# AQUILA PART PROD COM S.A.

**Unaudited**

## Separate Financial Statements

**As at and for the years ended**

**31 December 2021**

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**AQUILA PART PROD COM S.A.**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2021, 31 DECEMBER 2020, 1 JANUARY 2020**
*(All amounts are in RON, if not otherwise stated)*

| | Note | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **19** | 108,302,107.00 | 121,601,231 | 160,677,199 |
| Investment property | **21** | 11,188,577 | 2,378,306 | 2,866,647 |
| Intangible assets | **20** | 1,542,243 | - | - |
| Goodwill | **20** | 5,011,706 | - | - |
| Investments in subsidiaries | **28** | 25,923,057 | 17,077,372 | 17,077,372 |
| Loans to related parties | **22 (a)** | 52,124,075 | 58,256,178 | 29,488,186 |
| Long term trade receivables from related parties | **22 (b)** | - | - | 33,911,007 |
| Deferred tax assets | **14** | 4,285,573 | 2,086,949 | 2,401,415 |
| Long term prepayments | | - | - | 471,951 |
| Other non-current assets | | 316,990 | 248,497 | 1,155,810 |
| **Total non-current assets** | | **208,694,328** | **201,648,533** | **248,049,587** |
| **Current assets** | | | | |
| Inventories | **15** | 128,362,699 | 97,580,243 | 95,570,205 |
| Trade receivables | **16** | 209,177,489 | 198,756,466 | 167,335,109 |
| Short term proportion of loan to related parties | **22 (a)** | 6,672,011 | 7,618,002 | 2,367,163 |
| Other receivables | **17** | 29,334,843 | 16,262,180 | 14,133,827 |
| Prepayments | | 7,421,211 | 5,717,515 | 4,240,933 |
| Short term deposits | **18(b)** | 195,000,000 | | |
| Cash and cash equivalents | **18(a)** | 37,030,827 | 26,269,288 | 3,595,157 |
| Current tax assets | | - | 414,787 | (3,462) |
| **Total current assets** | | **612,999,080** | **352,618,481** | **287,238,932** |
| **Total assets** | | **821,693,408** | **554,267,014** | **535,288,519** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | **23 (a)** | 30,589,788 | 3,614,728 | 3,614,728 |
| Share premium | | 349,356,716 | 20,632,335 | 21,433,904 |
| Owns shares | **23(c)** | (991,972) | - | - |
| Legal reserves | **23 (b)** | 4,787,393 | 984,685 | 551,795 |
| Retained earnings | | 107,766,027 | 69,505,675 | 26,628,308 |

| | Note | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|---|
| **Total equity** | | **491,507,952** | **94,737,423** | **52,228,735** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Long-term bank borrowings | **26** | 2,051,211 | 4,440,893 | 6,736,205 |
| Lease liabilities | **27** | 30,809,299 | 22,399,374 | 43,653,043 |
| Trade payables | **17** | 1,688,836 | 3,278,314 | 5,547,104 |
| Contract Liability | | 121,680 | 307,347 | 533,547 |
| Contract liability | | - | - | - |
| Deferred tax liabilities | **14** | 1,574,271 | - | - |
| **Total non-current liabilities** | | **36,245,297** | **30,425,928** | **56,469,899** |
| **Current liabilities** | | | | |
| Current portion of long-term bank borrowings | **26** | 2,461,455 | 2,422,305 | 2,377,485 |
| Short-term bank borrowings | **26** | - | 140,752,746 | 144,946,252 |
| Leasing | **27** | 35,982,195 | 34,581,443 | 36,054,154 |
| Trade payables | **24** | 219,181,346 | 219,796,783 | 212,629,990 |
| Employee benefits | **13** | 23,055,446 | 19,814,029 | 19,522,628 |
| Current tax liabilities | | 2,940,136 | 2,831,339 | 2,539,379 |
| Contract liabilities | | 229,206 | 687,536 | 2,292,422 |
| Other payables | **25** | 10,090,376 | 8,217,481 | 6,227,577 |
| **Total current liabilities** | | **293,940,160** | **429,103,662** | **426,589,888** |
| **Total liabilities** | | **330,185,457** | **459,529,590** | **483,059,787** |
| **Total equity and liabilities** | | **821,693,409** | **554,267,013** | **535,288,522** |

Signed and approved at 22 March 2022:

**Chief Executive Officer**
Vasile Constantin Catalin

**Chief Financial Officer**
Bascau Sorin

| | Note | 2021 | 2020 |
|---|---|---|---|
| Revenues | **8** | 1,860,539,240 | 1,478,417,287 |
| Other income | **9** | 4,658,276 | 3,167,954 |
| Cost of goods sold | | (1,394,748,837) | (1,071,786,887) |
| Cost of fuel and transportation services | | (58,060,597) | (39,386,725) |
| Salaries and other employee benefits | **13** | (186,808,297) | (158,451,938) |
| Repairs, maintenance and materials cost | | (20,206,083) | (16,053,461) |
| Depreciation and amortization | **19, 20** | (47,739,904) | (41,882,292) |
| Impairment gains | **16, 22** | 2,169,966 | 1,135,002 |
| Change in provisions, net | | | (867,998) |
| Other operating expenses | **10** | (79,355,982) | (77,587,511) |
| **Operating profit** | | **80,447,782** | **76,703,431** |
| Finance income – interest income | **11** | 1,364,802 | 4,048,464 |
| Finance income - other | **11** | 44,761 | 2,434,275 |
| Finance costs | **11** | (9,471,696) | (11,708,743) |
| Other gains and losses | **11, 22** | - | (5,671,400) |
| **Net finance (cost)** | **11** | **(8,062,133)** | **(10,897,404)** |
| **Profit before tax** | | **72,385,649** | **65,806,027** |
| Income tax expense | **14** | (8,738,500) | (8,780,717) |
| **Profit for the year** | | **63,647,149** | **57,025,310** |
| **Total comprehensive income** | | **63,647,149** | **57,025,310** |
| **Earnings per share** | | | |
| Basic and diluted earnings per share | **12** | 0.77 | 188.51 |

Signed and approved at 22 March 2022:

**Chief Executive Officer**
Vasile Constantin Catalin

**Chief Financial Officer**
Bascau Sorin

| | Note | Share capital | Share premium | Own shares | Legal reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | | **3,614,728** | **21,433,904** | | **551,795** | **26,628,308** | **52,228,735** |
| **Comprehensive income** | | | | | | | |
| **Profit for the year** | | | | | | 57,025,310 | 57,025,310 |
| **Other comprehensive income** | | | | | | | |
| **Total other comprehensive income** | | | | | | | |
| **Total comprehensive income** | | | | | | **57,025,310** | **57,025,310** |
| **Transactions with owners of the Companies** | | | | | | | |
| ***Contributions and distributions*** | | | | | | | |
| Dividends to the owners of the Company | **23 (d)** | | | | | (13,981,560) | (13,981,560) |
| Other changes | | | (801,569) | | | (2,923) | (804,492) |
| **Total contributions and distributions** | | | **(801,569)** | | | **(13,984,483)** | **(14,786,052)** |
| **Total transactions with owners of the Company** | | | **(801,569)** | | | **(13,984,483)** | **(14,786,052)** |
| **Other changes in equity** | | | | | | | |
| Impact of merger of entities under common control | **1** | | | | 269,430 | | 269,430 |
| Set up of legal reserves | | | | | 163,460 | (163,460) | |
| **Balance at 31 December 2020** | | **3,614,728** | **20,632,335** | | **984,685** | **69,505,675** | **94,737,423** |

Signed and approved at 22 March 2022:

**Chief Executive Officer**
Vasile Constantin Catalin

**Chief Financial Officer**
Bascau Sorin

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

| | Nota | Share capital | Share premium | Own shares | Legal reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **3,614,728** | **20,632,335** | | **984,685** | **69,505,675** | **94,737,423** |
| **Transition to IFRS as basis of accounting as at 1 January 2021** | | | | | | **(1,260,945)** | |
| **Balance at 1 January 2021 (restated)** | | **3,614,728** | **20,632,335** | | **984,685** | **68,244,730** | **93,476,478** |
| **Comprehensive income** | | | | | | | |
| **Profit for the year** | | | | | | 63,647,149 | 63,647,149 |
| **Other comprehensive income** | | | | | | | |
| **Total other comprehensive income** | | | | | | | |
| **Total comprehensive income** | | | | | | **63,647,149** | **63,647,149** |
| **Transactions with owners of the Companies** | | | | | | | |
| ***Contributions and distributions*** | | | | | | | |
| Issuing new shares | | 10,000,020 | 345,699,421 | | | | 355,699,441 |
| Dividends to the owners of the Company | **23 (d)** | | | | | (21,395,289) | (21,395,289) |
| Repurchase of own shares | | | | (991,972) | | | (991,972) |
| **Total contributions and distributions** | | **10,000,020** | **345,699,421** | **(991,972)** | | **(21,395,289)** | **333,312,180** |
| **Total transactions with owners of the Company** | | **10,000,020** | **345,699,421** | **(991,972)** | | **(21,395,289)** | **333,312,180** |
| **Other changes in equity** | | | | | | | |
| Impact of merger | **31** | | | | 107,000 | 965,146 | 1,072,146 |
| Incorporation of share premium | | 16,975,040 | (16,975,040) | | | | 0 |
| Set up of legal reserves | | | | | 3,695,708 | (3,695,708) | 0 |
| **Balance at 31 December 2021** | | **30,589,788** | **349,356,716** | **(991,972)** | **4,787,393** | **107,766,028** | **491,507,953** |

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 separate financial statements.*

| | Nota | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit for the year** | | 63,647,149 | 57,025,310 |
| ***Adjustments for:*** | | | |
| Depreciation and Amortisation | **19,20,21** | 47,739,904 | 41,882,292 |
| Loss/(Gain) on disposal of property, plant and equipment | **9,19** | (722,147) | 1,424,860 |
| Impairment charge/(reversal) | **16,17** | (2,169,966) | (1,135,002) |
| Changes in provisions, net | | | 867,998 |
| Net finance cost | | 8,062,133 | 5,226,004 |
| Other gains and losses | **11** | - | 5,671,400 |
| Income tax expense | **14** | 8,738,500 | 8,780,717 |
| ***Changes in:*** | | | |
| Decrease/(increase) in inventories | | (4,943,333) | (2,010,038) |
| Decrease/(increase) in trade receivables | | 21,072,799 | (38,556,757) |
| Decrease/(increase) in other receivables | | (12,898,507) | (7,703,778) |
| Decrease/(increase) in prepayments | | (1,553,789) | (1,004,631) |
| Increase/(decrease) in trade payables | | (34,554,268) | 4,898,003 |
| Increase/(decrease) in other payables | | (3,495,338) | 18,322,706 |
| Increase/(decrease) in provisions and employee benefits | | 1,551,856 | (576,598) |
| Increase/(decrease) in contract liability | | (643,997) | (1,831,086) |
| **Cash generated from operating activities** | | **89,830,996** | **91,281,400** |
| Interest paid | | (5,640,249) | (5,957,706) |
| Income tax paid | | (8,629,703) | (8,488,757) |
| **Net cash from operating activities** | | **75,561,043** | **76,834,937** |

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

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

| | Nota | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Payments for purchase of property, plant and equipment | **19** | (4,724,296) | (8,194,015) |
| Payments for purchase of intangible assets | **20** | (634,585) | (160,750) |
| Payments for purchase of subsidiary, net of cash acquired | **30** | (22,400,000) | |
| Proceeds from sale of property, plant and equipment | | 1,688,076 | 2,772,078 |
| Payments for loans granted to related parties | | | (1,403,563) |
| Proceeds from loans granted to related parties | | 7,078,096 | 3,894,741 |
| Dividends received | | | 2,434,275 |
| Interest received | | 1,364,802 | 4,048,463 |
| Cash transferred at merger | **30** | 217,906 | 300,854 |
| Short term investments | **18b** | (195,000,000) | |
| **Net cash used in investing activities** | | (212,410,001) | 3,692,083 |
| **Cash flows from financing activities** | | | |
| Proceeds share issue | | 354,163,759 | - |
| Proceeds from long-term bank loans | **26** | - | - |
| Repayment of long-term bank loans | **26** | (2,461,455) | (2,387,782) |
| Proceeds from short-term bank loans | **26** | - | 18,763,934 |
| Repayment of short-term bank loans | **26** | (140,752,746) | (22,957,436) |
| Payment of lease liabilities | **26** | (41,943,772) | (37,290,045) |
| Dividends paid | **26** | (21,395,289) | (13,981,560) |
| **Net cash used in financing activities** | | 147,610,497 | (57,852,889) |
| **Net increase/(decrease) in cash and cash equivalents** | | **10,761,539** | **22,674,131** |
| Cash and cash equivalents at 1 January | **18** | 26,269,288 | 3,595,157 |
| **Cash and cash equivalents at 31 December** | **18** | **37,030,827** | **26,269,288** |

Signed and approved at 22 March 2022:

**Chief Executive Officer**
Vasile Constantin Catalin

**Chief Financial Officer**
Bascau Sorin

## 1 Reporting entities and general information

### *1. A General information about the Company*

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

The Company headquarter and activities are the following:

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

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

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

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

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

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

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

Aquila's subsidiaries are the following:

| Entity | % shareholding as at 31 December 2021 | % shareholding as at 31 December 2020 | % shareholding as at 1 January 2020 |
|---|---|---|---|
| Printex S.A. | 95.75% | 95.75% | 95.75% |
| Trigor S.R.L. | 100% | 0% | 0% |

***1. B Statement of compliance with IFRS***

The Company's individual financial statements have been prepared in accordance with the provisions of the International Financial Reporting Standards ("IFRS") in effect at the Company's reporting date, respectively 31 December 2021, issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU").

The Company will prepare an individual set of IFRS financial statements in accordance with Order no. 2844/2016 for the approval of the accounting regulations compliant with the International Financial Reporting Standards as at 31 December 2021. The individual financial statements prepared for the year ended 31 December 2021 represent the first set of financial statements for which the Company applied IFRS.

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

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

• different methodology for calculating the impairment of debt exposures;
• application of the IFRS 16 Leasing standard with the related presentation requirements;

• recognition and measurement of deferred income tax;
• presentation of the necessary information in accordance with IFRS.

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

## 2 Basis of accounting

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

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

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

***Going concern basis of accounting***

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

At December 31, 2021, the Company's financial position shows net current assets of RON 319 million, mainly as a result of short term deposits of RON 195 million related to IPO, the Company having no short-term loans. The Company continues to trade profitably and generate positive cash flows and management has assessed that the Company's is able to meet its obligations as they fall due.

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

## 3 Functional and presentation currency

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

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

## 4 Use of judgements and estimates

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

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

***Assumptions and estimation uncertainties***

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

- Note 6 (h) (iii) and 6 (i) (iii) – useful lives of property, plant and equipment and intangible assets;
- Note 27 – Incremental Borrowing rate used for application of IFRS 16 provisions;
- Notes 6 (m) (i) , 22, 29 (b) – measurement of ECL allowance for trade receivables, loans to related parties and long-term receivables from related parties;
- Notes 6 (q), 27 and 32 – recognition and measurement of leases, provisions and contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 31 (a), (b) and (c) – acquisition of subsidiary: fair value of the consideration transferred.

*Measurement of fair values*

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

When measuring the fair value of an asset or a liability, the Company's 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)

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

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

- Note 29 (a) – financial instruments; and
- Note 31 – acquisition of subsidiary.

## 5 Basis of measurement

The individual financial statements have been prepared on the cost basis

## 6 Significant accounting policies

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

### (a) Revenue from contracts with customers

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

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

## 6 Significant accounting policies (continued)

### (a) Revenue from contracts with customers (continued)

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

## 6 Significant accounting policies (continued)

### (a) Revenue from contracts with customers (continued)

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

### (b) Finance income and finance costs

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

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

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

**6 Significant accounting policies (continued)**

**(c) Foreign currency**

*(i) Foreign currency transactions*

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

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

**(d) Beneficiile angajatilor**

*(i) Short-term employee benefits*

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

*(ii) Defined contribution plans*

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

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

**6 Significant accounting policies (continued)**

**(e) Income tax**

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

*(i) Current tax*

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

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

*(ii) Deferred tax*

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

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

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

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

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

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

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

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

## 6 Significant accounting policies (continued)

### (f) Inventories

Inventories consist mainly of goods for resale and consumables.

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

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

### (g) Property, plant and equipment

*(i) Recognistion and measurement*

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

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

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

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

*(ii) Subsequent expenditure*

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

*(iii) Depreciation*

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

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

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

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

**6 Significant accounting policies (continued)**

**(g) 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.

**(h) Intangible assets and goodwill**

*(i) Recognistion and measurement*

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

Brands are recognised only on business combinations.

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

*(ii) Subsequent expenditure*

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

*(iii) Amortization*

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

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

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

**(i) Investment property**

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

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

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

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

**6 Significant accounting policies (continued)**

**(j) Financial instruments**

*(i) Recognistion and initial measurement*

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

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

*(ii) Classification and subsequent measurement*

*Financial assets*

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

**6 Significant accounting policies (continued)**

**(j) Financial instruments (continued)**

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

*Financial assets measured at amortized cost*

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

*Financial liabilities - Classification, subsequent measurement and gains and losses*

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

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

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

**6 Significant accounting policies (continued)**

**(j) Financial instruments (continued)**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss, all being classified at amortized cost.

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

*(iii) Derecognition*

*Financial assets*

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

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

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

*Financial liabilities*

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

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

**6 Significant accounting policies (continued)**

**(j) Financial instruments (continued)**

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

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

*(iv) Offsetting*

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

**(k) Share capital**

*Actiuni ordinare*

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

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

**(l) Impairment**

*(i) Non-derivative financial assets*

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

**6 Significant accounting policies (continued)**

**(l) Impairment (continued)**

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

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

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

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

*Measurement of ECLs*

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

## 6 Significant accounting policies (continued)

### (l) Impairment (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.

*Purchased or originated credit impaired financial assets („POCI” assets)*

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

## 6 Significant accounting policies (continued)

### (l) Impairment (continued)

*Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Company 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 Company's procedures for recovery of amounts due.

*(ii) Non-financial assets*

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

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

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

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

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

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

### (m) Dividends

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

**6 Significant accounting policies (continued)**

### (n) Provisions

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

### (o) Contingent assets and liabilities

A contingent liability is:

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

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

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

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

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

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

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

### (p) Leases

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

**6 Significant accounting policies (continued)**

**(p) Leases (continued)**

*(i) As a lessee*

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

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

**6 Significant accounting policies (continued)**

**(p) Leases (continued)**

*(i) As a lessee (continued)*

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

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

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

*Short-term leases and leases of low-value assets*

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

*(ii) As a lessor*

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

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

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

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

**6 Significant accounting policies (continued)**

**(q) Business combinations and legal mergers**

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

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

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

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

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

**(r) Related parties**

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

(a) A person or close member of that person's family is related to the reporting if that person:
   i) has control or joint control over the reporting entity;
   ii) has significant influence over the reporting entity; or
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) An entity is related to a reporting entity if any of the following conditions apply:
   i) the entity and reporting entity are members of the same group (which means that each parent, subsidiary or fellow is related to the others);
   ii) one entity is an associate or joint venture of the other entity (or associate or joint venture of a member of the group of the other entity is a member);
   iii) both entities are joint ventures of the same third party;

iv) one entity is a joint venture of a third party and the other entity is an associate of the third party;
v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
vi) the entity is controlled or jointly controlled by a person identified in (a);
vii) a person identified in (a) i) has significant influence over the entity or is member of the key management personnel of the entity (or of a parent of the entity);
viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**(s) Subsequent events**

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

**6 Significant accounting policies (continued)**

**(t) Operating profit**

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

**(u) Fair value measurement**

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

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

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

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

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

(v) IPO Costs

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

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

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

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

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

## 7 New standards and interpretations not yet adopted

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

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

- Amendments to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021 - effective for annual periods beginning on or after 1 April 2021
- Amendment to IAS 16 Property, Plant and Equipment Property, Plant and Equipment – Proceeds before Intended Use - effective for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract - effective for annual periods beginning on or after 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 ( Amendment to IFRS 9 Financial Instruments and Amendment to Illustrative Examples accompanying IFRS 16 Leases) - effective for annual periods beginning on or after 1 January 2022

### (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 |
|---|---|---|
| | 1,857,278,622 | 1,473,582,577 |
| ***Other income*** | | |
| Rental income | 3,260,618 | 4,834,710 |
| **Total revenue** | **1,860,539,240** | **1,478,417,287** |

**Disaggregation of revenue from contracts with customers**

| | 2021 | 2020 |
|---|---|---|
| Distribution of goods | 1,723,950,511 | 1,353,097,074 |
| Logistics services | 73,900,083 | 68,272,317 |
| Transport services | 59,428,028 | 52,213,186 |
| **Total** | **1,857,278,622** | **1,473,582,577** |

**Disaggregation of revenue per country**

| | 2021 | 2020 |
|---|---|---|
| Romania | 1,699,502,717 | 1,361,919,392 |
| Germany | 44,043,451 | 32,434,399 |
| Other | 113,732,455 | 79,228,787 |
| **Total** | **1,857,278,622** | **1,473,582,577** |

**Timing of revenue recognition**

| | 2021 | 2020 |
|---|---|---|
| Products and services transferred at a point in time | 1,760,797,563 | 1,371,985,179 |
| Services transferred over time | 99,741,677 | 101,597,399 |
| **Total** | **1,860,539,240** | **1,473,582,578** |

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

## 9 Other income

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

*Other income as a result of lower payments due to purchaes form entities that employ people with handicap.

## 10 Other operating expenses

| | 2021 | 2020 |
|---|---|---|
| Rental | 5,922,686 | 5,122,886 |
| Merchandising | 4,862,915 | 16,545,105 |
| Road taxes | 10,361,446 | 11,246,460 |
| Utilities | 8,378,697 | 4,756,136 |
| General consulting | 7,501,871 | 4,803,547 |
| Marketing and publicity | 1,096,359 | 873,810 |
| Insurance premiums | 6,320,962 | 6,318,025 |
| Travel | 3,279,936 | 3,301,501 |
| Bank commissions and similar charges | 2,698,948 | 2,309,157 |
| Handling and storage services | 776,264 | 681,242 |
| Security | 1,522,569 | 1,741,476 |
| Compensations, fines and penalties | 337,485 | 387,190 |
| Sponsorships | 2,391,152 | 2,414,000 |
| Commissions and fees | 2,594,119 | 1,704,297 |
| Postage and telecommunications | 567,746 | 575,131 |
| Audit and consulting | 1,384,463 | 1,268,504 |
| Trainings and other staff expenses | 789,129 | 212,801 |
| Sanitation services | 276,118 | 232,676 |
| Other operating expenses* | 18,293,117 | 13,093,567 |
| **Total** | **79,355,982** | **77,587,511** |

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

Interest income includes interest related to related parties loans receivables

## 12 Earnings per share

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

Profit attributable to ordinary shareholders

| | **2021** | **2020** |
|---|---|---|
| Profit attributable to ordinary shareholders | 63,647,149 | 57,025,310 |
| **Profit attributable to ordinary shareholders** | **63,647,149** | **57,025,310** |

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

| | | |
|---|---|---|
| **Weighted-average number of ordinary shares at 31 December** | **82,549,052** | **302,500** |

| | | |
|---|---|---|
| **Earnings per share** | | |
| Basic and diluted earnings per share (RON) | 0.77 | 188.51 |

## 13 Employee benefits

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

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

Employee benefit expenses are as follows:

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

Management remuneration is disclosed in Note 29.

## 14. Income taxes

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

### *(i) Amounts recognised in profit or loss*

| | 2021 | 2020 |
|---|---|---|
| Current tax expense | 9,613,456 | 8,466,250 |
| Deferred tax expense/(income) | (874,956) | 314,467 |
| **Total income tax expense** | **8,738,500** | **8,780,717** |

**14 *Income taxes (continued)***

### *(ii) Reconciliation of effective tax rate*

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Profit before tax | | 72,385,649 | | 66,109,832 |
| Tax using Company's domestic tax rate | 16% | 11,581,704 | 16% | 10,577,573 |
| Legal reserve | -1% | (586,312) | 0% | (26,154) |
| Tax effect of non-deductible expenses | 12% | 8,902,068 | 3% | 1,733,501 |
| Tax-exempt income | -2% | (1,317,390) | -1% | (388,740) |
| Tax credit – sponsorship | -2% | (1,296,605) | -4% | (2,810,568) |
| Other fiscal adjustments* | -12% | (8,544,965) | 0% | (304,896) |
| **Income tax** | **12%** | **8,738,500** | **13%** | **8,780,717** |

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)

### *(iii) Movement in deferred tax balances*

| | | | | Balance at 31 December 2020 | | |
|---|---|---|---|---|---|---|
| **2020** | **Net balance at 1 January 2020** | **Recognised in profit or loss** | **Impact of merger** | **Balance at 31 December 2020** | **Deferred tax assets** | **Deferred tax liabilities** |
| Property, plant and equipment | 1,355,557 | 45,353 | (37,180) | 1,363,730 | 1,406,246 | (42,516) |
| Intangible assets | | - | | - | | |
| Leases | | (104,216) | 104,216 | - | - | |
| Impairment of trade receivables | 1,072,388 | (289,723) | 429,359 | 1,212,023 | 1,212,023 | |
| Employee benefits | 672,644 | (44,224) | 222,019 | 850,439 | 850,439 | |
| Revaluation reserves | (1,417,587) | 78,343 | | (1,339,244) | | (1,339,244) |
| **Net tax assets / (liabilities)** | **1,683,001** | **(314,467)** | **718,414** | **2,086,948** | **3,468,709** | **(1,381,760)** |

**14 *Movement in deferred tax balances (continued***

| | | | | Balance at 31 December 2021 | | |
|---|---|---|---|---|---|---|
| **2021** | **Net balance at 1 January 2021** | **Recognised in profit or loss** | **Impact of merger** | **Balance at 31 December 2021** | **Deferred tax assets** | **Deferred tax liabilities** |
| Property, plant and equipment | 1,363,730 | 1,288,700 | (1,317,885) | 1,334,545 | 1,334,545 | |
| Intangible assets | - | 330,295 | (330,295) | - | | |
| Leases | - | (1,160,829) | 1,160,829 | - | | |
| Impairment of trade receivables | 1,212,023 | 83,866 | 450,891 | 1,746,781 | 1,746,781 | |
| Employee benefits | 850,439 | 276,156 | 77,652 | 1,204,247 | 1,204,247 | |
| Revaluation reserves | (1,339,244) | 56,768 | (291,795) | (1,574,271) | | (1,574,271) |
| **Net tax assets / (liabilities)** | **2,086,948** | **874,956** | **(250,603)** | **2,711,302** | **4,285,573** | **(1,574,271)** |

## 15. Inventories

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

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

## 16. Trade receivables

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

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

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. 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 Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer segments:

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

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

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

**16 Trade receivables (continued)**

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

| | 2021 | 2020 |
|---|---|---|
| **Balance as at 1 January** | **8,831,254** | **9,402,791** |
| Merger impact (Note 30.2) | 5,123,166 | 2,700,369 |
| Impairment recognized | (4,321,241,00) | (1,213,342) |
| Amounts written off | (867,073,00) | (2,136,906) |
| Impairment reversed | 2,151,275,00 | 78,340 |
| **Balance as 31 December** | **10,917,380** | **8,831,254** |

## 17. Other receivables

| | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Receivable from medical leaves | 2,290,181 | 1,323,972 | 2,372,739 |
| Advances to employees | 272,924 | 268,493 | 266,034 |
| Income tax receivable | - | - | - |
| Other receivables | 1,369,537 | 809,618 | 730,132 |
| Advances for inventories | 25,402,201 | 13,860,097 | 10,764,922 |
| **Total** | **29,334,843** | **16,262,180** | **14,133,827** |

## 18. Cash and cash equivalents and short term investments

**18(a)**

| | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Bank current accounts | 36,254,161 | 25,229,578 | 2,468,476 |
| Cash in hand | 56,191 | 120,125 | 132,133 |
| Promissory notes and cheques in bank | 720,475 | 919,585 | 994,548 |
| **Total cash and cash equivalents** | **37,030,827** | **26,269,288** | **33,595,157** |

**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 1 January 2020** | **158,774,950** | **213,592,952** | **14,463,538** | **166,534** | **386,997,974** |
| Additions | 1,541,396 | 4,772,517 | 153,559 | 588,971 | 7,056,442 |
| Transfer from investment property (note 21) | (442,644) | 0 | 0 | 0 | (442,644) |
| Disposals | (2,530,099) | (31,149,845) | (345,240) | (393,372) | (34,418,557) |
| **Balance at 31 December 2020** | **157,343,603** | **187,215,624** | **14,271,856** | **362,132** | **359,193,215** |
| Acquisition through merger | 13,840,951 | 11,849,341 | 418,320 | - | 26,108,612 |
| Additions | 5,756,096 | 18,472,329 | 232,068 | 1,905,974 | 26,366,467 |
| Disposals | (1,968,876) | (8,272,117) | (6,429) | (1,575,598) | (11,823,020) |
| **Balance at 31 December 2021** | **174,971,774** | **209,265,177** | **14,915,816** | **692,508** | **399,845,274** |
| ***Accumulated depreciation and impairment losses*** | | | | | |
| **Balance at 1 January 2020** | **62,142,968** | **156,910,235** | **7,267,573** | **-** | **226,320,776** |
| Depreciation | 21,593,314 | 18,838,568 | 1,267,618 | - | 41,699,501 |
| Accumulated depreciation of disposals | 137,094 | (30,220,146) | (345,241) | - | (30,428,292) |
| **Balance at 31 December 2020** | **83,873,377** | **145,528,657** | **8,189,950** | **-** | **237,591,984** |
| Acquisition through merger | 2,726,812 | 7,329,244 | 482,804 | | 10,538,860 |
| Depreciation | 25,100,039 | 20,490,054 | 1,231,502 | - | 46,821,594 |
| Accumulated depreciation of disposals | (894,069) | (2,238,406) | (276,796) | - | (3,409,271) |
| **Balance at 31 December 2021** | **110,806,159** | **171,109,549** | **9,627,459** | **-** | **291,543,167** |
| ***Net carrying amounts*** | | | | | |
| **At 1 January 2020** | **96,631,982** | **56,682,718** | **7,195,965** | **166,534** | **160,677,198** |
| **At 31 December 2020** | **73,470,226** | **41,686,967** | **6,081,906** | **362,132** | **121,601,231** |
| **At 31 December 2021** | **64,165,615** | **38,155,628** | **5,288,356** | **692,508** | **108,302,107** |

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

## 20. Intangible assets and goodwill

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

**20 Intangible assets and goodwill (continued)**

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

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

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

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

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

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

## 21 Investment property (continued)

### *(b) Amounts recognised in profit or loss*

| | 2021 | 2020 |
|---|---|---|
| Income-generating property | 2,937,226 | 2,137,941 |

## 22. Loans to related parties and long term receivables from related parties

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

### *(a) Loans to related parties*

| | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Novadex | 15,121,550 | 18,188,213 | 20,155,231 |
| Aquila Agricola | 7,157,250 | 7,429,495 | 5,694,046 |
| Aquila Construct | - | 2,261,663 | 2,367,163 |
| Best Coffee Solutions | 3,503,183 | 3,831,590 | 3,399,428 |
| Nordexim | 32,774,621 | 33,923,738 | |
| Aquila Trade Solutions | 239,481 | 239,481 | 239,481 |
| **Total** | **58,796,085** | **65,874,180** | **31,855,349** |
| Short-term portion | 6.672.011 | 7.618.002 | 2.367.163 |
| Long-term portion | 52.124.074 | 58.256.178 | 29.488.186 |

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

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

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

**22 Loans to related parties and long term receivables from related parties**

***(a) Loans to related parties (continued)***

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

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

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

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

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

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

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

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

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

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

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

## 22 Loans to related parties and long term receivables from related parties (continued)

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

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

| | Carrying amount (amortised cost) |
|---|---|
| Balance as at 1 January 2020 | 30,436,123 |
| Balance as at 31 December 2020 | - |
| Balance as at 31 December 2021 | - |

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

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

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

## 23 Capital and reserves

### *(a) Share capital*

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

| | |
|---|---|
| Share capital (nominal value) | 3,025,000 |
| Restatement adjustment in accordance with IAS 29 | 589,728 |
| **Restated share capital balance as at 31 December 2020** | **3,614,728** |

| | |
|---|---|
| Share capital (nominal value) | 30,000,060 |
| Restatement adjustment in accordance with IAS 29 | 589,728 |
| **Restated share capital balance as at 31 December 2021** | **30,589,788** |

The number of shares of the Company was as follows:

| | **Ordinary shares** | |
|---|---|---|
| *Number of shares* | **2021** | **2020** |
| In issue at 1 January | 302,500 | 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 0.15 RON as at 31 December 2021 and 10 RON 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.

### *(b) Legal reserves*

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

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

December 2021, 31 December 2020, 1 January 2020).

## 23 Capital and reserves (continued)

### (c) Own Shares

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

### (d) Dividends

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

The dividends declared by the Company were as follows:

| | Distribution of dividends | |
|---|---|---|
| | **2021** | **2020** |
| To the owners of the Company | 21,395,289 | 13,981,560 |
| **Total** | **21,395,289** | **13,981,560** |
| ***Weighted-average number of ordinary shares ( in no. of shares)*** | | |
| Weighted-average number of ordinary shares at 31 December | **82,549,052** | **302,500** |
| **Dividend per share** | **0.26** | **46.22** |

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

### (e) Capital management

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

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

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

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

***23 Capital and reserves (continued)***

***(d) Capital management (continued)***

| *In RON* | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Borrowings and lease liabilities | 71,304,160 | 204,596,761 | 233,767,139 |
| Less: Cash and bank balances | (37,030,827) | (26,269,288) | (3,595,157) |
| **Net debt** | **34,273,333** | **178,327,473** | **230,171,982** |
| **Total equity** | **491,507,952** | **94,737,423** | **52,228,735** |
| **Gearing ratio** | 0.07 | 1.88 | 4.41 |

## 24 Trade payables

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

Trade payables to related parties are presented in Note 29.

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

Non-current trade payables as at 31 December 2021, 2019 and 2018 represent payables to Felix Development S.R.L. for the acquisition by AQUILA PART PROD COM SA of warehouse localised in Ploiesti. The contract was concluded in 27 March 2017, transaction price being EUR 3 million (RON 14.5 million) and is payable in equal monthly instalments until April 2023.

## 25 Other payables

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

Other payables to related parties are presented in Note 29.

## 26 Loans and borrowings

### *(a) Long- term bank borrowings*

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

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 | 1 January 2020 |
|---|---|---|---|---|---|
| AQUILA PART PROD COM SA | Unicredit Bank | August 2021/20/19/18/17 | - | 64,922,088 | 87,879,524 |
| | EximBank | August 2021/20/19/18/17 | - | 14,976,669 | 9,366,724 |
| | Raiffeisen Bank | June 2021/20/19/18/17 | - | 60,853,989 | 47,700,000 |
| **Total** | | | - | **140,752,746** | **144,946,52** |

As of December 31, 2021, the Company does not have short-term credit facilities, but as of December 31, 2020 and January 1, 2020, the situation of short-term credit facilities is as follows:

*AQUILA PART PROD COM SA*

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

**26 Loans and borrowings (continued)**

***(b) Short- term bank borrowings***

ii. EximBank: multi-currency (RON, EUR) credit facility contracted in 2014 including a revolving credit line and a facility for issuance of bank letters of guarantee, with a limit of EUR 3,080,000. The interest rate is 1M EURIBOR + 2.25% for EUR and 1M ROBOR + 1.5% for RON. The facility is valid until 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 1,078,000. The carrying amount of assets pledged as collateral is presented in Note 26

Facility B (non-cash) with a limit of EUR 8,000,000 for issuance of bank letters of guarantee. This facility is valid until 14 July 2023. The amount used from this facility as at 31 December 2021 is EUR 6,454,319 ; 31 December 2020 is EUR 7,061,005; 31 December 2019 is EUR 6,220,000; 31 December 2018 is EUR 4,220,000.

(c).

iii. Raiffeisen Bank: overdraft facility with a limit of EUR 13,500,000 contracted in 2005. The interest rate is O/N EONIA + 2.25% for EUR and O/N ROBOR + 1.5% for RON. The facility is valid until 30 June 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.

(d).

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).

### *(c) Guarantees and pledges*

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

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

## 26 Loans and borrowings (continued)

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

| | Note | Liabilities | | | Equity |
|---|---|---|---|---|---|
| | | Long-term borrowings | Short-term borrowings | Leases | Retained earnings |
| **Balance at 1 January 2020** | | **9,113,690** | **144,946,252** | **79,707,197** | **26,628,308** |
| ***Changes from financing cash flows*** | | | | | |
| Proceeds from loans and borrowings | | | | | |
| Repayment of borrowings | | (2,387,782) | (4,193,506) | | |
| Payment of lease liabilities | | | | (20,886,536) | |
| **Total changes from financing cash flows** | | **(2,387,782)** | **(4,193,506)** | **(20,886,536)** | |
| ***Changes arising from Merger*** | | | | | |
| ***The effect of changes in foreign exchange rates*** | | 137,290 | - | | |
| ***Other changes*** | | | | | |
| ***Liability-related*** | | | | | |
| New leases | | | | 690,255 | |
| Interest expense | | 1,377,657 | 1,946,843 | 2,633,205 | |
| Interest paid | | (1,377,657) | (1,946,843) | (2,633,205) | |
| Lease modifications | | | | (2,530,099) | |
| Dividends paid | | | | | (13,981,560) |

| | | | | |
|---|---|---|---|---|
| **Total liability-related other changes** | | | | **56,858,927** |
| **Total equity-related other changes** | | | | |
| **Balance as at 31 December 2020** | **6,863,198** | **140,752,746** | **56,980,817** | **69,505,675** |

**26 Loans and borrowings (continued)**

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

| | Note | Liabilities | | | Equity |
|---|---|---|---|---|---|
| | | **Long-term borrowings** | **Short-term borrowings** | **Leases** | **Retained earnings** |
| **Balance at 1 January 2021** | | **6,863,198** | **140,752,746** | **56,980,817** | **69,505,675** |
| ***Changes from financing cash flows*** | | | | | |
| Proceeds from loans and borrowings | | | | | |
| Repayment of borrowings | | (2,461,455) | (140,752,746) | | |
| Payment of lease liabilities | | | | (5,878,020) | |
| **Total changes from financing cash flows** | | **(2,461,455)** | **(140,752,746)** | **(5,878,020)** | |
| ***Changes arising from Merger*** | | | | | |
| ***The effect of changes in foreign exchange rates*** | | 110,923 | - | | |
| ***Other changes*** | | | | | |
| ***Liability-related*** | | | | | |
| New leases | 27 | | | 12,373,670 | |
| Interest expense | | 1,195,285 | 2,237,739 | 2,207,226 | |
| Interest paid | 11 | (1,195,285) | 2,237,739 | (2,207,226) | |
| Lease modifications | | | | 3,315,027 | |
| Dividends paid | 23 | | | | (21,395,289) |
| **Total liability-related other changes** | | | | | 59,655,641 |
| **Total equity-related other changes** | | | | | |
| **Balance at 31 December 2021** | | **4,512,666** | **-** | **66,791,494** | **107,766,027** |

## 27 Leases

### (a) Leases as lessee

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

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

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

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

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

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

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

#### *(i) Right-of-use assets*

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

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

**27 Leasing (continuare)**

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

***(ii) Amounts recognised in profit or loss***

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

***(iii) Amounts recognised in statement of cash flows***

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

**27 Leases (continued)**

***(b) Leases as lessor***

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

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

| | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Less than one year | 410,956 | - | - |
| One to two years | 392,830 | - | - |
| Two to three years | 331,912 | - | - |
| Three to four years | 247,452 | - | - |
| Four to five years | 247,452 | - | - |
| More than five years | 247,452 | - | - |
| **Total** | **1,878,054** | **-** | **-** |

**28 Investments in subsidiaries**

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

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

**29 Financial instruments - fair values and risk management**

**(a) Accounting classifications and fair values**

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

**(b) Financial risk management**

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

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

***(i) Credit risk***

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

The carrying amounts of financial assets represent the maximum credit exposure

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**

**(i) Credit risk (continued)**

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

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

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

## 29 Financial instruments - fair values and risk management (continued)

### (b) Financial risk management (continued)
### (i) Credit risk (continued)

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

| **31 December 2021** | **Note** | | **12-month or lifetime ECL?** | **Gross carrying amount** | **Loss allowance** | **Net carrying amount** |
|---|---|---|---|---|---|---|
| Loans to related parties | 22 | | Lifetime ECL (credit impaired)) | 58,796,085 | | 58,796,085 |
| Trade receivables | 16 | | Lifetime ECL (simplified model) | 215,539,016 | (10,917,380) | 204,621,636 |
| | | | | **274,335,101** | **(10,917,380)** | **263,417,721** |

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

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**
**(i) Credit risk (continued)**

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

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

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

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

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

***(ii) Liquidity risk***

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

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

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**
**(ii) Liquidity risk (continued)**

*Exposure to liquidity risk*

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

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **Financial liabilities** | **Carrying amount** | **Total** | **Less than 1 year** | **1 - 2 years** | **2 - 5 years** | **More than 5 years** |
| **31 December 2021** | | | | | | |
| Long-term bank borrowings | 4,512,666 | 4,512,666 | 2,461,455 | 2,051,211 | | |
| Short-term bank borrowings | - | - | - | - | - | - |
| Lease liabilities | 66,791,494 | 66,791,493 | 35,982,195 | 17,001,897 | 10,904,489 | 2,902,912 |
| Trade payables | 220,870,182 | 220,870,182 | 219,181,346 | 1,660,038 | 28,798 | |
| **Total** | **292,174,342** | **292,174,341** | **257,624,996** | **20,713,146** | **10,933,286** | **2,902,912** |
| **31 December 2020** | | | | | | |
| Long-term bank borrowings | 6,863,198 | 6,863,199 | 2,422,305 | 2,422,305 | 2,018,588 | |
| Short-term bank borrowings | 140,752,746 | 140,752,746 | 140,752,746 | - | - | - |
| Lease liabilities | 56,980,817 | 100,574,836 | 43,192,291 | 31,597,073 | 22,286,575 | 3,498,898 |
| Trade payables | 223,075,097 | 223,075,097 | 219,796,783 | 2,249,330 | 1,028,984 | - |
| **Total** | **427,671,858** | **471,265,878** | **406,164,125** | **36,268,708** | **25,334,147** | **3,498,898** |
| **1 January 2020** | | | | | | |
| Long-term bank borrowings | 9,113,690 | 9,604,502 | 2,598,145 | 2,532,764 | 4,473,593 | - |
| Short-term bank borrowings | 144,946,252 | 144,946,252 | 144,946,252 | - | - | - |
| Lease liabilities | 79,707,197 | 152,595,017 | 47,106,095 | 41,437,707 | 57,216,598 | 6,834,618 |
| Trade payables | 220,999,703 | 220,999,703 | 215,452,599 | 2,259,060 | 3,288,044 | - |
| **Total** | **454,766,842** | **528,145,474** | **410,103,091** | **46,229,531** | **64,978,234** | **6,834,618** |

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**

**(ii) Liquidity risk (continued)**

*Liquidity risk ratios*

| | 31 December 2021 | 31 December 2020 | 1 January 2020 |
|---|---|---|---|
| Current assets | 612,999,080 | 352,618,481 | 287,238,932 |
| Current liabilities | 293,940,160 | 429,103,662 | 426,589,888 |
| **Current ratio** | **2.09** | **0.82** | **0.67** |
| Cash and cash equivalents | 37,030,827 | 26,269,288 | 3,595,157 |
| Trade receivables | 209,177,489 | 206,374,468 | 169,702,272 |
| Current liabilities | 293,940,160 | 429,103,662 | 426,589,888 |
| **Quick ratio** | **0.84** | **0.54** | **0.41** |

***(iii) Market risk***

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

***Currency risk***

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

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

## 29 Financial instruments - fair values and risk management (continued)

### (b) Financial risk management (continued)

### *(iii) Market risk (continued)*

*Exposure to currency risk*

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

| *Amounts in RON* | RON | EUR | USD | GBP | PLN | CHF | MDL | Total |
|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | |
| Cash and cash equivalents | 20,888,985 | 16,125,920 | 4,745 | 10,217 | 960 | | | 37,030,827 |
| Trade receivables | 200,738,307 | 8,429,714 | | 9,468 | | | | 209,177,489 |
| Loans to related parties | - | 58,796,086 | | | | | | 58,796,086 |
| Long-term bank borrowings | - | (4,512,666) | | | | | | (4,512,666) |
| Lease liability | (89,646) | (66,701,848) | | | | | | (66,791,494) |
| Short-term bank borrowings | - | - | - | - | - | - | | - |
| Trade payables | (157,428,437) | (61,351,715) | (1,237,933) | | (830,549) | (21,548) | | (220,870,182) |
| ***Net statement of financial position exposure*** | **64,339,214** | **(49,214,509)** | **(1,233,188)** | **19,685** | **(829,589)** | **(21,548)** | | **13,060,065** |
| **31 December 2020** | | | | | | | | |
| Cash and cash equivalents | 21,929,552 | 3,494,039 | 653,862 | 232 | - | | 191,603 | 26,269,288 |
| Trade receivables | 177,418,616 | 11,377,295 | 65,075 | 7,966 | - | | 9,887,514 | 198,756,466 |
| Loans to related parties | 65,874,180 | - | - | - | - | | - | 65,874,180 |
| Long-term bank borrowings | - | (6,863,198) | - | - | - | | - | (6,863,198) |
| Lease liability | - | (56,980,817) | - | - | - | | - | (56,980,817) |
| Short-term bank borrowings | - | (140,752,746) | - | - | - | | - | (140,752,746) |
| Trade payables | (82,862,310) | (59,521,339) | (1,960,072) | - | (488,971) | | (360,947) | (145,193,639) |
| ***Net statement of financial position exposure*** | **182,360,038** | **(249,246,766)** | **(1,241,135)** | **8,198** | **(488,971)** | | **9,718,170** | **(58,890,466)** |

| *Amounts in RON* | RON | EUR | USD | GBP | PLN | CHF | MDL | Total |
|---|---|---|---|---|---|---|---|---|
| **1 January 2020** | | | | | | | | |
| Cash and cash equivalents | 208,623 | 3,315,505 | 25,816 | 45,213 | | - | | 3,595,157 |
| Trade receivables | 138,446,116 | 18,578,791 | 146,504 | - | | - | 12,986,306 | 170,157,718 |
| Loans to related parties | 31,855,349 | - | - | - | | - | - | 31,855,349 |
| Long-term bank borrowings | - | (9,113,690) | - | - | | - | - | (9,113,690) |
| Lease liability | | (79,707,197) | - | - | | - | - | (79,707,197) |
| Short-term bank borrowings | - | (144,946,252) | - | - | | - | - | (144,946,252) |
| Trade payables | (155,812,308) | (62,053,037) | (2,270,803) | - | | (18,347) | (845,208) | (220,999,703) |
| ***Net statement of financial position exposure*** | **14,697,780** | **(273,925,880)** | **(2,098,484)** | **45,213** | | **(18,347)** | **12,141,099** | **(249,158,618)** |

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**

***(iii) Market risk (continued)***

***Currency risk (continued)***

The following significant exchange rates have been applied:

| | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| *RON* | **2021** | **2020** | **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 | 4.5201 | 4.7884 | 4.4997 |
| PLN 1 | 1.078 | 1.0889 | 1.0768 | 1.0676 |
| MDL 1 | 0.2353 | 0.2451 | 0.2463 | 0.2305 |

*Sensitivity analysis*

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

| *Effect in RON* | Profit or loss before tax | |
|---|---|---|
| | **Strengthening** | **Weakening** |
| **31 December 2021** | | |
| EUR (3% movement) | (1,561,892) | 1,561,892 |
| USD (5% movement) | (58,128) | 58,128 |
| GBP (5% movement) | 965 | (965) |
| CHF (7% movement) | (1,415) | 1,415 |
| PLN (3% movement) | (26,759) | 26,759 |
| MDL (5% movement) | - | - |
| **31 December 2020** | | |
| EUR (3% movement) | 7,771,723 | ( 7,771,723) |
| USD (4% movement) | 49,645 | (49,645) |
| GBP (3% movement) | (246) | 246 |
| PLN (4% movement) | 19,559 | (19,559) |
| MDL (5% movement) | (485,909) | 485,909 |

**29 Financial instruments - fair values and risk management (continued)**

**(b) Financial risk management (continued)**

***(iii) Market risk (continued)***

***Interest rate risk***

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

*Exposure to interest rate risk*

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

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

*Fair value sensitivity analysis for fixed-rate instruments*

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

*Cash flow sensitivity analysis for variable-rate instruments*

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

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

## 30 Related parties

### (a) Main shareholders

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

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

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

### (b) Management remuneration

| | 2021 | 2020 |
|---|---|---|
| Executive management compensation | 7,296,091,00 | 7,099,640 |

### (c) Balances with related parties

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

| Related party | Relattionship | Nature of transactions |
|---|---|---|
| Aquila Construct | Entity under common control | Loan granting, Receipt of loan |
| Best Coffee Solutions | Entity under common control | Loan granting |
| Aquila Agricola | Entity under common control | Loan granting |
| Novadex | Entity under common control | Loan granting, sale of merchandise |
| Nordexim | Entity under common control | Sale of merchandise |
| Aquila Asig | Entity under common control | Insurance Broker agent |
| Best Distribution Moldova | Entity under common control | Sale of merchandise, Acquisition of services |

**30 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** | **1 January 2020** |
|---|---|---|---|
| Aquila Construct | | 10,023 | - |
| Best Coffee | | - | - |
| Aquila Agricola | | - | 10,000 |
| Aquila Asig | 127,757 | | |
| Nordexim | | - | 1,199 |
| Novadex | 262,736 | - | 18,288 |
| **Total** | **390,493** | **10,023** | **29,487** |

| **Balances: other payables** | **31 December 2021** | **31 December 2020** | **1 January 2020** |
|---|---|---|---|
| Aquila Construct | - | - | - |
| Aquila Asig | - | - | 614,777 |
| Altii | - | - | - |
| **Total** | - | - | **614,777** |

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

**30 Related parties (continued)**

**(d) Transactions with related parties**

| **Purchases (without VAT)** | **2021** | **2020** |
|---|---|---|
| Aquila Construct | | 34,022 |
| Best Coffee | 590,737 | 2,217,952 |
| Nordexim | 803,191 | 305,292 |
| Novadex | 355,260 | 493,343 |
| Best Distribution Moldova | | 259,530 |
| **Total** | **1,749,188** | **3,310,139** |

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

**Loans to related parties**

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

**31 Mergers and acquisitions with entities under common control**

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

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

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

**31 Mergers and acquisitions with entities under common control (continued)**

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

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

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

| | Note | RON |
|---|---|---|
| Property, plant and equipment | **19** | 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 net assets at merger date** | | **14,626,461** |

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

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

| | |
|---|---|
| Legal reserves | 107,000 |
| Retained earnings | 965,146 |

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## 32 Contingencies

***Fiscal environment***

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

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

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

***Transfer pricing***

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

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

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

## 33 Commitments

***Guarantees and pledges***

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

## 33 Segments reporting

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

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

8.

**Revenue per segments:**

| **Products and services** | **2021** | **2020** |
|---|---|---|
| Distribution of goods | 1,727,211,129 | 1,357,931,784 |
| Logistics services | 73,900,083 | 68,272,317 |
| External transport services | 59,428,028 | 52,213,186 |
| **Total** | **1,860,539,240** | **1,478,417,287** |

**Operating profit**

| | **2021** | **2020** |
|---|---|---|
| Distribution of goods | 74,106,290 | 69,295,294 |
| Logistic services | 6,485,565 | 4,270,127 |
| External transport services | (144,073) | 3,138,010 |
| **Total** | **80,447,782** | **76,703,431** |

The Company does not allocate assets and liabilities per segments.

During 2021 the Company had only one customer from distribution which exceeded 10% of the sales of goods while during 2020 the Company had 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.

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

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

## 35 COVID-19

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

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

— Disruption to business operations and economic activity in Romania, with a cascading impact on both upstream and downstream supply chains;
— Significant disruption to businesses in certain sectors;
— Significant decrease in demand for non-essential goods and services; The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail,

insurance, education and the financial sector.

— An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

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

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

Based on the publicly available information at the date these financial statements were authorized for issue, management has considered the potential development of the outbreak and its expected impact on the Company and economic environment in which the Company operates, including the measures already taken by the governments in Romania and Republic of Moldova, and in other countries where the Company's major business partners and customers are located.

**35 COVID-19 (continued)**

In order to safeguard uninterrupted operating activities and the Company's liquidity position, management has implement a number of measures, which notably include:

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

Notwithstanding the COVID-19 pandemic impact as described above, the Company has budgeted an increase in the 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 Company, its operations, financial position and operating results. Management cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment the Company operate in will not have an adverse effect on the Company, and its financial position and operating results, in the medium and longer term. The management continues to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

**36 Restatements regarding the transition to IFRS**

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

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

## 36 Restatements regarding the transition to IFRS (continuation)

| | Note | Values according to previous reporting standards (RAS) | IFRS restatements effect | IFRS Values |
|---|---|---|---|---|
| | | | 2020 | |
| Revenues | | 1,478,417,287 | - | 1,478,417,287 |
| Other income | | 3,167,954 | - | 3,167,954 |
| Cost of goods sold | | (1,071,786,887) | - | (1,071,786,887) |
| Cost of fuel and transportation services | | (39,386,725) | - | (39,386,725) |
| Salaries and other employee benefits | 2 | (157,807,529) | (644,409) | (158,451,938) |
| Repairs, maintenance and materials cost | 3 | (16,892,326) | 838,865 | (16,053,461) |
| Depreciation and amortization | 4 | (20,898,858) | (20,983,434) | (41,882,292) |
| Impairment losses | 5 | 68,161 | 1,066,841 | 1,135,002 |
| Change in provisions, net | 6 | (3,239,535) | 2,371,537 | (867,998) |
| Other operating expenses | 7 | (101,363,256) | 24,079,550 | (77,283,706) |
| **Operating profit** | | **70,278,286** | **6,728,950** | **77,007,236** |
| Finance income – interest income | | | | |
| Finance income - other | 8 | 2,441,675 | 4,041,064 | 6,482,739 |
| Finance costs | 9 | (8,515,729) | (3,193,014) | (11,708,743) |
| Other gains and losses | 10 | - | (5,671,400) | (5,671,400) |
| **Net finance (cost)** | | **(6,074,054)** | **(4,823,350)** | **(10,897,404)** |
| **Profit before tax** | | **64,204,232** | **1,905,600** | **66,109,832** |
| Income tax expense | 11 | (8,466,252) | (314,465) | (8,780,717) |
| **Profit for the year** | | **55,737,980** | **1,591,135** | **57,329,115** |

**Explanations:**

1. According to the local reporting standards, merchandising costs are recognized separately in the income statement as an expense, while according to IFRS these merchandising costs are recognized as an income reduction (according to IFRS 15, paragraphs 70 and 72).
2. According to previous reporting standards, liabilities for unpaid leave are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities. Also, part of the movement in provisions according to the statutory requierements related to the unpaid leave is reclassified in expenses with the employees' benefits. The effects are presented bellow :

| **Separate statement of comprehensive income** | **1-Jan-20** | **31-Dec-20** |
|---|---|---|
| Salaries and other employee benefits | | (644,409) |
| Change in provisions, net | | 644,409 |
| **Adjustment before income tax** | | - |
| | | |
| **Separate statement of financial position** | | |
| Employee benefits | 5,591,643 | 6,173,076 |

| | | |
|---|---|---|
| Provisions | (5,591,643) | (6,173,076) |
| Related tax effects | 672,644 | 850,439 |
| **Adjustment to retained earnings** | **672,644** | **850,439** |

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

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

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

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

6. According to previous reporting standards, liabilities for unpaid leave are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities. Thus, part of the movement in provisions according to the statutory requierements related to the unpaid leave is reclassified in expenses with the employees' benefits.
7. According to IFRS 16, the lessee no longer makes a distinction between operating leases and financial leases, all leases being recognized in the statement of financial position (similar to the treatment previously applied to finance leases). Consequently, the Company recognized lease liabilities and right of use assets in the statement of financial position and derecognized rental expenses (recognized in accordance with statutory requirements in other operating expenses).

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

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

9. According to IFRS 16, the lessee no longer classifies leases as operating leases and finance leases, all leases being recognized in the statement of financial position (similarly to the treatment previously applied to finance leases). Consequently, the Company recognizes lease liabilities and interest expenses on these lease liabilities.
10. In accordance with IFRS 9, impairment adjustments on loans to group entities are recorded in other losses.
11. According to previous reporting standards, the Company does not recognize deferred tax assets and liabilities or the impact on the related profit or loss account.

| | Note | **Values according to previous reporting standards (RAS)** | **IFRS restatements effect** | **IFRS Values** |
|---|---|---|---|---|
| | | **31 December 2020** | | |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1a | 68,997,501 | 52,603,730 | 121,601,231 |
| Investment property | 1b | 6,600,747 | (4,222,441) | 2,378,306 |
| Investments | | 17,077,372 | - | 17,077,372 |
| Intangible assets | | - | - | - |
| Goodwill | | - | - | - |
| Other investments | 3 | (26,271,522) | 26,271,522 | - |
| Loans to related parties | | - | 65,874,183 | 65,874,183 |
| Long term trade receivables from related parties | | | | |
| Deferred tax assets | 4 | - | 2,086,949 | 2,086,949 |
| Long term prepayments | | | | |
| Other non-current assets | 5 | 89,893,055 | (89,644,560) | 248,495 |
| **Total non-current assets** | | **156,297,153** | **52,969,383** | **209,266,536** |
| | | - | - | - |
| **Current assets** | | | | |
| Inventories | | 97,580,243 | - | 97,580,243 |
| Trade receivables | 6 | 190,830,419 | 7,926,047 | 198,756,466 |

| | | | | |
|---|---|---|---|---|
| Short term proportion of loan to related parties | | - | - | - |
| Other receivables | 7 | 18,761,677 | (2,501,144) | 16,260,533 |
| Prepayments | | 5,717,515 | - | 5,717,515 |
| Cash and cash equivalents | | 26,269,288 | - | 26,269,288 |
| Short term investments | | | | |
| **Total current assets** | | **339,159,142** | **5,424,903** | **344,584,045** |
| **Total assets** | | **495,456,295** | **58,394,286** | **553,850,581** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 8 | 3,025,000 | 589,728 | 3,614,728 |
| Share premium | | 20,632,335 | - | 20,632,335 |
| Own shares | | | | |
| Legal reserves | 8 | 874,430 | 110,255 | 984,685 |
| Revaluation reserves | | 8,370,277 | (8,370,277) | - |
| Retained earnings | 10 | 75,802,080 | (6,296,405) | 69,505,675 |
| **Total equity attributable to the owners of the Companies** | | **108,704,122** | **(13,966,699)** | **94,737,423** |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **108,704,122** | **(13,966,699)** | **94,737,423** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Long-term bank borrowings | 11 | 6,863,198 | (2,422,305) | 4,440,893 |
| Lease liabilities | 12 | - | 19,853,785 | 19,853,785 |
| Trade payables | 13 | - | 3,278,314 | 3,278,314 |
| Contract liability | | | | |
| Deferred revenue | | 307,347 | - | 307,347 |
| Deferred tax liabilities | | | | |
| **Total non-current liabilities** | | **7,170,545** | **20,709,794** | **27,880,339** |
| **Current liabilities** | | | | |
| Current portion of long-term bank borrowings | 11 | - | 2,422,305 | 2,422,305 |
| Short-term bank borrowings | | 140,752,746 | - | 140,752,746 |
| Lease liabilities | 12 | - | 37,127,032 | 37,127,032 |
| Trade payables | 13 | 207,694,930 | 12,101,853 | 219,796,783 |
| Employee benefits | 14 | 13,640,953 | 6,173,076 | 19,814,029 |
| Current tax liabilities | | 2,416,552 | - | 2,416,552 |
| Contract liabilities | 15b | 5,396,342 | (4,708,806) | 687,536 |
| Provisions | 14 | 6,173,076 | (6,173,076) | - |
| Other payables | | 3,507,028 | 4,708,806 | 8,215,834 |
| **Total current liabilities** | | **379,581,627** | **51,651,190** | **431,232,817** |
| **Total liabilities** | | **386,752,172** | **72,360,984** | **459,113,156** |
| **Total equity and liabilities** | | **495,456,294** | **58,394,285** | **553,850,579** |

| | Note | Valori conform standardelor de raportare anterioare | Efectul retratarilor la IFRS | Valori conform IFRS |
|---|---|---|---|---|
| | | | 1 January 2020 | |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1a | 92,339,279 | 68,337,919 | 160,677,198 |
| Investment property | 1b | - | 2,866,647 | 2,866,647 |
| Investments | | 17,077,372 | - | 17,077,372 |
| Intangible assets | | - | - | - |
| Goodwill | | - | - | - |
| Other investments | | - | - | - |
| Loans to related parties | 3 | - | 31,855,351 | 31,855,351 |
| Long term trade receivables from related parties | 3 | - | 33,911,006 | 33,911,006 |
| Deferred tax assets | 4 | - | 2,401,414 | 2,401,414 |
| Long term prepayments | | | | |
| Other non-current assets | | 1,155,810 | - | 1,155,810 |
| **Total non-current assets** | | **110,572,461** | **139,372,337** | **249,944,798** |
| | | - | - | - |
| **Current assets** | | | | |
| Inventories | | 95,570,205 | - | 95,570,205 |
| Trade receivables | 6 | 222,558,485 | (55,223,376) | 167,335,109 |
| Short term proportion of loan to related parties | | - | - | - |
| Other receivables | 7 | 66,228,760 | (52,098,395) | 14,130,365 |
| Prepayments | | 4,712,886 | - | 4,712,886 |
| Cash and cash equivalents | | 3,595,157 | - | 3,595,157 |
| Short term investments | | | | |
| **Total current assets** | | **392,665,493** | **(107,321,771)** | **285,343,722** |
| **Total assets** | | **503,237,954** | **32,050,566** | **535,288,520** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 8 | 3,025,000 | 589,728 | 3,614,728 |
| Share premium | | 21,433,904 | - | 21,433,904 |
| Own shares | | | | |
| Legal reserves | 8 | 441,540 | 110,255 | 551,795 |
| Revaluation reserves | | 8,859,920 | (8,859,920) | - |
| Retained earnings | 10 | 58,570,599 | (31,942,290) | 26,628,309 |

| | | | | |
|---|---|---|---|---|
| **Total equity attributable to the owners of the Companies** | | **92,330,963** | **(40,102,227)** | **52,228,736** |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **92,330,963** | **(40,102,227)** | **52,228,736** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Long-term bank borrowings | 11 | 9,113,690 | (2,377,485) | 6,736,205 |
| Lease liabilities | 12 | - | 43,653,043 | 43,653,043 |
| Trade payables | 13 | - | 5,547,104 | 5,547,104 |
| Contract liability | | | | |
| Deferred revenue | | 533,547 | - | 533,547 |
| Deferred tax liabilities | | | | |
| **Total non-current liabilities** | | **9,647,237** | **46,822,662** | **56,469,899** |
| | | - | - | - |
| **Current liabilities** | | | | |
| Current portion of long-term bank borrowings | 11 | - | 2,377,485 | 2,377,485 |
| Short-term bank borrowings | | 144,946,252 | - | 144,946,252 |
| Lease liabilities | 12 | - | 36,054,154 | 36,054,154 |
| Trade payables | 13 | 211,590,154 | 1,039,836 | 212,629,990 |
| Employee benefits | 14 | 13,930,985 | 5,591,643 | 19,522,628 |
| Current tax liabilities | | 2,539,379 | - | 2,539,379 |
| Contract liabilities | | 2,292,422 | - | 2,292,422 |
| Provisions | 14 | 5,591,643 | (5,591,643) | - |
| Other payables | | 20,368,922 | (14,141,343) | 6,227,579 |
| **Total current liabilities** | | **401,259,757** | **25,330,132** | **426,589,889** |
| **Total liabilities** | | **410,906,994** | **72,152,794** | **483,059,788** |
| **Total equity and liabilities** | | **503,237,957** | **32,050,567** | **535,288,524** |

1. a) In the financial statements prepared according to the previous reporting standards, assets that meet the criteria to be classified as investment properies have been classified as property, plant and equipment. According to IFRS 16, all leases are recognized in the statement of financial position (similarly to the treatment previously applied to financial leases). Consequently, the Company recognized the rights to use the assets related to the leasing contracts within property, plant and equipment.
   b) In the financial statements prepared according to IFRS standards, investment properties have been presented separately. The effects are presented in the tables bellow :

| **Deemed cost exemption** | **1-Jan-20** | **31-Dec-20** |
|---|---|---|
| **Separate statement of comprehensive income** | | |
| Depreciation and amortisation | | 62,216 |
| **Adjustment before income tax** | | **62,216** |
| **Separate statement of financial position** | | |
| Property, plant and equipment | (5,651,692) | (5,163,350) |

| | | |
|---|---|---|
| Revaluation reserve | (7,813,017) | (7,323,374) |
| Related taxation effect | 1,250,083 | 1,171,740 |
| **Adjustment to retained earnings** | **911,242** | **988,284** |

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

2. In accordance with IFRS, the statement of financial position of the Company following the merger with Agrirom will reflect the carrying amount of the assets and liabilities in the consolidated financial statements of the Company, which include any associated intangible assets, including goodwill.
3. In preparing its financial statements in accordance with previous reporting standards, the Company presented loans to related parties in receivables and did not perform a recoverability analysis of loans to related parties and long-term trade receivables from related parties. As a result, it did not recognize any value adjustments for these assets. In accordance with IFRS, impairment adjustments on loans to related parties are recognized.
4. In accordance with previous reporting standards, the Company does not recognize deferred tax assets and liabilities. In accordances with IFRS the company recognizes deferred tax assets as follows :

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

5. In preparing the financial statements in accordance with the local standards, the Company presented long-term loans to related parties in other non-current assets. According to IFRS, they are reclassified and presented separately in the loans granted to the affiliated parties.
6. According to previous reporting standards, trade receivables are analyzed for impairment when there is objective evidence of impairment. According to IFRS 9, value adjustments on trade receivables are determined based on the expected credit losses (ECL) and are higher in value compared to those on the statutory standards.
7. According to the previous reporting standards, in other receivables we present part of the loans to the related parties, which in accordance with the IFRS presentation requirements are included separately in the statement of financial position.
8. According to previous reporting standards, the Company did not account for the effect of hyperinflation. According to IFRS, the Company restated the share capital and legal reserves established up to December 31, 2003 for the effects of hyperinflation on them. The effect is presented in the table bellow :

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

9. According to IFRS standards, the Company recognizes property, plant and equipment and investments property at cost, and the revaluation reserve from statutory accounting is derecognized.
10. The restatements presented have determined the increase / decrease of the retained earnings as follows :

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

11. The current part of long-term bank loans is presented in accordance with IFRS in current liabilities
12. According to IFRS 16, the lessee no longer classifies leases as operating leases and finance leases, all leases being recognized in the statement of financial position (similar to the treatment previously applied to finance leases). Consequently, the Company recognized short-term and respectively long-term lease liabilities.
13. In accordance with IFRS disclosure requirements, some of the trade payables are presented in part as long-term trade payables in the statement of financial position. However, according to IFRS 15, some of the discounts reduced my trade receivables, and according to IFRS, these discounts should not affect these receivables, but should be classified as trade payables.
14. According to previous reporting standards, unpaid leave debts are classified as provisions. As a result of the transition to IFRS, these liabilities are reclassified as employee benefit liabilities.
15. a) Effect as a result of the adjustments from the date of acquisition of Agrirom - see note 30.2 for details. b) Reclassification from debts regarding contracts with clients to other liabilities.

Signed and approved at 22 March 2022:

**Chief Executive Officer**
Vasile Constantin Catalin

**Chief Financial Officer**
Bascau Sorin