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AQUILA GROUP

Unaudited

Consolidated Financial Statements

As at and for the year ended

31 December 2021

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AQUILA GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(All amounts are in RON, if not otherwise stated)

	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		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)	4,824,107	1,080,139
Translation reserve		240,019	
Retained earnings		101,441,237	93,730,027
Total equity attributable to the owners of the Companies		**481,802,600**	**98,424,894**
Non-controlling interests		420,821	397,053
Total equity		**482,223,421**	**98,821,947**
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	17	1,688,836	3,278,314
Contract liability		121,680	307,347

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

The accompanying notes are an integral part of these consolidated financial statements.

	Note	31 December 2021	31 December 2020
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		2,942,625	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		**309,974,425**	**462,486,000**
Total liabilities		**349,006,053**	**535,764,422**
Total equity and liabilities		**831,229,474**	**634,586,369**

Signed and approved at 22 March 2022:

Chief Executive Officer	**Chief Financial Officer**
Vasile Constantin Catalin	Bascau Sorin

AQUILA GROUP
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in RON, if not otherwise stated)

	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	(83,180,607)	(86,028,818)
Operating profit		**86,012,116**	**80,698,406**
Finance income – interest income	11	1,418,363	4,060,016
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		**79,151,512**	**64,784,024**
Income tax expense	14	(8,675,777)	(10,421,266)
Profit for the year		**70,475,735**	**54,362,758**
Profit for the year attributable to:			
- owners of the Parent		70,451,968	54,354,926
- non-controlling interests		23,767	7,832
Profit for the year		**70,475,735**	**54,362,758**
Earnings per share			
Basic and diluted earnings per share	12	**0.85**	**179.69**

	Nota	2021	2020
Total comprehensive income		**70,475,735**	**54,362,758**
Total comprehensive income attributable to:			
- owners of the Parent		70,451,968	54,354,926
- non-controlling interests		23,767	7,832
Total comprehensive income		**70,475,735**	**54,362,758**

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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**

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Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

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AQUILA GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARs ENDED 31 DECEMBER 2021
(All amounts are in RON, if not otherwise stated)

		Attributable to the owners of the Parent								
	Nota	Share capital	Share premium	Own shares	Legal reserve	Translation rezerve	Retained earnings	Total	Non-controlling interests	Total equity
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							70,451,968	70,451,968	23,767	70,475,735
Other comprehensive income										
Total other comprehensive income						**240,019**		**240,019**		**240,019**
Total comprehensive income						**240,019**	**70,451,968**	**70,691,987**	**23,767**	**70,715,754**
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 entitites	**30**						(20,586,698)	(20,586,698)		**(20,586,698)**
Set up of legal reserves					3,743,968		3,743,968			
Incorporation of share premium		16,975,040					(16,975,040)	0		**0**
Other change							(39,762)	(39,762)		(39,762)
Balance at 31 December 2021		**30,589,788**	**345,699,421**	**(991,972)**	**4,824,107**	**240,019**	**101,441,238**	**481,802,601**	**420,821**	**482,223,421**

Signed and approved at 22 March 2022:

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Vasile Constantin Catalin

Chief Financial Officer
Bascau Sorin

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AQUILA GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2021

(All amounts are in RON, if not otherwise stated)

	Nota	2021	2020
Cash flows from operating activities			
Profit for the year		**70,475,735**	**54,362,758**
Adjustments for:			
Depreciation	**19**	10,236,064	12,727,733
Depreciation of right of use asset		40,065,312	36,153,859
Amortisation	**20**	161,892	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**	8,675,777	10,421,266
		132,746,419	**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		(5,438,279)	(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		**119,866,658**	**100,310,133**
Interest paid		(5,791,617)	(7,062,205)
Income tax paid		(8,555,529)	(8,546,656)
Net cash from operating activities		**105,519,512**	**84,701,272**

AQUILA GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2021
(All amounts are in RON, if not otherwise stated)

	Nota	2021	2020
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	**19**	(9,373,955)	(9,398,295)
Payments for purchase of intangible assets	**20**	365,769	(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**	0	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 22 March 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 consolidated financial statements.

1 Reporting entities and general information

(a) 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**

Aquila's subsidiaries are the following:

Entity	% shareholding as at 31 Dec 2021	% shareholding as at 31 Dec 2020
PRINTEX S.A.	95.75%	95.75%
TRIGOR AVD S.R.L.	100%	0%

2 Basis of accounting

The consolidated financial statements are prepared in accordance with IFRS as adopted by EU 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;
- Note 27 – Incremental Borrowing rate used for application of IFRS 16 provisions;
- 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 of leases, 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.

4 Use of judgements and estimates (continued)

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.

6 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

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.

(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.

6 Significant accounting policies (continued)

(b) 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 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.
Logistic services: warehouse services, handling, packaging	The performance obligation is the performance of services related to goods of	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

6 Significant accounting policies (continued)

(b) Revenue from contracts with customers (continued)

	Nature and satisfaction of contractual obligations	Revenue recognition policies
	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.	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.

6 Significant accounting policies (continued)

(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.

(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.

6 Significant accounting policies (continued)

(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.

(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.

6 Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(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.

(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.

6 Significant accounting policies (continued)

(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.

6 Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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.

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.

6 Significant accounting policies (continued)

(k) Financial instruments (continued)

(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.

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.

6 Significant accounting policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities (continued)

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.

6 Significant accounting policies (continued)

(m) Impairment (continued)

(i) Non-derivative financial assets (continued)

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.

6 Significant accounting policies (continued)

(m) Impairment (continued)

(i) Non-derivative financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(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.

6 Significant accounting policies (continued)

(q) Leases (continued)

(i) As a lessee (continued)

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.

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.

6 Significant accounting policies (continued)

(q) Leases (continued)

(i) As a lessee (continued)

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.

(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;

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.

(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.

6 Significant accounting policies (continued)

(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

7 New standards and interpretations not yet adopted (continued)

(i) Standards and Interpretations endorsed by the EU (continued)

- 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	1,693,296,339	1,588,355,330
Germany	43,808,634	32,544,379
Other	113,703,093	84,413,591
Moldova	75,229,251	
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 purchaes form entities that employ people with handicap.

10 Other operating expenses

	2021	2020
Rental	5,370,614	6,971,962
Merchandising	4,862,915	16,720,223
Road taxes	10,171,748	9,458,730
Utilities	8,710,196	7,720,745
General consulting	7,502,671	5,426,222
Marketing and publicity	2,946,799	2,262,260
Insurance premiums	6,330,972	6,703,071
Travel	3,652,596	3,457,792
Bank commissions and similar charges	2,701,784	2,502,492
Handling and storage services	776,264	2,430,024
Security	1,522,569	1,829,027
Other taxes	55,025	-
Compensations, fines and penalties	337,485	556,332
Sponsorships	2,390,183	2,414,000
Commissions and fees	2,594,119	1,757,615
Postage and telecommunications	568,727	718,905
Audit and consulting	1,392,647	2,472,761
Trainings and other staff expenses	790,285	910,711
Sanitation services	276,118	347,232
Other operating expenses*	20,226,890	11,368,714
Total	**83,180,607**	**86,028,818**

Other operating expenses* relate to IT services, waste disposal and services charges from warehousing rent contracts.

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	**(6,860,605)**	**(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	70,451,968	54,354,926
Profit attributable to ordinary shareholders	**70,451,968**	**54,354,926**

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

	2021	2020
Weighted-average number of ordinary shares at 31 December	**82,549,052**	**302,500**
Basic and diluted earnings per share (RON)	**0.85**	**179.69**

13 Employee benefits

	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	**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	10,263,182	9,422,807
Deferred tax expense/(income)	(1,587,405)	998,459
Total income tax expense	**8,675,777**	**10,421,266**

14 Income taxes (continued)

(ii) Reconciliation of effective tax rate

	2021		2020	
Profit before tax		79,151,512		64,784,024
Tax using Company's domestic tax rate	16%	12,664,242	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%	11,643,479	5%	3,128,613
Tax credit – sponsorship	-5%	(4,171,621)	-5%	(3,046,637)
Tax - exempt income		(1,319,526)		
Other fiscal adjustments*	-12%	(9,341,251)		
Income tax	11%	8,675,777	16%	10,421,266

Other fiscal adjustments* : relates to the fiscal impact of IFRS transition (unfavorable), capitalisation 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)

				Balance at 31 December 2021		
2021	**Net balance at 1 January 2021**	**Recognized in profit or loss**	**Business acquisition impact**	**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
Bad debt allowance	(11,017,120)	(11,603,821)
Total trade receivables, net	**220,942,310**	**229,408,936**

AGRIROM SRL has a non-recourse factoring facility agreement contracted in 2010 with Unicredit Bank, with a limit of RON 15.2 million (RON 20 million starting August 2020), valid until 1 April 2021. The amount used as at 31 December 2020 is RON 2.3 million and at 31 December 2020 the facility agreement is no longer available. The factoring facility is guaranteed with present and future cash collections and bank accounts of AGRIROM SRL in their accounts with Unicredit Bank.

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

The Group’s exposure to credit risk is influenced by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

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

16 Trade receivables (continued)

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 recognized	4,859,946	-
Amounts written off	(2,170,549)	(667,230)
Impairment reversed	(458,029)	(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)

	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 proceeds from 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	(3,019,459)	2,200,857	(365,420)	-	(1,184,021)
Additions	2,696,769	35,784,503	650,388	1,925,326	41,056,985
Transfer from construction in progress	849,845	-	-	-	849,845
Disposals	(510,179)	(9,151,388)	(6,429)	(1,594,949)	(11,262,945)
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**	**116,817,945**

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**

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.

20 Intangible assets and goodwill (continued)

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	1,733,560	-
Transfer to property, plant and equipment (note 19)	-	(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.

The fair values of investment property (level 3):

The company performed internal valuation and determined that value were not significantly chaged 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	52,124,074	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)

(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	220,770
Share issuances	199,697,900	81,730
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.

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.

23 Capital and reserves (continued)

(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.

(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	82,549,052	302.500
Dividend per share	**0.26**	**46.22**

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 21,395,289in the following : January (3,076,738), March (3,252,632) and August (15,065,919).

In 2021 the shareholders of the Parent approved the distribution of dividends of RON 21,395,289.

23 Capital and reserves (continued)

(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	**482,223,421**	**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.

24 Trade payables (continued)

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 to related parties	-	-
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.

26 Loans and borrowings (continued)

(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**

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 3 August 2020, subsequently extended to 31 August 2021 and currently extend 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 ;31 December 2019: EUR 11,553,877; 31 December 2018: EUR 11,819,694; 1 January 2018: EUR 11,613,165).
- Facility B (non-cash) with a limit of EUR 10,850,000 for issuance of bank letters of guarantee. This facility is valid until 3 August 2021 and extended 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; 31 December 2019 is EUR 10,378,699; 31 December 2018 is EUR 5,268,517.

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 4 August 2020, subsequently extended to 4 August 2021 and extended until 3 August 2022. The credit balance as at and after 1 January 2017 until 2019 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 588,600. The carrying amount of assets pledged as collateral is presented in Note 26 (c).

26 Loans and borrowings (continued)

(b) Short-term bank borrowings (continued)

(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 2020, subsequently extended to 30 June 2021 and extended until 30 June 2022. The amount used as at 31 December 2022 EUR 0 (31 December 2020 is EUR 12.497.225 ;31 December 2019: EUR 9.980.541). 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 14 June 2021 and extended 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 30 September 2020, subsequently extended to 30 September 2021 and unti 28 September 2022. The loan balance as at 31 December 2021 is EUR 0 ; 31 December 2020 is EUR 3,897,006 (31 December 2019: 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).

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		**6,863,198**	**162,958,828**	**101,673,369**	**93,730,027**	**365,225,422**

	Note	Long-term borrowings	Short-term borrowings	Leases	Retained earnings	Total
		Liabilities			Equity	
December 2020						

26 Loans and borrowings (continued)

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

	Not e	Long-term borrowings	Short-term borrowings	Leases	Retained earnings
		Liabilities			Equity
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					**29,106,499**
Total equity-related other changes					
Balance at 31 December 2021		**4,512,666**	-	**69,927,624**	**101,441,237**

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 short term lease and low value lease	5,370,614	6,971,962

(iii) Amounts recognised in statement of cash flows

	2021	2020
Total cash outflows for leases	(43,050,370)	(43,548,868)

27 Leases (continued)

(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.

28 Financial instruments - fair values and risk management (continued)

(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	Provision Matrix
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.

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)	227,403,577	(11,017,120)	216,386,458
				286,199,663	**(11,017,120)**	**275,182,543**

28 Financial instruments - fair values and risk management (continued)

(i) Credit risk (continued)

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**

A. 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)

(ii) 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)

(ii) Liquidity risk (continued)

Liquidity risk ratios

	31 December 2021	31 December 2020
Current assets	637,036,868	410,542,885
Current liabilities	309,974,425	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	309,974,425	462,486,000
Quick ratio	**0.85**	**0.55**

(iii) 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)

(iii) Market risk (continued)

Currency 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**

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.

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.

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.

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**

Operating profit	**2021**	**2020**
Distribution of goods	79,258,354	72,904,428
Logistic services	6,893,608	4,492,530
External transport services	(139,846)	3,301,448
Total operating profit	**86,012,116**	**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 (10,3%) while during 2021 there were no such customers.

34 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 military operation 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.

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.

Notwithstanding the COVID-19 pandemic impact as described above, the Group has budgeted an increase in the 2021 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 22 March 2022:

Chief Executive Officer	**Chief Financial Officer**
Vasile Constantin Catalin	Bascau Sorin