are disclosed in Note 22.

31 MERGERS AND ACQUISITIONS WITH ENTITIES UNDER COMMON CONTROL

On 22 February 2019 AQUILA PART PROD COM SA acquired 100% of the shares and voting interest in AGRIROM SRL, dealing in import and distribution of frozen food products in Romania, gaining control over this entity. The transfer or shares has been made operated in the Trade Register on 27 February 2019.

Agrirom SRL was subsequently merged into AQUILA PART PROD COM SA as at 1 January 2021.

The primary reason of the merger of AGRIROM SRL (Agrirom) into AQUILA PART PROD COM SA (Aquila) was the improving of overall operations' profitability as both companies had similar business interests in terms of product and customer portfolios. Specifically, prior to the transaction date both companies were active in the food-service and food-product retail segments, competing over the same market. The financial results of 2021, subsequent to the integration of Agrirom food-service business line into Aquila, had proved that the business assumptions on which the merger decision was based had been correct.

For the merger, Aquila applied the accounting policy 6 (q), whereas the separate financial statements of the parent are a continuation of the Group consolidated financial statements. Hence, the values recognised in the consolidated financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the consolidated financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

(a) Acquired assets and liabilities assumed as at legal merger date

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of merger, based on their fair values and including restatement adjustment for transition to IFRS.

	Note	**RON**
Property, plant and equipment	**19**	14,560,700
Intangible assets	**20**	2,064,341
Goodwill		5,011,706
Investment property	**21**	8,086,604
Investments		111,273
Inventories		25,839,123
Trade receivables		29,323,858
Other receivables		1,496,178
Cash and cash equivalents		217,906
Prepayments		149,907
Lease liability	**27**	(10,741,262)
Deferred tax liabilities	**14 (iii)**	(250,603)
Short-term bank borrowings		(22,206,082)
Lease liability – current		(2,545,589)
Income tax payable		(414,787)
Trade payables - current		(32,349,353)
Employee benefits - current		(1,689,561)
Other payables - current		(2,037,898)
Total net assets at merger date		**14,626,461**

The difference between the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger (14,626,461 RON) and the carrying amount of the investment in the merged subsidiary before the legal merger (13,554,315 RON) is recognised directly in equity, through retained earnings.

The following table summarizes the impact in the equity of Aquila as at merger date:

Legal reserves	107,000
Retained earnings	965,146

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32 CONTINGENCIES

Fiscal environment

Tax audits are frequent in Romania, consisting of detailed verifications of the accounting records of tax payers. Such audits sometimes take place after months, even years, from the date liabilities are established. Consequently, companies may be found liable for significant taxes and fines. Moreover, tax legislation is subject to frequent changes and the authorities demonstrate inconsistency in interpretation of the law.

Income tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed. Romanian tax authorities carried out controls on the Company entities related to income tax by the end of 2015 for AQUILA PART PROD COM SA, end of 2010 for SECA DISTRIBUTION SRL and by the end of 2020 for PRINTEX SA.

The management of the Company believes that all the tax obligations included in the Company 's consolidated financial statements are adequate.

Transfer pricing

In accordance with relevant tax law in Romania, the tax treatment of a transaction carried out with related parties is based on the concept of the market price of that transaction. Based on this concept, transfer prices should be adjusted to reflect market prices that would be established between parties which are not affiliates or related parties and which act independently on the basis of "arm’s length” principle.

Transfer pricing audits are likely to be performed in the future by the tax authorities to determine whether these prices follow the "arm’s length" principle and that the taxpayer's taxable base is not distorted.

The management of the Company is not able to quantify the result of such audits and believes that the Company 's transactions with related parties are conducted at arm’s length.

33 COMMITMENTS

Guarantees and pledges

On December 31, 2021, Aquila holds letters of bank guarantee issued in favor of third parties, in a total amount of EUR 21,117,758 (December 31, 2020: EUR 22,277,363 and at January 1, 2020: EUR 21,798,699).

34 SEGMENTS REPORTING

The Company has analysed the segments of operations such as distribution of goods, transportation and logistics services and determined the segments based on management organization by types of revenues obtained. The Company has determined as reportable segments distribution of goods, logistic services and external transport services considering the nature of similarities of the activities. Distribution of goods refers to sale of consumer goods products (FMCG)

Goods and services revenues are mostly related to internal market sales in Romania as presented in Note 8.

Revenue per segments:

Products and services	**2021**	**2020**
Distribution of goods	1,727,211,129	1,340,159,218
Logistics services	73,900,083	78,031,609
External transport services	59,428,028	60,226,461
Total	**1,860,539,240**	**1,478,417,287**

34. SEGMENTS REPORTING (continued)

Operating profit

	2021	**2020**
Distribution of goods	74,106,290	70,749,281
Logistic services	6,485,565	3,436,297
External transport services	(144,073)	2,517,853
Total	**80,447,782**	**76,703,431**

The Company does not allocate assets and liabilities per segments.

During 2021 the Company had only one customer from distribution which exceeded 10% of the sales of goods (RON 185 mil) while during 2020 the Company had no such customers.

35 SUBSEQUENT EVENTS

On February 23, 2022, according to the decisions of the extraordinary general meeting of shareholders, it was decided to increase the share capital of AQUILA PART PROD COM SA from RON 30,000,060 to RON 180,000,360 by issuing a number of 1,000,002,000 new shares with nominal value individual of 0.15 RON, through the partial inclusion of the initial public offering premiums as well as the extension of the Board of Directors to 5 members.

As a consequence of the share increase the number of own share increase from 180,000 to 1,080,000.

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economical situation may require revisions of certain assumptions and estimates. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

The dysfunctions in the supply chains in the conflict zone generate the premises for changing the geography of the areas of responsibility of the multinational companies, respectively the passage of Moldova to the Eastern Europe area is an opportunity for Trigor and also a natural step, which is part of the international retailers policy, e.g. Kaufland and Metro which are coordinated from Romania or Lagardere expansion in Moldova.

We, as strategic partners for well-known multinational companies, are open and can offer integrated supply chain solutions to facilitate the change of the supply chain for the whole area of Eastern Europe and Moldova.

In relation to the inflation in the cost of fuel, the company took measures to mitigate this impact by :

- triggering the indexation clauses related to cost of fuel from contracts with custmores
- renegotiating the contracts where possible
- triggering the indexation list prices related to cost of distributed products
- route optimisation and order consolidation using TMS software

36 COVID-19

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic, and the Romanian President declared a state of emergency on 16 March 2020. Responding to the potentially serious threat the COVID – 19 presents to public health, the Romanian government authorities have taken measures to contain the outbreak, including introducing restrictions on the cross-borders movement of people , entry restrictions on foreign visitors and the 'lock-down' of certain industries. Following the state of emergency, there was a relaxation to a certain extent of the measures previously taken to control the pandemic, including resuming passenger transportation and allowing certain commercial activities previously restricted to be carried on under certain conditions. Some businesses have instructed employees to remain at home and have curtailed or temporarily suspended business operations.

36 COVID-19 (continued)

The wider economic impacts of the COVID – 19 pandemic include:

- Disruption to business operations and economic activity in Romania, with a cascading impact on both upstream and downstream supply chains;
- Significant disruption to businesses in certain sectors;
- Significant decrease in demand for non-essential goods and services; The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector.
- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

The Company operates in the food distribution sector that has not been significantly affected by the outbreak of COVID-19. Management considered the following operating risks that may adversely affect the Company:

- Unavailability of staff for extended period of time;
- Difficulties in collecting trade receivables;
- Payment of liabilities when due.

Based on the publicly available information at the date these financial statements were authorized for issue, management has considered the potential development of the outbreak and its expected impact on the Company and economic environment in which the Company operates, including the measures already taken by the governments in Romania and Republic of Moldova, and in other countries where the Company's major business partners and customers are located.
In order to safeguard uninterrupted operating activities and the Company's liquidity position, management has implement a number of measures, which notably include:

- implementation of work from home program on a rotational basis for a significant group of administrative employees as well as employees in sales and procurement departments;
- employees have been trained to adhere to very strict precautionary standards including social distancing;
- arrangements with alternative transportation companies to ensure uninterrupted distribution of products;
- adjustment of the scale of the Company's operations to respond to the possible decrease in demand for the products distributed by the Company;
- a reduction in capital expenditure commitments within the following 12 months to EUR 528K (approximatively RON 2.5 million) , related to unavoidable replacements of manufacturing equipment;
- initiating the process of extending existing credit lines and securing additional credit lines.

Notwithstanding the COVID-19 pandemic impact as described above, the Company has budgeted an increase in the 2022 revenues.

Based on currently publicly available information and in view of the actions initiated by management, the management does not anticipate a direct immediate and significant adverse impact of the COVID – 19 outbreak on the Company, its operations, financial position and operating results. Management cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment the Company operate in will not have an adverse effect on the Company, and its financial position and operating results, in the medium and longer term. The management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS

The accounting policies presented in Note 6 have been applied in the preparation of the financial statements for the financial year ended 31 December 2021 and for the comparative figures presented in the statement of financial position as at 31 December 2020 and 1 January 2020.

In preparing the initial financial position according to IFRS - EU, the Company restated the figures previously reported in the financial statements prepared according to the Order of the Minister of Public Finance of Romania no. 1802/2014. Explanations regarding the restatement of securities according to previous IFRS reporting standards and the impact of restatement on the Company's financial position, financial performance and cash flows are presented in the following tables togehther with the related explanatory notes.

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

	Note	Values according to previous reporting standards (RAS)	Effect of accounting errors	IFRS restatements effect	IFRS Values
					2020
Revenues		1,478,417,287	-	-	1,478,417,287
Other income		3,167,954	-	-	3,167,954
Cost of goods sold		(1,071,786,887)	-	-	(1,071,786,887)
Cost of fuel and transportation services		(39,386,725)	-	-	(39,386,725)
Salaries and other employee benefits	1	(157,807,529)	-	(644,409)	(158,451,938)
Repairs, maintenance and materials cost	2	(16,892,326)	838,865	-	(16,053,461)
Depreciation and amortization	3	(20,898,858)	-	(20,983,434)	(41,882,292)
Impairment losses	4	68,161	-	1,066,841	1,135,002
Change in provisions, net	5	(3,239,535)	-	2,371,537	(867,998)
Other operating expenses	6	(101,363,256)	-	23,775,745	(77,587,511)
Operating profit		**70,278,286**	**838,865**	**5,586,280**	**76,703,431**
Finance income – interest income					
Finance income - other	7	2,441,675	-	4,041,064	6,482,739
Finance costs	8	(8,515,729)	-	(3,193,014)	(11,708,743)
Other gains and losses	9	-	-	(5,671,400)	(5,671,400)
Net finance (cost)		**(6,074,054)**	**-**	**(4,823,350)**	**(10,897,404)**
Profit before tax		**64,204,232**	**838,865**	**762,930**	**65,806,027**
Income tax expense	10	(8,466,252)	-	(314,465)	(8,780,717)
Profit for the year		**55,737,980**	**838,865**	**448,465**	**57,025,310**

Explanations:

1. According to previous reporting standards, liabilities for unpaid leave are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities. Also, part of the movement in provisions according to the statutory requierements related to the unpaid leave is reclassified in expenses with the employees' benefits. The effects are presented bellow :

Separate statement of comprehensive income	**1-Jan-20**	**31-Dec-20**
Salaries and other employee benefits		(644,409)
Change in provisions, net		644,409
Adjustment before income tax		-
Separate statement of financial position		
Employee benefits	5,591,643	6,173,076
Provisions	(5,591,643)	(6,173,076)
Related tax effects	672,644	850,439
Adjustment to retained earnings	**672,644**	**850,439**

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

2. The effect is due to the reversal of a correction of an accounting error that originated in 2019, because this expense was recorded in 2020 also the reversal was done at the same time to cancel the impact.

3. According to IFRS 16, all leases are recognized in the statement of financial position (similarly to the treatment previously applied to financial leases). Consequently, the Company recognized the right of use assets resulting from the leasing contracts as well as the appropriate depreciation of the respective right of use assets. The effects are presented bellow:

Leases	**1-Jan-20**	**31-Dec-20**
Separate statement of comprehensive income		
Depreciation and amortisation		20,921,218
Other expenses		(24,079,550)
Finance costs		3,193,014
Adjustment before income tax		**34,682**
Separate statement of financial position		
Property, plant and equipment	75,099,067	52,338,005
Lease liabilities – non-current	(43,653,043)	(22,399,374)
Lease liabilities – current	(36,054,154)	(34,581,443)
Related tax effect	737,301	742,850
Adjustment to retained earnings	**(3,870,829)**	**(3,899,962)**

4. According to previous reporting standards, trade receivables are analyzed for impairment when there is objective evidence of impairment. The Company has adopted IFRS 9. In accordance with IFRS 9, impairment adjustments on trade receivables are determined based on expected credit losses (ECL). The effects are presented bellow :

Impairment of trade receivables	**1-Jan-20**	**31-Dec-20**
Separate statement of comprehensive income		
Impairment losses		1,066,841
Adjustment before income tax		**1,066,841**
Separate statement of financial position		
Trade receivables	(8,520,961)	(7,454,120)
Related tax effect	1,363,354	1,192,659
Adjustment to retained earnings	**(7,157,607)**	**(6,261,461)**

5. According to previous reporting standards, liabilities for unpaid leave are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities. Thus, part of the movement in provisions according to the statutory requierements related to the unpaid leave is reclassified in expenses with the employees' benefits.

6. According to IFRS 16, the lessee no longer makes a distinction between operating leases and financial leases, all leases being recognized in the statement of financial position (similar to the treatment previously applied to finance leases). Consequently, the Company recognized lease liabilities and right of use assets in the statement of financial position and derecognized rental expenses (recognized in accordance with statutory requirements in other operating expenses).

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

7. In accordance with IFRS, for loans to related parties, the interest-income is recognized under other financial income separately from the principal amount (under the statutory requirements they are not separately presented). The effects are presented bellow :

Loans to Related parties	**31-Dec-20**
Separate statement of comprehensive income	
Retained earnings	1,727,128
Change in provisions, net	(1,727,128)
Adjustment before income tax	-
Separate statement of financial position	
Other long term investments	26,271,522
Retained earnings	(24,544,394)
Adjustment to retained earnings	**1,727,128**

8. According to IFRS 16, the lessee no longer classifies leases as operating leases and finance leases, all leases being recognized in the statement of financial position (similarly to the treatment previously applied to finance leases). Consequently, the Company recognizes lease liabilities and interest expenses on these lease liabilities.

9. In accordance with IFRS 9, impairment adjustments on loans to group entities are recorded in other losses.

10. According to previous reporting standards, the Company does not recognize deferred tax assets and liabilities or the impact on the related profit or loss account.

	Note	**Values according to previous reporting standards (RAS)**	**Effect of accounting errors**	**IFRS restatements effect**	**IFRS Values**
					31 December 2020
ASSETS					
Non-current assets					
Property, plant and equipment	**1a**	75,598,247	-	46,002,984	121,601,231
Investment property	**1b**	-	-	2,378,306	2,378,306
Investments		17,077,372	-	-	17,077,372
Loans to related parties		65,874,183	-	-	65,874,183
Deferred tax assets	**3**	-	-	2,086,949	2,086,949
Other non-current assets		248,495	-	-	248,495
Total non-current assets		**158,798,296**	**-**	**50,468,240**	**209,266,536**

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

	Note	Values according to previous reporting standards (RAS)	Effect of accounting errors	IFRS restatements effect	IFRS Values
					31 December 2020
Current assets					
Inventories		97,580,243	-	-	97,580,243
Trade receivables	**4**	190,830,419	-	7,926,047	198,756,466
Other receivables		16,262,180	-		16,262,180
Prepayments		5,717,515	-	-	5,717,515
Cash and cash equivalents		26,269,288	-	-	26,269,288
Total current assets		**336,659,645**	**-**	**7,926,047**	**344,585,692**
Total assets		**495,457,942**	**-**	**58,394,286**	**553,852,228**
EQUITY AND LIABILITIES					
Equity					
Share capital	**5**	3,025,000	-	589,728	3,614,728
Share premium		20,632,335	-	-	20,632,335
Legal reserves	**5**	874,430	-	110,255	984,685
Revaluation reserves	**6**	8,370,277	-	(8,370,277)	-
Retained earnings	**7**	75,802,080	-	(6,296,405)	69,505,675
Total equity attributable to the owners of the Companies		**108,704,122**	**-**	**(13,966,699)**	**94,737,423**
Total equity		**108,704,122**	**-**	**(13,966,699)**	**94,737,423**
LIABILITIES					
Non-current liabilities					
Long-term bank borrowings		4,440,893	-	-	4,440,893
Lease liabilities	**8**	-	-	22,399,374	22,399,374
Trade payables		3,278,314	-	-	3,278,314
Deferred revenue		307,347	-	-	307,347
Total non-current liabilities		**8,026,553**	**-**	**22,399,374**	**30,425,928**
Current liabilities					
Current portion of long-term bank borrowings		2,422,305	-	-	2,422,305
Short-term bank borrowings		140,752,746	-	-	140,752,746
Lease liabilities	**8**	-	-	34,581,443	34,581,443
Trade payables	**9**	204,416,616	-	15,380,167	219,796,783
Employee benefits	**10**	13,640,953	-	6,173,076	19,814,029
Current tax liabilities		2,416,552	-	-	2,416,552
Contract liabilities	**11**	5,396,342	-	(4,708,806)	687,536
Provisions	**10**	6,173,076	-	(6,173,076)	-
Other payables	**11**	3,508,675	-	4,708,806	8,217,481
Total current liabilities		**378,727,266**	**-**	**49,961,609**	**428,688,875**
Total liabilities		**386,753,819**	**-**	**72,360,984**	**459,114,803**
Total equity and liabilities		**495,457,941**	**-**	**58,394,285**	**553,852,226**

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

	Note	Values according to previous reporting standards (RAS)	Effect of accounting errors	IFRS restatements effect	IFRS Values
					1 January 2020
ASSETS					
Non-current assets					
Property, plant and equipment	1a	92,339,279	(2,866,647)	71,204,566	160,677,198
Investment property	1b	-	2,866,647	-	2,866,647
Investments		17,077,372	-	-	17,077,372
Loans to related parties	2	39,616,957	(24,641,186)	16,879,579	31,855,351
Long term trade receivables from related parties	2	50,790,585	-	(16,879,579)	33,911,006
Deferred tax assets	3	-	-	2,401,414	2,401,414
Other non-current assets		1,155,810	-	-	1,155,810
Total non-current assets		**200,980,003**	**(24,641,186)**	**73,605,980**	**249,944,798**
Current assets					
Inventories		95,570,205	-	-	95,570,205
Trade receivables	4	168,179,543	-	(844,434)	167,335,109
Other receivables		13,236,208	894,157		14,130,365
Prepayments		4,712,886	-	-	4,712,886
Cash and cash equivalents		3,595,157	-	-	3,595,157
Total current assets		**285,293,999**	**894,157**	**(844,434)**	**285,343,722**
Total assets		**486,274,002**	**(23,747,029)**	**72,761,545**	**535,288,520**
EQUITY AND LIABILITIES					
Equity					
Share capital	5	3,025,000		589,728	3,614,728
Share premium		20,632,335	-	-	20,632,335
Legal reserves	5	710,970	-	110,255	821,225
Revaluation reserves	6	8,859,920		(8,859,920)	-
Retained earnings	7	59,102,738	(23,747,029)	(8,195,261)	27,160,448
Total equity attributable to the owners of the Companies		**92,330,963**	**(23,747,029)**	**(16,355,198)**	**52,228,736**
Total equity		**92,330,963**	**(23,747,029)**	**(16,355,198)**	**52,228,736**

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

	Note	Values according to previous reporting standards (RAS)	Effect of accounting errors	IFRS restatements effect	IFRS Values
					1 January 2020
LIABILITIES					
Non-current liabilities					
Long-term bank borrowings		6,736,205			6,736,205
Lease liabilities	8	-		43,653,043	43,653,043
Trade payables		5,547,104			5,547,104
Deferred revenue		533,547		-	533,547
Total non-current liabilities		**12,816,856**		**43,653,043**	**56,469,899**
Current liabilities					
Current portion of long-term bank borrowings		2,377,485			2,377,485
Short-term bank borrowings		144,946,252		-	144,946,252
Lease liabilities	8	-		36,054,154	36,054,154
Trade payables	9	203,220,441		9,409,549	212,629,990
Employee benefits	10	13,930,985		5,591,643	19,522,628
Current tax liabilities		2.539.379		-	2.539.379
Contract liabilities		2,292,422		-	2,292,422
Provisions	10	5,591,643		(5,591,643)	-
Other payables		6,227,579			6,227,579
Total current liabilities		**381,126,186**		**45,463,703**	**426,589,889**
Total liabilities		**393,943,042**		**89,116,746**	**483,059,788**
Total equity and liabilities		**486,274,005**	**(23,747,029)**	**72,761,548**	**535,288,524**

1. a) In the financial statements for 1 January 2020 prepared according to the previous reporting standards, assets that meet the criteria to be classified as investment properies have been classified as property, plant and equipment and not separatelly presented in the statement of financial position In addition, the Company did not recognized any rights of use assets related to the leasing contracts within property, plant and equipment in accordance with statutory requirements, but according to IFRS the Company recognised right of use assets and presented them within property plant and equipment
   b) In the financial statements prepared according to IFRS standards, investment properties have been presented separately. The effects are presented in the tables bellow :

   On January 1, 2017, the Company revalued the land and buildings at fair value for the purpose of preparing the financial statements in accordance with previous reporting standards. As part of the transition to IFRS, the Company has chosen to apply the optional exemption on the use of revaluations performed under previous reporting standards as the assumed cost of revalued assets.

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

Deemed cost exemption	**1-Jan-20**	**31-Dec-20**
Separate statement of comprehensive income		
Depreciation and amortisation		62,216
Adjustment before income tax		**62,216**
Separate statement of financial position		
Property, plant and equipment	(5,651,692)	(5,163,350)
Revaluation reserve	(7,813,017)	(7,323,374)
Related taxation effect	1,250,083	1,171,740
Adjustment to retained earnings	**911,242**	**988,284**

Following the transition to IFRS, the Company decided to measure property, plant and equipment at historical cost in the IFRS financial statements, while in the financial statements prepared in accordance with previous reporting standards, property, plant and equipment - land and buildings, were measured at revalued value.

Change from revaluation model to cost model	**1-Jan-20**	**31-Dec-20**
Separate statement of comprehensive income		
Depreciation and amortisation		(62,216)
Adjustment before income tax		**(62,216)**
Separate statement of financial position		
Property, plant and equipment	(1,109,455)	(1,171,672)
Revaluation reserve	(1,047,239)	(1,047,239)
Related taxation effect	9,955	19,909
Adjustment to retained earnings	**(52,262)**	**(104,524)**

2. In preparing its financial statements in accordance with previous reporting standards, the Company presented loans to related parties in receivables and did not perform a recoverability analysis of loans to related parties and long-term trade receivables from related parties. As a result, it did not recognize any value adjustments for these assets. In accordance with IFRS, impairment adjustments on loans to related parties are recognized.

3. In accordance with previous reporting standards, the Company does not recognize deferred tax assets and liabilities. In accordances with IFRS the company recognizes deferred tax assets as follows :

Income tax	**1-Jan-20**	**31-Dec-20**
Revaluation reserve	(1,260,037)	(1,191,649)
Leases	836,652	742,850
Trade receivables	1,501,747	1,212,023
Employee benefits	894,663	850,439
Property, plant and equipment	428,389	473,285
Increase in deferred tax asset	**2,401,414**	**2,086,949**

4. According to previous reporting standards, trade receivables are analyzed for impairment when there is objective evidence of impairment. According to IFRS 9, value adjustments on trade receivables are determined based on the expected credit losses (ECL) and are higher in value compared to those on the statutory standards.

37 RESTATEMENTS REGARDING THE TRANSITION TO IFRS (CONTINUED)

5. According to previous reporting standards, the Company did not account for the effect of hyperinflation. According to IFRS, the Company restated the share capital and legal reserves established up to December 31, 2003 for the effects of hyperinflation on them. The effect is presented in the table bellow :

Adjustments for hyperinflation	**1-Jan-20**	**31-Dec-20**
Separate statement of comprehensive income		
-		-
Adjustment before income tax		-
Separate statement of financial position		
Share capital	(589,728)	(589,728)
Legal reserves	(110,255)	(110,255)
Adjustment to retained earnings	**(699,983)**	**(699,983)**

6. According to IFRS standards, the Company recognizes property, plant and equipment and investments property at cost, and the revaluation reserve from statutory accounting is derecognized.

7. The restatements presented have determined the increase / decrease of the retained earnings as follows :

Retained earnings	**Note**	**1-Jan-20**	**31-Dec-20**
Revaluation reserve	**1,2**	911,242	988,284
Leases	**3**	(3,870,829)	(3,899,962)
Trade receivables	**4**	(7,157,607)	(6,261,461)
Employee benefits	**5**	672,644	850,439
Restatement of share capital and reserves	**7**	(699,983)	(699,983)
Income tax	**6**	(919,041)	453,376
Cost model	**1,2**	(52,262)	(104,524)
Loans to related parties (impairment)	**8**	(23,000,929)	1,727,128
Other effects		2,174,476	650,297
Decrease in retained earnings		**(31,942,290)**	**(6,296,405)**

8. According to IFRS 16, the lessee no longer classifies leases as operating leases and finance leases, all leases being recognized in the statement of financial position (similar to the treatment previously applied to finance leases). Consequently, the Company recognized short-term and respectively long-term lease liabilities.

9. Based on statutory provision some of the discounts reduced the trade receivables but according to IFRS, these discounts that are to be granted to customers should be recognised as trade payables

10. According to previous reporting standards, unpaid leave debts are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities.

11. Reclassification from contract liabilities to other liabilities for presentation purposes for IFRS financial statements..

Signed and approved at April 20, 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

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AQUILA PART PROD COM S.A.

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended

31 December 2021

This is a free translation from the original binging Romanian version.

CONTENTS: **PAGE:**

Financial instruments

Other information

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	**19**	116,817,944	143,902,250
Investment property	**21**	13,855,243	13,227,423
Intangible assets	**20**	1,559,329	2,064,341
Goodwill	**20**	5,011,706	5,011,706
Other investments		-	111,273
Loans to related parties	**22 (a)**	52,124,075	58,256,178
Long term trade receivables from related parties	**22 (b)**	-	-
Deferred tax assets	**14**	4,507,312	1,221,846
Long term prepayments		-	-
Other non-current assets		316,990	248,497
Total non-current assets		**194,192,599**	**224,043,514**
Current assets			
Inventories	**15**	133,654,414	123,419,366
Trade receivables	**16**	220,942,310	229,408,936
Short term proportion of loan to related parties	**22(a)**	6,672,011	7,618,002
Other receivables	**17**	30,014,026	17,714,783
Prepayments		7,420,986	5,867,422
Short term deposits	**18(b)**	195,000,000	
Cash and cash equivalents	**18**	43,333,121	26,514,346
Total current assets		**637,036,868**	**410,542,855**
Total assets		**831,229,467**	**634,586,369**
EQUITY AND LIABILITIES			
Equity			
Share capital	**23 (a)**	30,589,788	3,614,728
Share premium		345,699,421	-
Own shares		(991,972)	-
Legal reserves	**23 (b)**	4,752,335	1,080,139
Translation reserve		240,012	-
Retained earnings		102,678,414	93,730,027
Total equity attributable to the owners of the Companies		**482,967,998**	**98,424,894**
Non-controlling interests		420,820	397,053
Total equity		**483,388,818**	**98,821,947**

	Note	31 December 2021	31 December 2020
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	**26**	2,051,211	4,440,893
Lease liabilities	**27**	32,830,611	64,546,337
Trade payables	**24**	1,688,836	3,278,314
Contract liability		121,680	307,347
Deferred tax liabilities	**14**	2,339,290	705,531
Total non-current liabilities		**39,031,628**	**73,278,422**
Current liabilities			
Current portion of long-term bank borrowings	**26**	2,461,455	2,422,305
Short-term bank borrowings	**26**	-	162,958,828
Lease liabilities	**27**	37,097,013	37,127,032
Trade payables	**24**	219,230,427	224,654,551
Employee benefits	**13**	24,275,624	21,513,577
Current tax liabilities		1,777,221	2,834,537
Contract liabilities		281,847	739,333
Provisions		98,660	8,713
Other payables	**25**	23,586,774	10,227,124
Total current liabilities		**308,809,021**	**462,486,000**
Total liabilities		**347,840,649**	**535,764,422**
Total equity and liabilities		**831,229,467**	**634,586,369**

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

	Nota	2021	2020
Revenues	**8**	1,929,713,842	1,707,868,114
Other income	**9**	4,981,165	4,374,739
Cost of goods sold		(1,443,194,521)	(1,256,325,046)
Cost of fuel and transportation services		(57,999,582)	(44,923,277)
Salaries and other employee benefits	**13**	(195,847,572)	(177,934,935)
Repairs, maintenance and materials cost		(20,684,688)	(17,702,142)
Depreciation and amortization	**19, 20**	(50,463,268)	(48,799,488)
Impairment gains	**16, 22**	2,689,397	165,028
Change in provisions, net		(2,050)	4,231
Other operating expenses	**10**	(82,795,047)	(86,028,818)
Operating profit		**86,397,676**	**80,698,406**
Finance income – interest income	**11**	1,364,802	4,051,254
Finance income – other		53,561	8,762
Finance costs	**11**	(8,278,967)	(14,302,998)
Other gains and losses	**11, 22**	-	(5,671,400)
Net finance (cost)	**11**	**(6,860,604)**	**(15,914,382)**
Profit before tax		**79,537,072**	**64,784,024**
Income tax expense	**14**	(8,771,318)	(10,421,266)
Profit for the year		**70,765,754**	**54,362,758**
Profit for the year attributable to:			
- owners of the Parent		70,741,987	54,354,926
- non-controlling interests		23,767	7,832
Profit for the year		**70,765,754**	**54,362,758**
Earnings per share			
Basic and diluted earnings per share	**12**	**0.51**	**0.41**

	Nota	2021	2020
Other comprehensive income, net of tax		**240,012**	**-**
Total comprehensive income		**71,005,766**	**54,362,758**
Total comprehensive income attributable to:			
- owners of the Parent		70,981,999	54,354,926
- non-controlling interests		23,767	7,832
Total comprehensive income		**71,005,766**	**54,362,758**

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

		Attributable to the owners of the Parent					
	Note	**Share capital**	**Legal reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2020		**2,797,428**	**644,012**	**27,962,299**	**31,403,739**	**389,221**	**31,792,960**
Comprehensive income							
Profit for the year		-	-	54,354,926	54,354,926	7,832	54,362,758
Total comprehensive income		**-**	**-**	**54,354,926**	**54,354,926**	**7,832**	**54,362,758**
Transactions with owners of the Companies							
Contributions and distributions							
Dividends to the owners of the Parent	**23 (d)**	-	-	(13,981,560)	(13,981,560)	-	(13,981,560)
Total contributions and distributions		**-**	**-**	**(13,981,560)**	**(13,981,560)**	**-**	**(13,981,560)**
Total transactions with owners of the Parent		**-**	**-**	**(13,981,560)**	**(13,981,560)**	**-**	**(13,981,560)**
Other changes in equity							
Impact of merger of entities under common control	30	817,300	269,430	25,561,059	26,647,789	-	26,647,789
Set up of legal reserves		-	166,697	(166,697)	-	-	-
Balance at 31 December 2020		**3,614,728**	**1,080,139**	**93,730,027**	**98,424,894**	**397,053**	**98,821,947**

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

AQUILA PART PROD COM S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARs ENDED 31 DECEMBER 2021
(All amounts are in RON, if not otherwise stated)

	Nota	Share capital	Share premium	Own shares	Legal reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to the owners of the Parent								
Balance at 1 January 2021		**3,614,728**	**-**	**-**	**1,080,139**		**93,730,027**	**98,424,894**	**397,053**	**98,821,947**
Comprehensive income										
Profit for the year		-	-	-	-	-	70,741,987	70,741,987	23,767	70,765,754
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	**240,012**	-	**240,012**	-	**240,012**
Total comprehensive income		-	-	-	-	**240,012**	**70,741,987**	**70,981,999**	**23,767**	**71,005,766**
Transactions with owners of the Company										
Contributions and distributions										
Issue of shares		10,000,020	345,699,421	-	-	-	-	355,699,441	-	355,699,441
Dividends	**23 (d)**	-	-	-	-	-	(21,395,289)	(21,395,289)	-	(21,395,289)
Repurchase of own shares		-	-	(991,972)	-	-	-	(991,972)	-	(991,972)
Total contributions and distributions		**10,000,020**	**345,699,421**	**(991,972)**	-	-	**(21,395,289)**	**333,312,180**	**-**	**333,312,180**
Total transactions with owners of the Company		**10,000,020**	**345,699,421**	**(991,972)**	-	-	**(21,395,289)**	**333,312,180**		**333,312,180**
Other changes in equity										
Impact of acquisition of entities	**30**	**-**	-	-	-	-	(20,586,698)	(20,586,698)	-	**(20,586,698)**
Set up of legal reserves		-	-	-	3,672,196	-	(3,672,196)	-	-	-
Incorporation of share premium		16,975,040	-	-	-	-	(16,975,040)	-	-	-
Other change		-	-	-	-	-	835,623	835,623	-	835,623
Balance at 31 December 2021		**30,589,788**	**345,699,421**	**(991,972)**	**4,752,335**	**240,012**	**102,678,414**	**482,967,998**	**420,820**	**483,388,818**

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

	Nota	2021	2020
Cash flows from operating activities:			
Profit for the year		**70,765,754**	**54,362,758**
Adjustments for:			
Depreciation	**19**	10,003,332	12,727,733
Depreciation of right of use asset		40,065,312	36,153,859
Amortization	**20**	394,624	443,624
Loss/(Gain) on disposal of property, plant and equipment	**9,19**	(1,041,618)	1,493,538
Impairment charge/(reversal)	**16,17**	(2,689,397)	(165,028)
Changes in provisions, net		2,050	(4,231)
Net finance cost		6,860,604	10,242,982
Other gains and losses	**11**	-	5,671,400
Income tax expense	**14**	8,771,318	10,421,266
		133,131,979	**131,347,901**
Changes in:			
Decrease/(increase) in inventories		(2,526,632)	1,811,476
Decrease/(increase) in trade receivables		18,790,060	(34,022,454)
Decrease/(increase) in other receivables		(12,819,309)	14,608,051
Decrease/(increase) in prepayments		(1,553,564)	(903,365)
Increase/(decrease) in trade payables		(10,518,709)	5,858,852
Increase/(decrease) in other payables		(4,562,894)	(15,848,188)
Increase/(decrease) in provisions and employee benefits		1,829,825	(696,020)
Increase/(decrease) in contract liability		(643,153)	(1,846,120)
Cash generated from operating activities		**121,127,603**	**100,310,133**
Interest paid		(5,791,617)	(7,062,205)
Income tax paid		(9,816,474)	(8,546,656)
Net cash from operating activities		**105,519,512**	**84,701,272**

	Nota	2021	2020
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	**19**	(9,008,186)	(9,398,295)
Payments for purchase of intangible assets	**20**	-	(184,068)
Proceeds from sale of investment property	**21**		378,987
Payments for purchase of subsidiary, net of cash acquired	**30**	(19,483,545)	-
Proceeds from sale of property, plant and equipment		2,007,547	3,829,635
Payments for loans granted to related parties		-	(3,907,473)
Proceeds from loans granted to related parties		7,078,096	1,403,563
Dividends received		42,732	8,761
Interest received		1,364,802	10,190
Cash transferred at merger	**30**	-	300,854
Short term investments		(195,000,000)	-
Net cash used in investing activities		**(212,998,554)**	**(7,557,846)**
Cash flows from financing activities:			
Proceeds share issue		354,163,759	-
Repayment of long-term bank loans	**26**	(2,461,455)	(2,387,782)
Proceeds from short-term bank loans	**26**	-	6,856,526
Repayment of short-term bank loans	**26**	(162,958,828)	(8,035,781)
Payment of lease liabilities	**26**	(43,050,370)	(40,493,278)
Dividends paid	**26**	(21,395,289)	(13,982,760)
Net cash used in financing activities		**124,297,817**	**(58,043,075)**
Net increase/(decrease) in cash and cash equivalents		**16,818,775**	**19,100,351**
Cash and cash equivalents at 1 January	**18**	**26,514,346**	**7,413,995**
Cash and cash equivalents at 31 December	**18**	**43,333,121**	**26,514,346**

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

1. REPORTING ENTITIES AND GENERAL INFORMATION

General information about the Group

These financial statements are the consolidated financial statements of the group formed by AQUILA PART PROD COM SA ("the Company" or "Aquila" or "the Parent") and its subsidiaries PRINTEX S.A. and TRIGOR AVD S.R.L. (together "the Aquila Group").

The Group's entities headquarters and activities are the following:

Entity	Headquarters	Registration	Activity
Aquila Part Prod Com SA	105A Malu Rosu Street, Ploiesti, Prahova County, Romania	Trade Register no: J29/2790/1994 Unique registration code: 6484554	Wholesale of consumer goods, Rendering of logistic services, Internal and external transport of goods
Printex SA	5 Poligonului Street, Ploiesti, Prahova County, Romania	Trade Register no: J29/107/1991 Unique registration code: 1348950	Rental and subleases of real estate
Trigor Avd S.R.L.	17 Otovasca Street, Chisinau, Chisinau County, Republica Moldova	Trade Register no: 1002600041675	Wholesale of consumer goods

Based on General Shareholders meeting from 8 June 2021, Aquila Part Prod Com SA increased the share capital with RON 16,975,040 through issue of 1,697,504 shares with a par value of RON 10. Issue of shares was performed against incorporation in full of the statutory share premium determined by the merger with Seca Distribution SRL. Additionally, the Company modified the par value of the shares from RON 10 to RON 0.15 through stock split, total number of shares issued by the Company after the stock split is 133,333,600.

In November 2021, Aquila Part Prod Com SA increased the share capital with RON 10,000,020 through issue of 66,666,800 shares with a par value of RON 0.15. The issued shares were used for the initial public offer where Aquila Part Prod Com SA received RON 355,157,710 (gross amount: RON 366,667,400, broker fee: 11,509,689).

As at 31 December 2021, the shareholders of the Company, are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each holding 33.3% in each company and a series of other shareholders which hold a combined stake of 33.4%.

Shareholder	Number of shares	Par value (RON)	Statutory Share capital (RON)
Mr. Vasile Constantin Catalin	66,666,800	0.15	10,000,020
Mr. Dociu Alin Adrian	66,666,800	0.15	10,000,020
Other shareholders	66,666,800	0.15	10,000,020
Total	**200,000,400**		**30,000,060**

As at 31 December 2020, the shareholders of the Company, are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian, each holding 50% in each company. The number of shares of the Company is as follows:

Shareholder	Number of shares	Par value (RON)	Statutory Share capital (RON)
Mr. Vasile Constantin Catalin	151,250	10	1,512,500
Mr. Dociu Alin Adrian	151,250	10	1,512,500
Total	**302,500**		**3,025,000**

1. REPORTING ENTITIES AND GENERAL INFORMATION (CONTINUED)

General information about the Group

Aquila's subsidiaries are the following:

Entity	% shareholding as at 31 December 2021	% shareholding as at 31 December 2020
PRINTEX S.A.	95.75%	95.75%
Agrirom S.R.L.*	-	100%
TRIGOR AVD S.R.L.	100%	-

* AGRIROM S.R.L. was absorbed through merger by AQUILA PART PROD COM S.A. starting with 1 January 2021.

2. BASIS OF ACCOUNTING

The consolidated financial statements are prepared in accordance with the requirements of the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EUs

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on 22nd March 2022. The financial statements will be submitted for shareholders' approval in the meeting scheduled on 28th April 2022.

Details of the Group's accounting policies are included in Note 6.

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations in the foreseeable future.

As at 31 December 2021 the Group's financial position shows net current assets of RON 327 million, mainly as a result of short term deposits of RON 195 million related to IPO, the Group not having any short-term borrowings at this date. The Group continues to trade profitably and generate positive cash flows and management has assessed that the Group is able to meet its obligations as they fall due.

Based on the facts described above, management has assessed that the going concern assumption adopted in the preparation of the consolidated financial statements to be appropriate.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Romanian Lei (RON), which is the functional currency of all group companies.

All financial information is presented in RON, except when otherwise indicated.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 6 (h) (iii) and 6 (i) (iii) – useful lives of property, plant and equipment and intangible assets;
- Notes 6 (m) (i) , 22, 28 (b) – measurement of ECL allowance for trade receivables, loans to related parties and long-term receivables from related parties;
- Notes 6 (q), 27 and 31 – recognition and measurement provisions and contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 30 (a), (b) and (c) – acquisition of subsidiary: fair value of the consideration transferred.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assumptions and estimation uncertainties

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 28 (a) – financial instruments; and
- Note 30 – acquisition of subsidiary.

5. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the cost basis.

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

AQUILA PART PROD COM SA and its subsidiaries PRINTEX SA and AGRIROM SRL are accounted based on consolidation requirements under IFRS-EU, including IFRS 3 Business combinations (see (i) below).

(i) Business combinations

Acquisitions on or after 1 January 2017

For business acquisitions on or after 1 January 2017, the Group accounts for business combinations using the acquisition method when control is transferred to the Group (see accounting policy 6 (a) (ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see accounting policy 6 (m) (ii)). Any gain on a bargain purchase is recognised in profit or loss immediately.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions prior to 1 January 2017

As part of its transition to IFRS-EU accounting policies, the Group elected not to restate the business combinations that occurred prior to 1 January 2017. In respect of acquisitions prior to 1 January 2017, the Group did not recognise any goodwill under Aquila Group's previous accounting framework, Order of the Minister of Public Finance no. 1802/2014 in Romania.

(ii) Non-controlling interests (NCI)

The Group measures any non-controlling interests in a company at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the shareholders' interest in a company that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the respective company.

(iii) Loss of control

When the shareholders lose control over a company included in the combination, the Group derecognises the assets and liabilities of the company, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss, except for the amounts in relation to that company previously recognised in other comprehensive income, which are recognised on the same basis as would have been required if the Parent had directly disposed of the related assets or liabilities . Any interest retained in the company is measured at fair value when control is lost.

(iv) Transactions eliminated in the consolidation

Intra-group balances and transactions between all consolidated entities, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue from contracts with customers

Under this standard, revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Group is expected to be entitled to receive in exchange of those goods or services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties (such as VAT, excise or other taxes related to sale).

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

	Nature and satisfaction of contractual obligations	Revenue recognition policies
Sale of goods	The performance obligations are agreed based on purchase orders from the customers under framework contracts. Consequently, each additional good to be delivered based on purchase orders represent a distinct performance obligation. Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. The performance obligation is satisfied at that point in time. Invoices are issued when the goods are dispatched from Group's warehouses. Considering that the deliveries are made within the same country and using the Group's distribution network, there is no significant time passed between the dispatch time and delivery. Payment terms vary from 15 to 90 days. Discounts are offered by the Group, which are included on the invoice issued. Additionally volume-based discounts are offered by the Group for certain brands of goods, the volumes based on which the discounts are determined and the percentages applied are established in the contracts with customers. As a result, for the performance obligations performed, the Group is remunerated with a variable considerations which includes accruals for discounts to be granted. The Group estimates the discounts to be granted based on the historical pattern of volume of sales, sales volume forecast and contractual provision. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments.	Revenue is recognized when the goods are delivered and have been accepted by customers at their premises (at a point in time). The company recognizes revenues when the performance obligation is satisfied, which is the point at which control of the promised goods are transferred to its customers, in an amount that reflects the consideration the Group expects to be entitled to receive in exchange for those goods. For the majority of Aquila's customer arrangements, control transfers to customers at a point-in-time when goods have been delivered, as that is generally when legal title, physical possession and risks and rewards of goods transfers to the customer. The timing of satisfaction of the performance obligation is not subject to significant judgment. Aquila generates revenue primarily from the distribution and sale of products to its customers. Substantially all revenue is recognized at the point in time in which the product is delivered to the customer. The company grants certain customers sales incentives, such as rebates or discounts, which are accounted for as variable consideration. The variable consideration is based on amounts known at the time the performance obligation is satisfied and, therefore, requires minimal judgment. Volume based discounts not granted to customers before year end are accrued for. Such volume discounts are measured as variable consideration and an estimate is included in the transaction price. Actual amounts are settled upon invoicing. After completion of Aquila's performance obligations, the company has an unconditional right to consideration as outlined in its contracts with customers. Aquila's customer receivables will generally be collected in less than 90 days in accordance with the underlying payment terms. Customer receivables, which are included in accounts receivable, less allowances in the consolidated balance sheet, are presented in the balance sheet line trade receivables. Aquila has no significant commissions paid that are directly attributable to obtaining a particular contract.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue from contracts with customers (continued)

	Nature and satisfaction of contractual obligations	**Revenue recognition policies**
Logistic services: warehouse services, handling, packaging	The performance obligation is the performance of services related to goods of customers for which the Group ensures distribution. The performance obligation is satisfied as the Group performs the logistic services on a continuous basis. Invoices are issued monthly based on documents that attest the services performed by the Group during the respective month. Payment terms vary from 15 to 90 days. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments.	Revenue is recognized over time, because the customer simultaneously receives and consumes the benefits provided by the performance of the Group as the services are performed. The services are recognized monthly once the service is performed.
Transport services	The performance obligation is the transportation of the goods of customers from warehouses to retailers. Each shipment of goods ordered by the customer represents a performance obligation. The performance obligation is satisfied when the transportation is complete. Invoices are issued monthly based on the supporting documents or transports completed during the month. Payment terms vary from 15 to 90 days. Contracts with customers are concluded on one year basis. There are no significant advances or retained payments	Revenue is recognized at a point in time when the transportation is complete.

(c) Finance income and finance costs

The Group’s finance income and finance costs mainly include:

- interest income;
- interest expense; and
- foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense are recognised using the effective interest method.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date, as communicated by the National Bank of Romania and National Bank of Moldova. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) Foreign operations

The assets and liabilities of foreign operation, including goodwill and fair value adjustments arising on acquisition, are translated into RON at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated into RON at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve. When a foreign corporation is disposed of in its entirety or partially, such that control, significantly influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group, in the normal course of business, makes payments to the state-management pension schemes on behalf of its employees. All employees of the Group are members of the state pension plans.

The Group does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group has no obligation to provide further benefits to current and former employees. The Group does not have any defined benefit plans.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

It is measured using tax rates enacted or substantively enacted at the reporting date.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that the future taxable profits will be available against which they can be used.

(g) Inventories

Inventories consist mainly of goods for resale and consumables.

The cost of inventories is calculated using the first-in, first-out cost formula. The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated initially at cost, which includes purchase price and other costs directly attributable to acquisition and bringing the asset to the location and condition necessary for their intended use.

After initial recognition, all items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Category	Useful lives (years)
Buildings	20-40
Equipment	5
Office equipment	14

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

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly.

(i) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Brands are recognised only on business combinations.

Brands and other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortization

Amortization is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

Brands are amortized over 5-6 years according the management assessment of the period over which they are expected to generate cash inflows. The estimated useful lives of software are 3-5 years.

Amortization methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investment property

Investment property is initially measured at cost and subsequently at cost less any accumulated depreciation and any accumulated impairment losses.

The Group is using linear depreciation method, buildings within investment property are amortised over 20-40 years. Land is not depreciated.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(k) Financial instruments

(i) Recognition and initial measurement

Trade receivables and loans are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, the Group classifies a financial asset as measured at amortised cost or FVTPL or FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at 31 December 2021 and 31 December 2020 the Group does not have any financial assets classified under this category.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets measured at amortized cost

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses via loss allowance account. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss . Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. As at 31 December 2021 and 31 December 2020 the Group does not have any financial assets classified under this category.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss, all being classified at amortized cost

Financial liabilities of the Group include bank borrowings, bank overdrafts and trade payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire based on the initial agreements concluded or based on restructuring agreements, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

When the Group exchanges with the existing counterparty one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial asset and the recognition of a new financial asset. Similarly, the Group accounts for substantial modification of terms of an existing asset or part of it as an extinguishment of the original financial asset and the recognition of a new financial asset. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset. If the modification is not substantial, the difference between: (1) the carrying amount of the financial asset before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities (continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. The Group recognizes changes in share capital in accordance with the applicable legislation and after approval of the General Meeting of Shareholders and registration according to the applicable legal obligations.

Until 31 December 2003 the economy of Romania was considered hyperinflationary. Consequently, share capital and legal reserves setup before 31 December 2003 were adjusted for the effects of hyperinflation until that date in accordance with IAS 29.

(m) Impairment

(i) Non-derivative financial assets

The Company recognizes a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience as allowed by the simplified approach in IFRS 9.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is more than 90 days past due.

Measurement of ECLs

IFRS 9 does not prescribe a single method to measure ECLs. The method used by the company to measure ECLs is based on a provision matrix considering historical loss rates. IFRS 9 allows entities to use practical expedients when estimating ECLs for trade receivables.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(i) Non-derivative financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

POCI assets

Purchase dor Originated Credit Impaired financial assets (POCI) are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate (EIR). The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses. The Group recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of multiple scenarios, discounted by the credit-adjusted EIR.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and recognised as a liability to the extent it is unpaid at the reporting date. Dividends are disclosed in the notes to the financial statements when their distribution is proposed after the reporting date and before the date of the issuance of the financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Contingent assets and liabilities

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

b) a present obligation that arises from past events but is not recognized because:

   i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the Group's financial statements but disclosed when an inflow of economic benefits is probable.

(q) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Leases (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. The group is using publicly available information to estimate the Incremental Borrowing Rate, the rate used for discounting the future cashflows. The Management considers most relevant the statistics information as published on the website of National Bank of Romania (BNR) in regard to medium to long term loans granted by Commercial Banks from Romania in the currency of the lease contracts. It is remeasured when there is a change in future lease payments arising from a change in a floating interest rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. As part of the remeasurement process, the Group revises the discount rate when the remeasurement is determined by a change of the lease term or a change in the assessment of an option to purchase the underlying asset or a change of lease payments due to changes in a floating interest rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (below RON 25,000 equivalent of EUR 5,000) and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Business combinations and legal mergers

Business combinations are accounted for using the acquisition method when control is transferred to the acquirer. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

In case of a legal merger following a business combination, where the parent is the surviving entity, the separate financial statements of the parent are a continuation of the Group consolidated financial statements. Hence, the values recognised in the consolidated financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the consolidated financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

The difference between the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger and the carrying amount of the investment in the merged subsidiary before the legal merger is recognised directly in equity, through retained earnings.

(s) Related parties

A related party is a person or entity that is related to the Group that is preparing its financial statements (referred to as "reporting entity"):

(a) A person or close member of that person's family is related to the reporting if that person:

- i) has control or joint control over the reporting entity;
- ii) has significant influence over the reporting entity; or
- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) An entity is related to a reporting entity if any of the following conditions apply:

- i) the entity and reporting entity are members of the same group (which means that each parent, subsidiary or fellow is related to the others);
- ii) one entity is an associate or joint venture of the other entity (or associate or joint venture of a member of the group of the other entity is a member);
- iii) both entities are joint ventures of the same third party;
- iv) one entity is a joint venture of a third party and the other entity is an associate of the third party;
- v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- vi) the entity is controlled or jointly controlled by a person identified in (a);
- vii) a person identified in (a) i) has significant influence over the entity or is member of the key management personnel of the entity (or of a parent of the entity);
- viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

6. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Subsequent events

Events occurring after the reporting date, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the financial statements. When the going concern assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

(u) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

(v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 4).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(w) IPO Costs

The costs of an IPO that involves both issuing new shares and a stock market listing are accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares are deducted from equity (net of any income tax benefit) in line with, IAS 32.37
- Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the statement of comprehensive income
- Costs that relate to both share issuance and listing are allocated between those functions on a rational and consistent basis in line with IAS 32.38. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares represent an acceptable approach.

The Company has performed this analysis and has booked, in Equity, incremental costs directly attributable to issuing new shares, gross of tax, of RON 13,057,088. The current income tax associated to these costs amounts to RON 2,089,134. From a tax perspective, these costs are entirely deductible the year they are incurred.

7. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group expects that the adoption of the financial reporting standards below in force at or after 1 January 2022 will not have a material impact on the Group's financial statements.

(i) Standards and Interpretations endorsed by the EU

- Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021 - effective for annual periods beginning on or after 1 April 2021

- Amendment to IAS 16 Property, Plant and Equipment Property, Plant and Equipment – Proceeds before Intended Use - effective for annual periods beginning on or after 1 January 2022

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract - effective for annual periods beginning on or after 1 January 2022

- Annual Improvements to IFRS Standards 2018-2020 (Amendment to IFRS 9 Financial Instruments and Amendment to Illustrative Examples accompanying IFRS 16 Leases) - effective for annual periods beginning on or after 1 January 2022

(ii) Standards and interpretations that have not yet been endorsed by the EU

- Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective for annual periods beginning on or after 1 January 2023

- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture - effective date deferred indefinitely.

- Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current - effective for annual periods beginning on or after 1 January 2023

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments - effective for annual periods beginning on or after 1 January 2023

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for annual periods beginning on or after 1 January 2023

8. REVENUE

	2021	2020
Revenue	1,926,037,317	1,705,313,300
Other income		
Rental income	3,676,525	2,554,814
Total revenue	**1,929,713,842**	**1,707,868,114**

Disaggregation of revenue from contracts with customers

	2021	2020
Distribution of goods	1,792,709,206	1,566,336,617
Logistics services	73,900,083	78,750,222
Transport services	59,428,028	60,226,461
Total	**1,926,037,317**	**1,705,313,300**

Disaggregation of revenue per country

	2021	2020
Romania	1,723,282,072	1,588,355,330
Moldova	75,229,251	-
Germany	44,877,983	32,544,379
Holland	38,333,443	2,442,415
Other	44,314,567	81,971,176
Total	**1,926,037,317**	**1,705,313,300**

Timing of revenue recognition

	2021	2020
Products and services transferred at a point in time	1,827,561,885	1,602,686,059
Services transferred over time	98,475,432	102,627,241
Total	**1,926,037,317**	**1,705,313,300**

The Group has applied the practical expedient from IFRS 15:121 since the contracts are concluded on one year basis.

9. OTHER INCOME

	2021	2020
Contractual penalties	215,227	246,757
Insurance compensations	2,481,664	3,818,151
Income from subsidies*	232,229	250,075
Net (loss)/gain on disposal of property, plant and equipment	1,041,618	(1,493,538)
Others*	1,010,427	1,553,294
Total	**4,981,165**	**4,374,739**

* Other income as a result of lower payments due to purchase form entities that employ people with handicap.

* Income from subsidies is resulted from the scrapping premium received as per the Car Park Renewal Stimulation Program.

10. OTHER OPERATING EXPENSES

	2021	2020
Audit and consulting	1,392,647	2,472,761
Bank commissions and similar charges	2,701,784	2,502,492
Commissions and fees	2,594,119	1,757,615
Compensations, fines and penalties	337,485	556,332
Current asset disposal expenses	5,382,047	3,549,683
General consulting	7,502,671	5,426,222
Handling and storage services	776,264	2,430,024
Insurance premiums	6,330,972	6,703,071
IT services	1,354,061	1,527,020
Marketing and publicity	2,946,799	2,262,260
Merchandising	4,862,915	16,720,223
Other operating expenses	10,229,309	4,818,738
Postage and telecommunications	568,727	718,905
Rental	5,370,614	6,971,962
Road taxes	10,171,748	9,458,730
Sanitation services	276,118	347,232
Security	1,522,569	1,829,027
Services charges (warehousing rent contracts)	1,823,576	839,669
Sponsorships	2,390,183	2,414,000
Trainings and other staff expenses	790,285	910,711
Travel	3,652,596	3,457,792
Utilities	8,710,196	7,720,745
Waste disposal	1,107,364	633,604
Total	**82,795,047**	**86,028,818**

11. NET FINANCE COSTS

	2021	2020
Interest income	1,364,802	4,051,254
Other finance income	53,561	8,762
Total finance income	**1,418,363**	**4,060,016**
Interest expense	(5,791,617)	(7,062,205)
Other financial expenses	(347,799)	(603,678)
Net foreign exchange losses	(2,139,553)	(6,637,115)
Total finance costs	**(8,278,967)**	**(14,302,998)**
Other gains and losses (Note 22)	**-**	**(5,671,400)**
Net finance costs	**(6,860,604)**	**(15,914,382)**

Interest income includes interest related to related parties loans receivables.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

Profit attributable to ordinary shareholders

	2021	2020
Profit attributable to the owners of the Parent	70,741,987	54,354,926
Profit attributable to ordinary shareholders	**70,741,987**	**54,354,926**

Weighted-average number of ordinary shares (in number of shares)

	2021	2020
Weighted-average number of ordinary shares at 31 December	**138,874,167**	**133,333,600**
Earnings per share		
Basic and diluted earnings per share (RON)	**0.51**	**0.41**

13. EMPLOYEE BENEFITS

Employee benefits payables and accruals at year-end are as follows:

	31 December 2021	31 December 2020
Wages and salaries	17,718,157	16,038,474
Social security contributions	5,471,730	4,619,382
Tax on salaries	1,085,737	855,721
Total payables and accruals at year-end	**24,275,624**	**21,513,577**

In Romania, all employers and employees, as well as other persons, are contributors to the state social security systems. The social security system covers pensions, allocations for children, temporary inability to work, risks of works and professional diseases and other social assistance services, unemployment benefits and incentives for employers creating new workplaces.

Employee benefit expenses are as follows:

	2021	2020
Wages and salaries	166,550,344	148,707,273
Per diem	12,547,002	12,881,182
Social contributions and charges	7,607,643	8,034,039
Meal tickets	9,142,583	8,312,441
Total employees benefits for the year	**195,847,572**	**177,934,935**

Management remuneration is disclosed in Note 29.

14. INCOME TAXES

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. The Group considers that the accounting records for taxes due are adequate for all open tax years, based on assessment made by management taking into account various factors, including the interpretation of tax legislation and previous experience. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(i) Amounts recognised in profit or loss

	2021	2020
Current tax expense	10,358,723	9,422,807
Deferred tax expense/(income)	(1,587,405)	998,459
Total income tax expense	**8,771,318**	**10,421,266**

14. INCOME TAXES (CONTINUED)

(ii) Reconciliation of effective tax rate

	2021		2020	
Profit before tax		79,537,072		64,784,024
Tax using Company's domestic tax rate	16%	12,725,932	16%	10,365,444
Effect of tax rates in foreign jurisdiction	0%	(213,234)	0%	-
Legal reserve	-1%	(586,312)	-0.04%	(26,154)
Tax effect of non-deductible expenses	15%	11,739,020	5%	3,128,613
Tax credit – sponsorship	-5%	(4,233,311)	-5%	(3,046,637)
Tax - exempt income		(1,319,526)	-	-
Other fiscal adjustments*	-12%	(9,341,251)	-	-
Income tax	**11%**	**8,771,318**	**16%**	**10,421,266**

* Other fiscal adjustments: relates to the fiscal impact of IFRS transition (unfavorable), recognition in equity of IPO costs (favorable) and IFRS 16 adjustments related to instalments for operating leasing contracts concluded before December 2020 (favorable)

Printex SA pays income tax as a microenterprise, as such, according to the provisions of the Fiscal Code and those of the declaration of income, the applicable tax rate for the income generated by microenterprises is 3% of turnover.

The income tax rate applicable for Trigor AVD S.R.L. subsidiary in the Republic of Moldova is 12%.

(iii) Movement in deferred tax balances

				Balance at 31 December 2020		
2020	**Net balance at 1 January 2020**	**Recognised in profit or loss**	**Merger impact**	**Net**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant and equipment	(15,088,157)	3,271,120	(37,180)	(11,854,217)	-	(11,854,217)
Intangible assets	(370,138)	39,844	-	(330,294)	-	(330,294)
Lease liability	14,017,709	(3,791,759)	104,215	10,330,165	10,330,165	-
Impairment of trade receivables	1,445,093	(431,882)	429,359	1,442,570	1,442,570	-
Employee benefits	791,852	(85,780)	222,019	928,091	928,091	-
Tax assets / (liabilities) before set-off	**796,359**	**(998,457)**	**718,413**	**516,315**	**12,700,826**	**(12,184,511)**
Set off of tax	-	-	-	-	(11,478,980)	11,478,980
Net tax assets / (liabilities)	**796,359**	**(998,457)**	**718.413**	**516,315**	**1,221,846**	**(705,531)**

14. INCOME TAXES (CONTINUED)

(iii) Movement in deferred tax balances (continued)

2021	Net balance at 1 January 2021	Recognized in profit or loss	Business acquisition impact	Balance at 31 December 2021 Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(11,854,217)	13,658,116	(296,946)	1,506,953	1,506,953	-
Intangible assets	(330,294)	330,294	-	-	-	-
Lease liability	10,330,165	(10,682,238)	352,073	-	-	-
Impairment of trade receivables	1,442,570	344,368	9,175	1,796,113	1,796,113	-
Employee benefits	928,091	276,156	-	1,204,247	1,204,247	-
Revaluation reserve	-	(2,339,289)	-	(2,339,289)	-	(2,339,289)
Tax assets / (liabilities) before set-off	**516,315**	**1,587,406**	**64,302**	**2,168,023**	**4,507,313**	**(2,339,289)**
Set off of tax	-	-	-	-	-	-
Net tax assets / (liabilities)	**516,315**	**1,587,406**	**64,302**	**2,168,023**	**4,507,313**	**(2,339,289)**

15. INVENTORIES

	31 December 2021	31 December 2020
Consumables	760,503	583,851
Goods for resale	132,893,911	122,835,515
Total inventories	**133,654,414**	**123,419,366**

Cost of inventories recognized as an expense in the statement of profit or loss in 2021 is RON 1,443,194,521 (2020: RON 1,256,325,046).

16. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables from third parties, gross	226,117,301	237,593,676
Trade receivables from related parties, gross	5,842,129	3,419,081
Loss allowance	(11,017,120)	(11,603,821)
Total trade receivables, net	**220,942,310**	**229,408,936**

Short term trade receivables from related parties are presented in Note 29.

16. TRADE RECEIVABLES (CONTINUED)

The Group's exposure to credit risk is influenced by the individual characteristics of each customer.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

	31 December 2021			
	Weighted average ELC Rate	**Gross value**	**Bad debt allowance**	**Net trade receivables**
Not overdue	0.89%	179,869,149	(1,593,732)	178,275,417
Past due 1-30 days	4.34%	38,367,921	(1,666,847)	36,701,074
Past due 31-60 days	26.96%	5,638,199	(1,519,879)	4,118,319
Past due 61-90 days	53.99%	2,330,306	(1,258,029)	1,072,277
Past due more than 90 days	86.53%	5,753,855	(4,978,632)	775,223
Total		**231,959,430**	**(11,017,120)**	**220,942,311**

	31 December 2020			
	Weighted average ELC Rate	**Gross value**	**Bad debt allowance**	**Net trade receivables**
Not overdue	0.98%	168,668,672	(1,650,402)	167,018,270
Past due 1-30 days	3.80%	56,399,819	(2,144,834)	54,254,985
Past due 31-60 days	25.04%	9,618,307	(2,408,441)	7,209,866
Past due 61-90 days	79.80%	2,052,380	(1,637,809)	414,571
Past due more than 90 days	88.04%	4,273,579	(3,762,335)	511,244
Total		**241,012,757**	**(11,603,821)**	**229,408,936**

16. TRADE RECEIVABLES (CONTINUED)

The movement in the loss allowance for trade receivables is as follows:

	2021	2020
Balance as at 1 January	**11,603,821**	**9,735,710**
Merger impact (Note 30.2)	2,818,069	2,700,369
Impairment reversed	-	-
Amounts written off	(715,373)	(667,230)
Impairment recognized	(2,689,397)	(165,028)
Balance as at 31 December	**11,017,120**	**11,603,821**

17. OTHER RECEIVABLES

	31 December 2021	31 December 2020
Receivable from medical leaves	2,292,143	1,330,126
Advances to employees	272,924	268,493
Other receivables	1,651,927	2,205,835
Advances for inventories	25,797,032	13,910,329
Total	**30,014,026**	**17,714,783**

18. CASH AND CASH EQUIVALENTS

18(a) Cash and cash equivalents

	31 December 2021	31 December 2020
Bank current accounts	42,541,957	25,386,549
Cash in hand	70,689	189,384
Promissory notes and cheques in bank	720,475	938,413
Total cash and cash equivalents	**43,333,121**	**26,514,346**

18(b) Short term investments

Balance presented of RON 195,000,000 relates to part of the amounts received from the IPO which were placed in short term deposits (6 month).

19. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment in 2021 and 2020 were as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross carrying amount					
Balance at 31 December 2019	**177,503,035**	**200,847,167**	**14,499,381**	**651,544**	**393,501,127**
Merger impact (Note 30.2)	509,520	6,435,903	643,945	-	7,589,368
Additions	5,423,614	4,916,307	153,559	195,598	13,219,177
Transfer from construction in progress (Note 21)	472,591	-	-	-	472,591
Disposals	(442,644)	(19,105,473)	(1,114,593)	(257,875)	(23,450,684)
Balance at 31 December 2020	**183,466,116**	**193,093,904**	**14,182,292**	**589,267**	**391,331,579**
Initial balance restated	326,392	165,236	507,884	(227,135)	772,377
Acquisitions through business combinations	3,358,298	13,193,449	52,900	-	16,604,646
Additions & Adj	(1,079,024)	24,297,731	232,069	1,925,326	25,376,100
Transfer	(1,752,118)	-	-	-	(1,752,118)
Disposals	(510,179)	(8,657,208)	(6,429)	(1,594,949)	(10,768,765)
Balance at 31 December 2021	**183,809,485**	**222,093,112**	**14,968,715**	**692,508**	**421,563,820**
Accumulated depreciation and impairment losses					
Balance at 31 December 2019	**64,298,410**	**147,692,439**	**7,033,457**	**-**	**219,024,306**
Depreciation	24,571,733	22,401,961	1,382,170	-	48,355,864
Accumulated depreciation of disposals	(438,449)	(19,374,420)	(137,972)	-	(19,950,841)
Balance at 31 December 2020	**88,431,694**	**150,719,980**	**8,277,655**	**-**	**247,429,329**
Initial balance restated	1,385,469	(1,008,191)	395,099	-	772,376
Acquisitions through business combinations	2,209,663	13,958,413	(233,801)	-	15,934,275
Depreciation	24,624,701	23,489,590	1,243,237	-	49,357,528
Accumulated depreciation of disposals	(795,409)	(7,950,394)	(1,831)	-	(8,747,634)
Balance at 31 December 2021	**115,856,118**	**179,209,398**	**9,680,359**	**-**	**304,745,875**
Net carrying amounts					
Balance at 31 December 2020	**95,034,422**	**42,373,924**	**5,904,637**	**589,267**	**143,902,250**
Balance at 31 December 2021	**67,953,367**	**42,883,714**	**5,288,356**	**692,508**	**116,817,944**

Property, plant and equipment includes right-of-use assets with a net carrying value of RON 33,968,731 as at 31 December 2021 (31 December 2020: RON 37,105,367) related to leased equipment and of RON 42,776,905 as at 31 December 2021 (31 December 2020: RON 65,681,080) related to leased properties that do not meet the definition of investment property (see Note 29).

20. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Brands	Other intangible assets	Total
Gross book value				
Balance at 31 December 2019	**5,011,706**	**2,698,926**	**751,884**	**8,462,516**
Additions	-	-	186,911	186,911
Disposals	-	-	(169,390)	(169,390)
Balance at 31 December 2020	**5,011,706**	**2,698,926**	**769,405**	**8,480,037**
Additions	-	-	33,184	33,184
Disposals	-	-	(403,097)	(403,097)
Balance at 31 December 2021	**5,011,706**	**2,698,926**	**399,492**	**8,110,124**
Accumulated amortization				
Balance at 31 December 2019	**-**	**385,561**	**741,352**	**1,126,913**
Amortization	-	385,561	58,063	443,624
Acquisition through business combination	-	-	(166,547)	(166,547)
Balance at 31 December 2020	**-**	**771,122**	**632,868**	**1,403,990**
Amortization	-	385,561	9,063	394,624
Acquisition through business combination	-	-	(259,525)	(259,525)
Balance at 31 December 2021	**-**	**1,156,683**	**382,406**	**1,539,089**
Net carrying amounts				
At 31 December 2020	**5,011,706**	**1,927,804**	**136,537**	**7,076,047**
At 31 December 2021	**5,011,706**	**1,542,243**	**17,086**	**6,571,035**

20. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Following the acquisition of AGRIROM SRL by AQUILA PART PROD COM SA, the Group mainly recognised goodwill of RON 5,011,706 and brands of RON 2,698,926 (Agrirom's brands for food products: Gradena, Yachtis, LaMasa and Frisco).

As at 31 December 2021 and as at 31 December 2020, the Group performed an impairment analysis for the goodwill, which allocated to the CGU formed by the distribution and trade with food, beverages and tobacco performed by AGRIROM SRL. The WACC used is of 11,4%, growth rate of 2.5%. Even with 1% change in these there is no impairment.

Based on the analysis, the goodwill is not impaired as at 31 December 2021 and as at 31 December 2020.

The recoverable amount of the goodwill is determined based on a value in use calculation for uses cash flow projections based on financial budgets covering a five-year period and a pre-tax discount rate of 11.4% per cent per annum.

The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for current decreasing trend in refrigerated product sales in the next 2 years followed by a slower increasing trend with an average of 5%.

Operating profits

Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of current trends of reduction followed by a slower increase trend in coming years.

Cash conversion

Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 2.5% per cent per annum growth rate.

Changes by 1% of the assumptions used such as WACC, growth in perpetuity does not lead to impairment.

Brands have been recognised at fair value at the acquisition date.

21. INVESTMENT PROPERTY

(a) Reconciliation of carrying amounts

	2021	2020
Gross book value		
Balance at 1 January	**14,336,071**	**15,251,306**
Business combination (Nota 30)	-	-
Acquisitions	-	-
Transfer from property, plant and equipment (note 19)	1,733,560	(472,591)
Disposals	-	(442,644)
Balance at 31 December	**16,069,631**	**14,336,071**
Accumulated depreciation and impairment		
Balance at 1 January	**1,108,648**	**676,524**
Depreciation charge	1,105,740	525,728
Transfer to investment property (note 19)	-	(93,604)
Balance at 31 December	**2,214,388**	**1,108,648**
Carrying amount		
Balance at 1 January	**13,227,423**	**14,574,782**
Balance at 31 December	**13,855,243**	**13,227,423**

Investment property comprises of land and buildings of AQUILA PART PROD COM SA and PRINTEX SA that are leased to third parties.

An external appraiser prepared an appraisal report on December 31, 2018 for real estate investments.

The company performed internal valuation and determined that value were not significantly changed in 2020 and 2021.

(b) Amounts recognised in profit or loss

	2021	2020
Income-generating property	3,676,525	2,554,814
Directly operating expenses	233,921	832,397

22. LOANS TO RELATED PARTIES AND LONG-TERM RECEIVABLES FROM RELATED PARTIES

The Group has loans to related parties and long term receivables from receivables which are considered purchased or originated credit-impairment financial assets ("POCI").

(a) Loans to related parties

	31 December 2021	**31 December 2020**
Novadex	15,121,550	18,188,213
Aquila Agricola	7,157,250	7,429,495
Aquila Construct	-	2,261,663
Best Coffee Solutions	3,503,183	3,831,590
Nordexim	32,774,621	33,923,738
Aquila Trade Solutions	239,481	239,481
Total	**58,796,085**	**65,874,180**
Short-term portion	6,672,011	7,618,002
Long-term portion	52,124,075	58,256,178

(i) Novadex – contract with Novadex was concluded in 2007 for an original amount of RON 2,500,000 and an original maturity of 2 years. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 25,000,000.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2028. As per addendum the loan the loan has been converted in EUR and is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

(ii) Aquila Agricola - contract with Aquila Agricola was concluded in 2007 for an original amount of RON 150,000 and original maturity of 31 December 2008. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 15,000,000.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2030. As per addendum the loan has been converted in EUR is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

22. LOANS TO RELATED PARTIES AND LONG-TERM RECEIVABLES FROM RELATED PARTIES (CONTINUED)

(a) Loans to related parties (continued)

(iii) Aquila Construct - contract was concluded in 2013 for an original amount of RON 1,000,000 and original maturity of 30 September 2013. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 15,000,000. The loan is not secured.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

(iv) Best Coffee Solutions - contract was concluded in 2016 for an original amount of RON 1,000,000 and original maturity of 30 June 2013. Subsequently the contract's maturity was extended annually with another 12 months. Also the loan limit amount was increased multiple times up to the current limit of RON 7,000,000.

The loan purpose was financing of operating and investing activities (acquisition of property, plant and equipment).

On 31 December 2020, an addendum was signed to the contract for extension of maturity to 31 December 2030. As per addendum the loan has been converted in EUR is payable in quarterly tranches, with an interest of 1.8 pa and it is not secured.

The loans to related parties are classified as POCI financial assets, as a result the Group measures the loss allowance for loans receivables at an amount equal to lifetime ECL. The expected credit losses on loans to related parties are determined based on the expected cash inflow to be obtained from each debtor until the end of 2030, based on the projected future cash flows of the debtors. The future cashflow projections have incorporated judgement and estimates considering historical performances of the related parties as well as expected reasonable future changes based on the information available as at the date of the preparation of these financial statements.

On initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate.

If a financial asset is purchased or originated credit-impaired then at the reporting date only the cumulative changes in lifetime expected credit losses since initial recognition are recognised as a loss allowance

The following table shows the other gains and losses recognised at initial recognition of loans to related parties:

	2021	**2020**
Opening balance	**17,658,409**	**11,987,009**
Other gains and losses	8,613,113	5,671,400
Closing balance	**26,271,522**	**17,658,409**

Increase in loss allowance is determined by increase in POCI financial assets recognised during the year.

23. CAPITAL AND RESERVES

(a) Share capital

As at 31 December 2021, the share capital is of RON 30,589,788 (31 December 2020: 3,614,728) and includes the effect of restatement required by the application of IAS 29 Financial Reporting in Hyperinflationary Economies until 31 December 2003. The reconciliation of share capital is as follows:

Share capital (nominal value)	3,025,000
Restatement adjustment in accordance with IAS 29	589,728
Restated share capital balance as at 31 December 2020	**3,614,728**
Share capital (nominal value)	30,000,060
Restatement adjustment in accordance with IAS 29	589,728
Restated share capital balance	**30,589,788**

The number of shares of the Group was as follows:

	Ordinary shares	
Number of shares	**2021**	**2020**
In issue at 1 January	**302,500**	**302,500**
Share issuance at RON 10	1,697,504	-
Share split RON 10 to RON 0.15	131,333,596	-
Share issuance at RON 0.15	66,666,800	-
In issue at 31 December – fully paid	**200,000,400**	**302,500**

The par value of the shares is RON 0.15 as at 31 December 2021, respectively RON 10 as at 31 December 2020.

New shares issued in 2021 were presented in Note 1.

All ordinary shares rank equally with regard to the above companies' residual assets.

Holders of ordinary shares are entitled to dividends as declared from time to time, distributed from the statutory profits and are entitled to one vote per share at general meetings of the above companies.

The above companies recognize changes in share capital only after their approval in the General Shareholders Meeting and their registration by the Trade Register.

(b) Legal reserves

Legal reserves are set up as 5% of the gross profit for the year as per statutory individual financial statements of the Group companies, until the total legal reserves reach 20% of the paid-up nominal share capital of each company, according to the legislation. These reserves are deductible for income tax purposes and are not distributable.

Legal reserves were restated according to IAS 29 Financial Reporting in Hyperinflationary Economies until 31 December 2003 (the adjustment for the effect of hyperinflation amounts to RON 110,225 as at 31 December 2021 and 31 December 2020).

(c) Own Shares

The balance of RON 991,972 relates to 180,000 own purchased shares.

23. CAPITAL AND RESERVES (CONTINUED)

(d) Dividends

The Group companies may distribute dividends from statutory earnings only, as per separate financial statements prepared in accordance with statutory accounting regulations.

The dividends declared by the Companies were as follows:

	Distribution of dividends	
	2021	**2020**
To the owners of the Parent	21,395,289	13,981,560
To non-controlling interests	-	-
Total	**21,395,289**	**13,981,560**
Weighted-average number of ordinary shares (in no. of shares)		
Weighted-average number of ordinary shares at 31 December	138,874,167	133,333,600
Dividend per share	**0.15**	**0.10**

Out of the dividends declared by the Parent, the dividends paid were RON 21,395,289 in 2021 and RON 13,987,760 in 2020.

In the period January to August 2021, the shareholders of the Company approved the distribution of dividends of RON 21,395,289 as follows: January (RON 3,076,738), March (RON 3,252,632) and August (RON 15,065,919) before the IPO.

In 2021 the shareholders of the Parent approved the distribution of dividends of RON 21,395,289.

(e) Capital management

The Group manages its capital such as to make sure that the Group entities will be able to continue as a going concern and to maximize the profits for the shareholders, by optimization of the balances of liabilities and equity.

The structure of the Group's capital comprises liabilities, which include borrowings, cash and cash equivalents, and equity attributable to the owners of the Company. Equity comprises share capital, reserves and retained earnings.

The Group's capital risk management includes a regular review of the equity structure. As part of this review, management considers the cost of equity and the risk associated to each class of equity. The Group balances its general structure of capital by the payment of dividends, by issuance of new shares, as well as by contracting new liabilities or extinguishing the existent ones.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

In RON	**31 December 2021**	**31 December 2020**
Borrowings and lease liabilities	74,440,290	271,495,395
Less: Cash and bank balances	(43,333,121)	(26,514,346)
Net debt	**31,107,169**	**244,981,049**
Total equity	**483,388,818**	**98,821,947**
Gearing ratio	**0.06**	**2.48**

24. TRADE PAYABLES

	31 December 2021	31 December 2020
Trade payables to third parties	197,332,315	210,589,327
Trade payables to related parties	390,493	10,023
Refund liabilities	23,196,454	17,333,515
Total	**220,919,262**	**227,932,865**
Current	219,230,426	224,654,551
Non-current	1,688,836	3,278,314

Trade payables to related parties are presented in Note 29.

Refund liabilities are recognized for volume discounts accrued as at year end to be granted to customers. Such volume discounts are invoiced to customers in the following financial period.

Non-current trade payables as at 31 December 2021 and as at 31 December 2020 represent payables to Felix Development for the acquisition by AQUILA PART PROD COM SA of warehouse localised in Ploiesti. The contract was concluded in 27 March 2017, transaction price being EUR 3 million and is payable in equal monthly instalments until April 2023.

25. OTHER PAYABLES

	31 December 2021	31 December 2020
VAT payable	6,183,204	3,442,505
Dividends payable	12,854,434	8,042
Sundry creditors	1,495,293	1,537,780
Other payables	3,053,843	5,238,797
Total	**23,586,774**	**10,227,124**

Other payables to related parties are presented in Note 29.

26. LOANS AND BORROWINGS

(a) Long-term bank borrowings

	2021	2020
Balance at 1 January	**6,863,198**	**9,113,690**
Drawings	-	-
Reimbursements	(2,461,455)	(2,387,782)
Foreign exchange impact	110,923	137,290
Balance at 31 December	**4,512,666**	**6,863,198**
Current portion	2,461,455	2,422,305
Long term portion	2,051,211	4,440,893

In February 2019, AQUILA PART PROD COM SA contracted a long-term loan of EUR 2,280,000 with Raiffeisen Bank to finance the acquisition of AGRIROM SRL. The loan is re-payable in 55 equal monthly instalments until 31 October 2023. The interest rate is 1M EURIBOR + 2.75%. The balance of the loan as at 31 December 2021 is : EUR 911,999; 31 December 2020 is EUR 1,409,455, of which EUR 497,455 due within 1 year.

The loan is guaranteed with AQUILA PART PROD COM SA's bank accounts with Raiffeisen Bank

In December 2021 AQUILA PART PROD COM SA contracted a long-term loan of EUR 5,000,000 with BERD to finance various projects (Software – 28%, Equipment – 36%, Marketing Spending – 13% and working Capital - 23%). As at 31 December 2021 no amount was drawn from this loan.

The loan is guaranteed with 5% from the value of shares of the founding members.

(b) Short-term bank borrowings

Entity	Lender	Maturity	31 December 2021	31 December 2020
AQUILA PART PROD COM SA	Unicredit Bank	August 2021/20/19/18/17	-	64,922,088
	EximBank	August 2021/20/19/18/17	-	14,976,669
	Raiffeisen Bank	June 2021/20/19/18/17	-	60,853,989
AGRIROM SA	Banca Transilvania	September 2021/20	-	22,206,082
Total			**-**	**162,958,828**

26. LOANS AND BORROWINGS (CONTINUED)

The Group has the following short-term credit facilities:

AQUILA PART PROD COM SRL

(1a) Unicredit Bank: multicurrency (RON, EUR) credit line contracted in 2015 together with SECA DISTRIBUTION SRL, with a limit of EUR 24,200,000. The credit includes 2 facilities:

- Facility A with a limit of EUR 13,350,000 for general expenses, and issuance of bank letters of guarantee and letters of credit. This facility is valid until 31 May 2022. The interest rate is ON EURIBOR + 2.25% for EUR and ON ROBOR + 2% for RON. The amount used from this facility as at 31 December 2021 is 0 (31 December 2020: EUR 13,332,667).

- Facility B (non-cash) with a limit of EUR 10,850,000 for issuance of bank letters of guarantee. This facility is valid until 31 May 2022. The amount used from this facility as at 31 December 2021 is EUR 10,163,439; 31 December 2020 is EUR 10,716,359.

The credit is guaranteed by AQUILA PART PROD COM SA with trade receivables from certain customers, bank accounts with Unicredit Bank, vehicles, and certain goods for resale. The credit is also guaranteed by, Novadex, a related party, the shareholders and other related individuals. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

(1b) EximBank: multi-currency (RON, EUR) credit facility contracted in 2014 including a revolving credit line and a facility for issuance of bank letters of guarantee, with a limit of EUR 3,080,000. The interest rate is 1M EURIBOR + 2.25% for EUR and 1M ROBOR + 1.5% for RON. The facility is valid until 3 August 2022. The amount used as at December 31, 2020 is of EUR 3.075.670 and at 31 December 2021: EUR 0.

The loan is guaranteed by AQUILA PART PROD COM SA with the bank accounts with EximBank, certain goods for resale, and trade receivables from certain customers. The loan is also guaranteed by the shareholders, and by a state counter-guarantee of EUR 588,600. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

(1c) Raiffeisen Bank: overdraft facility with a limit of EUR 13,500,000 contracted in 2005. The interest rate is O/N EONIA + 2.25% for EUR and O/N ROBOR + 1.5% for RON. The facility is valid until 30 June 2022. The amount used as at 31 December 2021 EUR 0 (31 December 2020 is EUR 12,497,225).

The contract provides for financial covenants to be met by AQUILA PART PROD COM SA: equity ratio (equity to total assets) higher than 20%, computed based on the statutory stand-alone financial statements of AQUILA PART PROD COM SA.

The loan is guaranteed by AQUILA PART PROD COM SA with bank accounts with Raiffeisen Bank, goods for resale, trade receivables from certain customers, and certain land and buildings. The loan is also guaranteed by, PRINTEX SA, a subsidiary of Aquila, Novadex, Nordexim and Aquila Agricola, related parties, and the shareholders. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

AQUILA PART PROD COM SA have a non-cash credit facility for issuance of bank letters of guarantee contracted with Raiffeisen Bank in 2014, with a limit of EUR 4,500,000 as at December 31, 2020, valid until 30 June 2023. The facility was fully used by AQUILA PART PROD COM SA.

(1d) Banca Transilvania: credit line contracted in 2018 to finance working capital, in amount of EUR 4,000,000. The interest rate is 1M EURIBOR + 2.45%. The credit is valid until 28 September 2022. The loan balance as at 31 December 2021 is EUR 0 ; 31 December 2020 is EUR 3,897,006.

The loan is guaranteed with inventories, trade receivables from certain customers, and existing and future cash collections and bank accounts with Banca Transilvania, and by AQUILA PART PROD COM SA with existing and future cash collections and bank accounts with Banca Transilvania. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

26. LOANS AND BORROWINGS (CONTINUED)

(c) Guarantees and pledges

In relation to the borrowings presented above, the Group entities have the following pledges on assets made in favour of the banks for loans and letters of guarantees bank facility as part of the agreements with the banks:

	31 December 2021	31 December 2020
Property, plant and equipment and investment property	6,891,436	7,010,226
Inventories	85,848,799	87,251,156
Trade receivables	146,212,328	143,325,015
Cash and cash equivalents	36,254,161	25,133,680

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Liabilities			Equity	
		Long-term borrowings	Short-term borrowings	Leases	Retained earnings	Total
Balance at 1 January 2020		**9,113,690**	**131,478,002**	**124,960,558**	**27,962,299**	**293,514,549**
Changes from financing cash flows						
Proceeds from loans and borrowings		-	6,856,526	-	-	6,856,526
Repayment of borrowings		(2,387,782)	(8,035,781)	-	-	(10,423,563)
Payment of lease liabilities		-	-	(40,493,278)	-	(40,493,278)
Total changes from financing cash flows		**6,725,908**	**130,298,747**	**84,467,280**	**27,962,299**	**249,454,234**
Changes arising from Merger		**-**	**31,480,826**	**5,203,036**	-	**36,683,862**
The effect of changes in foreign exchange rates		**137,290**	**1,179,255**	**5,974,118**	-	**7,290,663**
Other changes						
Liability-related						
New leases	27	-	-	2,791,308	-	2,791,308
Interest expense	11	159,602	3,847,013	3,055,590	-	7,062,205
Interest paid		(159,602)	(3,847,013)	(3,055,590)	-	(7,062,205)
Lease modifications		-	-	3,237,627	-	3,237,627
Dividends paid	23	-	-	-	(13,982,760)	(13,982,760)
Total liability-related other changes		**-**	**-**	**6,028,935**	**(13,982,760)**	**(7,953,825)**
Total equity-related other changes		-	-	-	**79,750,488**	**79,750,488**
Balance at 31 December 2020		**6,863,198**	**162,958,828**	**101,673,369**	**93,730,027**	**365,225,422**

26. LOANS AND BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Note	Liabilities			Equity
		Long-term borrowings	**Short-term borrowings**	**Leases**	**Retained earnings**
Balance at 1 January 2021		**6,863,198**	**162,958,828**	**101,673,369**	**93,730,027**
Changes from financing cash flows					
Proceeds from loans and borrowings		-	-	-	-
Repayment of borrowings		(2,461,455)	(162,958,828)	-	-
Payment of lease liabilities		-	-	(41,033,985)	-
Total changes from financing cash flows		**(2,461,455)**	**(162,958,828)**	**(41,033,985)**	
The effect of the merger under common control		-	-	-	-
The effect of changes in foreign exchange rates		110,923	-	-	-
Other changes					
Liability-related					
New leases		-	-	11,745,577	-
Interest expense		1,277,274	2,237,739	2,276,604	-
Interest paid		(1,277,274)	(2,237,739)	(2,276,604)	-
Modifications to the leasing contract		-	-	(2,457,337)	-
Dividends paid		-	-	-	(21,395,289)
Total liability-related other changes		-	-	-	**30,343,676**
Total equity-related other changes		-	-	-	-
Balance at 31 December 2021		**4,512,666**	**-**	**69,927,624**	**102,678,414**

27. LEASES

(a) Leases as lessee

On assessing the application of IFRS 16 Leases, the Group considered the following criteria to determine whether the arrangements contain any leases:

a) The lessee has the right to obtain substantially all of the economic benefits from using the asset throughout the period of use; and

b) The lessee has the right to direct the use of the identified asset throughout the period of use.

The Group leases warehouse and office space. The leases typically run for a period of 5 to 10 years. Additionally, the Group leases transport vehicles. The leases typically run for a period of 5 years. Majority of these leases transfer the ownership of the underlying asset at the end of the lease term.

In case of leases without transfer of ownership of underlying asset at the end of the lease term, only part of these leases include renewal options, which may be applied if the Group announces the lessor with at more than 12 months in advance of the original lease term. The renewal and the extension of the term has to be agreed by both parties through signing an addendum to the contract. Considering that both the renewal and the additional lease term has to be approved also by the lessor, the Group did not consider any renewal option when determining the lease term.

The Group determined the incremental borrowing rate based on the interest rate applied by the financial institution to similar entities for loans with the same characteristics as the lease contracts (in terms of currency and term).

The Group does not include in the lease payments costs incurred in connection with the lease that are not part of the cost of the right-of-use asset (such as maintenance or insurance).

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

2021	**Land and buildings**	**Equipment (Transport vehicles)**	**Total**
Balance at 1 January	**65,681,080**	**37,105,367**	**102,786,447**
Addition as business combination	1,595,531	3,140,730	4,736,261
Depreciation charge for the year	(24,155,946)	(15,909,366)	(40,065,312)
Additions to right-of-use assets	2,984,093	8,761,484	11,745,577
Change of right-of-use assets	(3,327,853)	870,516	(2,457,337)
Balance at 31 December	**42,776,905**	**33,968,731**	**76,745,636**

2020	**Land and buildings**	**Equipment (Transport vehicles)**	**Total**
Balance at 1 January	**83,112,646**	**44,017,973**	**127,130,619**
Addition as business combination	-	-	-
Depreciation charge for the year	(22,446,684)	(13,707,175)	(36,153,859)
Additions to right-of-use assets	1,199,775	6,794,569	7,994,3444
Change of right-of-use assets	3,815,543	-	3,815,343
Balance at 31 December	**65,681,080**	**37,105,367**	**102,786,447**

27. LEASES (CONTINUED)

a) Leases as lessee (continued)

(ii) Amounts recognised in profit or loss

	2021	2020
Interest on lease liabilities	2,481,892	3,055,590
Expenses related to variable lease, short term lease and low value lease	5,370,614	6,971,962

Low value leases in amount of RON 698,757, short term lease in amount of RON 387,311 and not in scope (variable & service charge) in amount of RON 4,284,546.

(iii) Amounts recognised in statement of cash flows

	2021	2020
Total cash outflows for leases	(43,050,370)	(43,548,868)

(b) Leases as lessor

The Group leases out its investment property consisting of its owned properties. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The Group ensures via contractual clauses that property rights are retained by the lessor and lessees are required to returned the assets leased in the same condition as when taken under lease.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2021	31 December 2020
Less than one year	477,214	652,499
One to two years	452,756	476,455
Two to three years	343,076	452,756
Three to four years	247,452	343,076
Four to five years	247,452	247,452
More than five years	247,452	494,903
Total	**2,015,402**	**2,667,141**

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

(a) Accounting classifications and fair values

For the purchased or originated credit-impaired financial assets, loans to related parties and long term trade receivables from related parties, the net carrying amount of the financial assets represents an approximation of fair value. For the bank borrowings, the incremental costs are not material, interest is based on variable interest rates and carrying amount approximates fair value.

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, long term trade receivables from related parties and loans granted to related parties.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have an overdue of more than 30 days past due.	Provision Matrix
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Provision Matrix
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Provision Matrix
POCI	Purchased or originated credit impaired financial assets	Lifetime ECL
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

There are no significant movements between stages as of end of reporting dates.

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(ii) Credit risk

The tables below detail the credit quality of Group's financial assets, as well as the Group's maximum exposure to credit risk:

31 December 2021	Note	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Loans to related parties	22	Lifetime ECL (credit impaired)	58,796,085	-	58,796,085
Trade receivables	16	Lifetime ECL (simplified model)	231,959,430	(11,017,120)	220,942,311
			290,755,516	**(11,017,120)**	**279,738,396**

31 December 2020	Note	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Loans to related parties	22	Lifetime ECL (credit impaired)	65,874,180	-	65,874,180
Trade receivables	16	Lifetime ECL (simplified model)	241,012,757	(11,603,821)	229,408,936
			306,886,937	**(11,603,821)**	**295,283,116**

For loans to related parties and long term trade receivables from related parties, which are classified as POCI financial assets, the Group has determined the loss allowance based on the expected cash inflow to be obtained from each debtor until the end of 2030, based on the projected future cash flows of the debtors. Note 22 includes further details on the loss allowance for these assets.

The loans contracts were concluded during 2007 – 2013, initially with a maturity of 12 months. Subsequently, the loans were prolonged annually for another 12 months. On 31 December 2020, the Group concluded an addendum with each debtor for restructuring of the loans – modifying the maturity to 31 December 2030.

In case of loans, the Group recognizes the receivables together with unamortised balance of day 1 loss, the Group charged a day 1 loss at initial recognition of the receivable.

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables. In addition, the Group maintains credit facilities for financing of the operating expenses (please see Note 25).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
Financial liabilities	**Carrying amount**	**Total**	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
31 December 2021						
Long-term bank borrowings	4,512,666	4,512,666	2,461,455	2,051,211		
Short-term bank borrowings	-	-	-	-	-	-
Lease liabilities	69,927,624	69,927,624	37,097,013	17,923,341	11,604,593	3,302,677
Trade payables	220,919,263	220,919,263	219,230,427	1,660,038	28,798	
Total	**295,359,553**	**295,359,553**	**258,788,895**	**21,634,590**	**11,633,391**	**3,302,677**
31 December 2020						
Long-term bank borrowings	6,863,198	6,863,199	2,422,305	2,422,305	2,018,588	-
Short-term bank borrowings	162,958,828	162,958,828	162,958,828	-	-	-
Lease liabilities	101,673,369	100,574,836	43,192,291	31,597,073	22,286,575	3,498,898
Trade payables	227,932,865	227,932,865	224,654,551	2,249,330	1,028,984	-
Total	**499,428,260**	**498,329,728**	**433,227,975**	**36,268,708**	**25,334,147**	**3,498,898**

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Liquidity risk ratios

	31 December 2021	31 December 2020
Current assets	637,036,868	410,542,885
Current liabilities	308,809,021	462,486,000
Current ratio	**2.06**	**0.88**
Cash and cash equivalents	43,333,121	26,514,346
Trade receivables	220,942,310	229,408,936
Current liabilities	308,809,021	462,486,000
Quick ratio	**0.86**	**0.55**

(iv) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group companies. The functional currency of all Group entities is the Romanian Leu (RON).

The currency in which these transactions are primarily denominated is the functional currency. Certain liabilities are denominated in foreign currency (EUR). The Group also has deposits and bank accounts denominated in foreign currency (EUR and USD). The Group's policy is to use the local currency in its transactions as far as practically possible. The Group does not use derivative or hedging instruments.

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Market risk (continued)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows:

Sum in RON	**RON**	**EUR**	**USD**	**GBP**	**CHF**	**PLN**	**MDL**	**Total**
31 December 2021								
Cash and cash equivalents	20,919,633	16,125,920	4,745	10,217	-	960	6,271,646	43,333,121
Trade receivables	201,149,097	8,429,714	-	9,468	-	-	11,354,031	220,942,310
Loans to related parties	-	58,796,086	-	-	-	-	-	58,796,086
Long-term bank borrowings	-	(4,512,666)	-	-	-	-	-	(4,512,666)
Lease liability	(89,645)	(69,367,231)	-	-	-	-	(470,747)	(69,927,624)
Short-term bank borrowings	-	-	-	-	-	-	-	-
Trade payables	(90,626,590)	(61,351,715)	(1,237,933)	-	(21,548)	(830,549)	(6,185,813)	(160,254,148)
Net statement of financial position exposure	**131,352,495**	**(51,879,892)**	**(1,233,188)**	**19,685**	**(21,548)**	**(829,589)**	**10,969,117**	**88,377,079**
31 December 2020								
Cash and cash equivalents	26,307,855	187,163	15,558	232	-	3,538	-	26,514,346
Trade receivables	218,201,009	11,199,961	-	7,966	-	-	-	229,408,936
Loans to related parties	2,501,144	63,373,036	-	-	-	-	-	65,874,180
Long-term bank borrowings	-	(6,863,198)	-	-	-	-	-	(6,863,198)
Lease liability	(9,205,594)	(92,467,775)	-	-	-	-	-	(101,673,369)
Short-term bank borrowings	-	(162,958,828)	-	-	-	-	-	(162,958,828)
Trade payables	(169,347,152)	(57,574,567)	(522,176)	-	-	(488,970)	-	(227,932,865)
Net statement of financial position exposure	**68,457,262**	**(245,104,208)**	**(506,618)**	**8,198**	**-**	**(485,432)**	**-**	**(177,630,798)**

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (continued)

Currency risk (continued)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
RON	**2021**	**2020**	**2021**	**2020**
EUR 1	4.9204	4.8371	4.9481	4.8694
USD 1	4.1604	4.2440	4.3707	3.9660
GBP 1	5.7233	5.4423	5.8994	5.4201
CHF 1	4.5515	-	4.7884	-
PLN 1	1.078	1.0889	1.0768	1.0676
MDL 1	0.2353	-	0.2463	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of RON against EUR, MDL, USD, GBP and CHF as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit of loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in RON	Profit or loss before tax	
	Strengthening	**Depreciere**
31 December 2021		
EUR (3% movement)	1,556,397	(1,556,397)
USD (5% movement)	61,659	(61,659)
GBP (5% movement)	(984)	984
CHF (7% movement)	1,508	(1,508)
PLN (3% movement)	24,888	(24,888)
MDL (5% movement)	(548,456)	548,456
31 December 2020		
EUR (2% movement)	6,169,545	(6,169,545)
USD (4% movement)	25,331	(25,331)
GBP (3% movement)	(8,198)	8,198
PLN (4% movement)	19,417	(19,417)

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(iii) Market risk (continued)

Currency risk (continued)

Interest rate risk

The Group is exposed to interest rate risk mainly in relation to loans and borrowings bearing variable interest rate.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

In RON	**31 December 2021**	**31 December 2020**
Fixed-rate instruments		
Financial liabilities (borrowings and leases)	(69,927,624)	(100,405,923)
Variable-rate instruments		
Financial liabilities (borrowings)	(4,512,666)	(169,822,026)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL and the Group does not use derivatives. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Effect in RON	**Profit or loss before tax**	
	100 bp increase	**Scadere cu 100 pp**
31 December 2021		
Variable-rate instruments	(45,126)	45,127
Cash flow sensitivity	**(45,126)**	**45,127**
31 December 2020		
Variable-rate instruments	(1,698,220)	1,698,220
Cash flow sensitivity	**(1,698,220)**	**1,698,220**

29. RELATED PARTIES

(a) Main shareholders

As at 31 December 2021 and 31 December 2020 the shareholders of AQUILA PART PROD SA are Mr. Vasile Constantin Catalin and Mr. Dociu Alin Adrian with 33.3% each.

The balances with shareholders are related to dividends payable, as follows:

	31 December 2021	31 December 2020
Mr. Vasile Constantin Catalin	-	-
Mr. Dociu Alin Adrian	-	-
Minority shareholders	8,042	8,042
Total	**8,042**	**8,042**

(b) Management remuneration

	2021	2020
Executive management compensation	9,172,447	7,099,640

(c) Balances with related parties

The table below presents the -nature of the related parties relationship and transactions:

Related Party	Relationship	Nature of transactions
Aquila Construct	Entity under common control	Loan granting, Receipt of loan
Best Coffee Solutions	Entity under common control	Loan granting
Aquila Agricola	Entity under common control	Loan granting
Novadex	Entity under common control	Loan granting, sale of merchandise
Nordexim	Entity under common control	Sale of merchandise
Aquila Asig	Entity under common control	Insurance Broker agent
Best Distribution Moldova	Entity under common control	Sale of merchandise, Acquisition of services

29. RELATED PARTIES (CONTINUED)

(c) Balances with related parties (continued)

For loans granted to related parties and long term receivables please refer to Note 22.

Balances: trade payables	**31 December 2021**	**31 December 2020**
Aquila Construct	-	10,023
Best Coffee	-	-
Aquila Agricola	-	-
Aquila Asig	127,757	
Nordexim	-	-
Seca Distribution	-	-
Novadex	262,736	
Total	**390,493**	**10,023**

Balances: other payables	**31 December 2021**	**31 December 2020**
Aquila Construct	-	-
Aquila Asig	-	-
Altii	-	-
Total	**-**	**-**

Balances: trade receivables	**31 December 2021**	**31 December 2020**
Aquila Construct	884,970	70,445
Best Coffee	338,404	5,219
Aquila Agricola	23,326	64,023
Aquila Asig	1,255	2,839
Novadex	3,306	-
Nordexim	4,590,869	3,270,229
Seca Distribution	-	-
Trigor	-	6,326
Total	**5,842,129**	**3,419,081**

29. RELATED PARTIES (CONTINUED)

(d) Transactions with related parties

Purchases (without VAT)	2021	2020
Aquila Construct	-	34,022
Best Coffee	590,736	2,217,952
Nordexim	803,190	305,292
Novadex	355,260	493,343
Seca Distribution		-
Trigor		-
Best Distribution Moldova	-	259,530
Total	**1,749,188**	**3,310,139**

Sales (without VAT)	2021	2020
Aquila Construct	1,457,321	1,092,135
Best Coffee	363,820	515,566
Aquila Agricola	32,789	26,681
Aquila Asig	7,618	5,773
Nordexim	11,381,546	9,974,740
Novadex	2,778	-
Seca Distribution	-	-
Trigor	-	-
Best Distribution Moldova	-	61,491
Total	**13,245,873**	**11,676,386**

(e) Loans to related parties

The Group has significant loans granted to related parties. Related balances, finance income and losses are disclosed in Note 22.

30. MERGERS AND ACQUISITIONS WITH ENTITIES UNDER COMMON CONTROL

30.1 AQUILA PART PROD COM SA acquisition of AGRIROM SRL

On 22 February 2019 AQUILA PART PROD COM SA acquired 100% of the shares and voting interest in AGRIROM SRL, dealing in import and distribution of frozen food products in Romania, gaining control over this entity. The transfer or shares has been made operated in the Trade Register on 27 February 2019.

Agrirom SRL was subsequently merged into AQUILA PART PROD COM SA as at 1 January 2021.

The primary reason of the merger of AGRIROM SRL (Agrirom) into AQUILA PART PROD COM SA (Aquila) was the improving of overall operations' profitability as both companies had similar business interests in terms of product and customer portfolios. Specifically, prior to the transaction date both companies were active in the food-service and food-product retail segments, competing over the same market. The financial results of 2021, subsequent to the integration of Agrirom's food-service business line into Aquila, had proved that the business assumptions on which the merger decision was based had been correct.

30. MERGER AND ACQUISITIONS WITH ENTITIES UNDER COMMON CONTROL (CONTINUED)

30.1 AQUILA PART PROD COM SA acquisition of AGRIROM SRL (continued)

For the merger, Aquila applied the accounting policy 6 (q), whereas the separate financial statements of the parent are a continuation of the Group consolidated financial statements. Hence, the values recognised in the consolidated financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the consolidated financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

Acquired assets and liabilities assumed at the date of the merger

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of merger, based on their fair values and including restatement adjustment for transition to IFRS.

	Note	RON
Property, plant and equipment	**19**	145,560,700
Intangible assets	**20**	2,064,341
Goodwill		5,011,706
Investment property	**21**	8,086,604
Investments		111,273
Inventories		25,839,123
Trade receivables		29,323,858
Other receivables		1,496,178
Cash and cash equivalents		217,906
Prepayments		149,907
Lease liability	**27**	(10,741,262)
Deferred tax liabilities	**14 (iii)**	(250,603)
Short-term bank borrowings		(22,206,082)
Lease liability - current		(2,545,589)
Income tax payable		(414,787)
Trade payables - current		(32,349,353)
Employee benefits - current		(1,689,561)
Other payables - current		(2,037,898)
Total identifiable net assets acquired		**14,626,461**

The difference between the amounts assigned to the assets and liabilities in the parent's separate financial statements after the legal merger (14,626,461 RON) and the carrying amount of the investment in the merged subsidiary before the legal merger (13,554,315 RON) is recognised directly in equity, through retained earnings.

The following table summarizes the impact in the equity of Aquila as at merger date:

Legal reserves	107,000
Retained earnings	965,146

30 MERGER AND ACQUISITIONS WITH ENTITIES UNDER COMMON CONTROL (CONTINUED)

30.2 Acquisition of Trigor AVD SRL by Aquila Part Prod Com SA

As of 19 May 2021 Aquila Part Prod Com SA acquired 100% of shares in Trigor AVD SRL.

The primary reason of the acquisition of TRIGOR AVD SRL by AQUILA PART PROD COM SA (Aquila) was the expansion of the Group in Republica Moldova and increase of overall operations' profitability as both companies had similar business interests in terms of product and customer portfolios as well as delivering the same types of revenues.

(a) Consideration transferred

The consideration transferred consists of cash of RON 22,400,000.

(b) Identifiable assets acquired and liabilities assumed

The following table summarises the estimated amounts of assets acquired, and liabilities assumed at the date of acquisition.

	RON
Property, plant and equipment	6,148,624
Intangible assets	22,649
Deferred tax asset	146,726
Inventories	7,708,416
Trade receivables	7,634,039
Other receivables	844,688
Cash and cash equivalents	2,916,455
Lease liabilities	(4,688,307)
Trade payables	(3,505,107)
Employee benefits	(839,137)
Provisions	(180,982)
Other payables	(14,394,762)
Total identifiable net assets acquired	**1,813,302**

(c) Change in Aquila Group retained earnings due to acquisition of entity under common control

Change in retained earnings arising from the acquisition has been recognised as follows:

	Note	**RON**
Consideration transferred	**a**	22,400,000
Carrying value of net assets acquired	**b**	(1,813,302)
Reduction of group retained earnings From acquisition of entity under common control		**20,586,698**

31. CONTINGENCIES

Fiscal environment

Tax audits are frequent in Romania, consisting of detailed verifications of the accounting records of tax payers. Such audits sometimes take place after months, even years, from the date liabilities are established. Consequently, companies may be found liable for significant taxes and fines. Moreover, tax legislation is subject to frequent changes and the authorities demonstrate inconsistency in interpretation of the law.

Income tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed. Romanian tax authorities carried out controls on the Group entities related to income tax by the end of 2015 for AQUILA PART PROD COM SA, end of 2010 for SECA DISTRIBUTION SRL and by the end of 2020 for PRINTEX SA.

The management of the Group believes that all the tax obligations included in the Group's consolidated financial statements are adequate.

Transfer pricing

In accordance with relevant tax law in Romania, the tax treatment of a transaction carried out with related parties is based on the concept of the market price of that transaction. Based on this concept, transfer prices should be adjusted to reflect market prices that would be established between parties which are not affiliates or related parties and which act independently on the basis of "arm’s length” principle.

Transfer pricing audits are likely to be performed in the future by the tax authorities to determine whether these prices follow the "arm’s length" principle and that the taxpayer's taxable base is not distorted.

The management of the Group is not able to quantify the result of such audits and believes that the Group's transactions with related parties are conducted at arm’s length.

32. COMMITMENTS

Guarantees and pledges

As at 31 December 2021 the Group entities have bank letters of guarantee issued in favor of third parties with a total amount of EUR 21,117,758 (31 December 2020: EUR 22,277,363).

33. SEGMENT REPORTING

The Group has analysed the segments of operations such as distribution of goods, transportation and logistics services and determined the segments based on management organization by types of revenues obtained. The Group has determined as reportable segments distribution of goods, logistic services and external transport services considering the nature of similarities of the activities. Distribution of goods refers to sales of consumer goods products (FMCG).

Goods and services revenues are mostly related to internal market sales in Romania as presented in Note 8.

Revenue per segments	**2021**	**2020**
Distribution of goods	1,796,385,731	1,569,610,045
Logistics services	73,900,083	78,031,609
External transport services	59,428,028	60,226,461
Total revenue	**1,929,713,842**	**1,707,868,114**

33. SEGMENT REPORTING (CONITNUED)

Operating profit	**2021**	**2020**
Distribution of goods	79,643,914	72,904,428
Logistic services	6,893,608	4,492,530
External transport services	(139,846)	3,301,448
Total operating profit	**86,397,676**	**80,698,406**

The Group does not allocate assets and liabilities per segments.

During 2021 the group had only one customer from distribution which exceeded 10% of the sales of goods (RON 185 mil) while during 2020 there were no such customers.

34. SUBSEQUENT EVENTS

On 23 February 2022, the shareholders decided to increase the share capital of AQUILA PART PROD COM SA from RON 30,000,060 to RON 180.000.360 by issuing 1,000,002,000 new shares at an individual nominal value of RON 0.15, through the partial inclusion of the initial public offering premiums as well as the extension of the Board of Directors to 5 members.

As a consequence of the share increase the number of own share increase from 180,000 to 1,080,000.

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economical situation may require revisions of certain assumptions and estimates. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

The dysfunctions in the supply chains in the conflict zone generate the premises for changing the geography of the areas of responsibility of the multinational companies, respectively the passage of Moldova to the Eastern Europe area is an opportunity for Trigor and also a natural step, which is part of the international retailers policy, e.g. Kaufland and Metro which are coordinated from Romania or Lagardere expansion in Moldova.

We, as strategic partners for well-known multinational companies, are open and can offer integrated supply chain solutions to facilitate the change of the supply chain for the whole area of Eastern Europe and Moldova.

In relation to the inflation in the cost of fuel, the company took measures to mitigate this impact by :

- triggering the indexation clauses related to cost of fuel from contracts with custmores
- renegotiating the contracts where possible
- triggering the indexation list prices related to cost of distributed products
- route optimisation and order consolidation using TMS software

35. COVID-19

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic, and the Romanian President declared a state of emergency on 16 March 2020. Responding to the potentially serious threat the COVID – 19 presents to public health, the Romanian government authorities have taken measures to contain the outbreak, including introducing restrictions on the cross-borders movement of people , entry restrictions on foreign visitors and the 'lock-down' of certain industries. Following the state of emergency, there was a relaxation to a certain extent of the measures previously taken to control the pandemic, including resuming passenger transportation and allowing certain commercial activities previously restricted to be carried on under certain conditions. Some businesses have instructed employees to remain at home and have curtailed or temporarily suspended business operations.

The wider economic impacts of the COVID – 19 pandemic include:

- Disruption to business operations and economic activity in Romania, with a cascading impact on both upstream and downstream supply chains;

- Significant disruption to businesses in certain sectors;

- Significant decrease in demand for non-essential goods and services; The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector.

- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

The Group operates in the food distribution sector that has not been significantly affected by the outbreak of COVID-19. Management considered the following operating risks that may adversely affect the Group:

- Unavailability of staff for extended period of time;

- Difficulties in collecting trade receivables;

- Payment of liabilities when due.

Based on the publicly available information at the date these financial statements were authorized for issue, management has considered the potential development of the outbreak and its expected impact on the Group and economic environment in which the Group operates, including the measures already taken by the governments in Romania and Republic of Moldova, and in other countries where the Group's major business partners and customers are located.

In order to safeguard uninterrupted operating activities and the Group's liquidity position, management has implement a number of measures, which notably include:

- implementation of work from home program on a rotational basis for a significant group of administrative employees as well as employees in sales and procurement departments;

- employees have been trained to adhere to very strict precautionary standards including social distancing;

- arrangements with alternative transportation companies to ensure uninterrupted distribution of products;

- adjustment of the scale of the Group's operations to respond to the possible decrease in demand for the products distributed by the Group;

- a reduction in capital expenditure commitments within the following 12 months to EUR 528K (approximatively RON 2.5 million) , related to unavoidable replacements of manufacturing equipment;

- initiating the process of extending existing credit lines and securing additional credit lines.

35. COVID-19 (CONTINUED)

Notwithstanding the COVID-19 pandemic impact as described above, the Group has budgeted an increase in the 2022 revenues.

Based on currently publicly available information and in view of the actions initiated by management, the management does not anticipate a direct immediate and significant adverse impact of the COVID–19 outbreak on the Group, its operations, financial position and operating results. Management cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment the Group operate in will not have an adverse effect on the Group, and its financial position and operating results, in the medium and longer term. The management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

Signed and approved at 20 April 2022:

Chief Executive Officer
Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin