



SINTEZA SA
Sos. Borşului no. 35
410605 ORADEA - ROMANIA



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Tax Identification No.: R0 67329
Registration no at Trade Register-Bihor:
J.05/197/1991

BANK: UNICREDIT BANK
RON ACCOUNT: RO64BACX0000000484374000

SEMIANNUAL REPORT

IN ACCORDANCE WITH ASF REGULATION NO. 5/2018 REGARDING ISSUERS AND TRANSACTIONS WITH SECURITIES

Report date :	JUNE 30, 2023
Name of the commercial company:	SINTEZA SA
Registered office:	410605 Oradea, Sos. Borsului no. 35
Phone number:	+40 259 456 116
Fax:	+40 259 462 224
Tax identification no. at Trade Register Office:	67329
Registration number at Trade Register:	J/05/197/1991
Subscribed and paid-up capital:	9,916,888.50 RON
The regulated market on which the issued securities are traded:	BUCHAREST STOCK EXCHANGE

1. Analysis of the activity of the commercial company

1.1. Description of the basic activity of the commercial company

SINTEZA - SA was established by Government Decision no. 1213/20.11.1990 of the Chemical Enterprise "SINTEZA", is registered in the Trade Register under no. J/05/197/1991, fiscal code RO 67329 and has its registered office on Șos. Borsului no. 35, Oradea, Bihor county.

During the year 2023, no mergers or reorganizations of any kind took place.

1.1.1. Elements of general assessment

On 30.06.2023, the company obtained the following indicators, according to the balance sheet:

1. Total revenue: **7,388,892** of which:
 - net turnover: 8,422,008 lei, of which 7,419,739 lei is represented by export sales;
 - income from stock variation: -1,330,179 lei;
 - other incomes: 239,261 lei;
 - financial income: 57,802 lei;
2. Total expenses: **11,162,704 lei**, of which:
 - operating expenses: 10,877,604 lei;
 - financial expenses: 285,100 lei;
3. Net operational result: **-3,773,812 lei** ;
4. Liquidity at the end of the period: **291,382 lei equivalent**

1.1.2 Evaluation of the technical level of the company

The company exploits the industrial platform from Sos. Borsului no. 35 and operates the Benzoic Acid installation, an advanced technical level installation, modernized in previous years, obtaining products intended mainly for the foreign market.

Through the investment works carried out in 2018, which materialized in research processes, design, verification, acquisitions and execution of equipment, the restoration of the structural elements, the improvement of the quality and the production capacity of benzoic acid was pursued. The investment was followed by a period of technological tests, during several months, through which the stabilization of the technological parameters and the finalization of the work instructions were followed.

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

At the same time, the company continued in 2023 the activity of renting its available locations, obtaining income from rents.

The company intends to further develop manufacturing at a high technical level.

The main products manufactured in 2023 and the revenues obtained from their sale, as well as other revenues, compared to the previous year are:

No. crt.	Products	SEMESTER I 2023		SEMESTER I 2022	
		lei	%	lei	%
1	Exploitation of the industrial platform	399,347	4.74	439,234	1.73
2	Organic synthesis facilities	8,022,661	95.26	24,934,856	98.27
	Total	8,422,008	100.00	25,374,090	100.00

1.1.3. Evaluation of the technical-material supply activity

The company purchases industrial equipment from renowned companies in the field, both from the country and from abroad.

Regarding the purchase of raw materials, materials, energy, the company acts freely on the competitive market.

1.1.4. Evaluation of sales activity

Sinteza SA sells the manufactured products in markets such as: Europe, Turkey and Asia. The company sells on the free competitive market, without significant dependencies on a customer or a group of customers.

The company uses both direct sales and through distributors.

The benzoic acid market is generally stable and has been growing steadily for many years. And for the future, the same trend of approximately 5% CGAR will be maintained. It must be said, however, that the biggest development is in Asia, which leaves the market in Europe, where Sinteza is active, a more modest growth.

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

In 2023, the average number of staff was 87 people.

There were no conflicting elements in the labor relations.

The company regularly organizes professional training courses and intends to finance some professional school classes for organic synthesis chemical operators.

1.1.6 Evaluation of aspects related to the impact on the environment

The company has obtained all the authorizations and approvals required by the legislation in the field. There is no major impact on the environment and there are no disputes related to the violation of environmental protection legislation.

1.1.7 Evaluation of the research-development activity

The company has organized its own compartment dedicated to this activity, the expectations being oriented towards the implementation of new products and technologies.

1.1.8 Evaluation of risk management activity

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

Price risk - there is a permanent monitoring of this risk taking into account the market on which the company operates, which is a specialized one. In fact, the company applies and will apply in the future, the policy of forming the selling price according to the price of the raw material (Minimum selling price = Purchase price + margin). We specify that resorting to this form of setting prices is a common practice on the specific market on which the company operates;

Credit risk - the company has and will in the future call on resources attracted especially for the financing of investment objectives. The cost of the resources is negotiated and generally

dimensioned in relation to the reference rates on the financial market in such a way as to be sustainable on the contractual terms. Potential interest rate variations are also taken into account;

Liquidity risk - there is a permanent concern to maintain liquidity at a supra-unitary level. On 30.06.2023 this indicator had the value of 1.7.

Cash flow risk is monitored daily through weekly and monthly receipts and payment forecasts. The company applies the commercial credit policy in the relationship with traditional customers and correlates the collection terms with payment due dates (suppliers, banks, budgets, salaries).

1.1.9 Perspective elements regarding the activity of the commercial company

The company's strategy in the field of quality is based on satisfying the requirements and needs of its customers and other interested parties by offering on time, quality products according to customer requirements, regulation and environmental protection.

Increasing product quality and aligning the company with the requirements of the EU market, the market with higher margins, will support the company's return to the operational profit zone in 2023.

In the context of the current situation imposed by the state of war in Ukraine, the restrictive measures imposed on Russia and Belarus generate serious consequences and effects on the world economy, including regarding the uncertainty regarding the future of companies in many fields of activity, with implications on the indicators of the situations annual financials. As secondary effects of the war, we mention the increase in the prices of raw materials, delays in the supply of materials, the increase in the prices of fuels, electricity, gas, which ultimately leads to increased costs and a possible decreased profit. At the same time, there is the risk of increasing the duration of collection of receivables from customers, thus creating a blockage in the chain.

The plans of the management in the next period aim at: ensuring the continuity of production, concentrating sales efforts to the producers of corrosion inhibitors and resins, improving the parameters of the delivered benzoic acid, so that it is also possible to access the market segment of food additives, respectively those used in animal feed, segments with higher sales margins. The use/development of technologies that use recyclable materials, the generation of energy through high efficiency methods (cogeneration) and the installation of photovoltaic panels will also be pursued, so that all of these lead to a decrease in the cost of production.

The company will continue to run programs to generate liquidity from the rental and sale of assets that are not intended for the basic activity and to attract other financing. The amounts thus obtained will be used to support the basic activity through investments and working capital.

1.1.10 Information on internal control

Within Sinteza SA, internal control assurance covers internal control and internal audit activities. In the field of internal control, compliance with the specific regulations of the company's activity, compliance with internal rules, decisions of management bodies and financial-accounting rules was followed.

The internal audit is provided by a service contract with an independent firm. The internal auditor evaluates through a systematic and methodical approach the control and governance

processes of the company and brings to the attention of the general director and administrators the significant aspects found through the audit report.

2. The tangible assets of the company

2.1. Location and description

The company owns and manages the following assets:

- a) The Platform Șos. Borsului no. 35 - dedicated to the manufacture of Benzoic Acid
- b) Slam dump - closed during operation and during the closing schedule

2.2. Potential ownership issues

There are no ownership issues.

3. The market of securities issued by the company

The company's share capital is 9,916,889 lei, divided into 66,112,590 shares with a nominal value of 0.15 lei/share. The shares are traded at the Bucharest Stock Exchange, standard category. On 30.06.2023, the shareholder structure was as follows:

No. crt.	Name/Name	Percentage owned
1	FIA WITH PRIVATE CAPITAL BT INVEST 1	33.8898
2	PASCU RADU	31.1597
3	Alternative Investment Company With Private Capital Roca Investments SA	18.0000
4	Other natural and legal persons	16.9505
	Total	100.00

The company did not purchase its own shares and did not issue bonds.

4. Management of the commercial company

On 30.06.2023 the Board of Directors of the company consisted of:

Alexandru Savin	- President
Aurel Bernat	- Member
Radu Pascu	- Member

The executive management of the company is provided by Gelu Stan

None of the above have been involved in litigation or administrative proceedings related to the ability to fulfill their duties.

5. Auditing

We mention that the financial statements for the first semester of 2023 were not the subject of an audit report.

6. The financial accounting situation individual financial position on 30.06.2023

INDICATOR	INDIVIDUAL	
	31.12.2022	30.06.2023
Tangible assets		
Lands and landscaping	16,391,917	16,391,917
Construction	12,147,872	11,767,886
Technical installations and means of transport	11,479,537	10,655,933
Furniture, office equipment [...]	103,179	83,780
Tangible assets in progress	1,459,020	1,871,149
Advances for tangible assets		
Total Tangible Assets	41,581,525	40,770,665
Intangible assets		
Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	84,502	57,752
Intangible assets in progress		
Shares held in subsidiaries and other fixed assets	3,295	3,295
Rights to use the leased assets	114,919	93,409
Total Fixed Assets	41,784,241	40,925,121
Current Assets		
Inventories	2,439,062	2,453,009
Trade receivables and other receivables	4,544,181	3,471,216
Expenses registered in advance	141,146	431,216
Cash and cash equivalents	1,214,206	291,382
Assets classified as held for sale	2,466,318	2,466,318
Total Current Assets	10,804,913	9,113,141
Total Assets	52,589,154	50,038,262
Own Capitals		
Social capital	9,916,889	9,916,889
Capital premiums		
Reserves	32,202,084	32,202,084
The result of the exercise	-2,088,497	-3,773,812
Reported result	-1,345,597	-3,434,094
Other elements of equity	-540	-540
Minority interests		
Total Equity	38,684,339	34,910,527
Long Term Debts		
Long-term loans and other liabilities	73,616	5,397,975
Revenues recorded in advance		
Provisions		
Deferred tax liabilities	4,220,893	4,220,893
Total Long Term Liabilities	4,294,509	9,618,868
Current Liabilities		
Short term loans	4,544,744	1,576,848
Trade debts and other debts, including derivative financial instruments	4,807,885	3,725,765
Revenues recorded in advance	77,409	25,986
Provisions	180,268	180,268

Liabilities classified as held for sale		
Total Current Liabilities	9,610,306	5,508,867
Total Debts	13,904,815	15,127,735
Total Equity and Debts	52,589,154	50,038,262

For the first semester of 2023, the parent company SINTEZA SA has drawn up consolidated financial statements, in which the commercial company CHIMPROD SA is included in the consolidation.

Consolidated financial position as of 30.06.2023

INDICATOR	CONSOLIDATED	
	31.12.2022	30.06.2023
Tangible assets		
Lands and landscaping	16,391,917	16,391,917
Construction	12,147,872	11,767,886
Technical installations and means of transport	11,479,537	10,655,933
Furniture, office equipment [...]	103,179	83,780
Tangible assets in progress	1,459,020	1,871,149
Advances for tangible assets		
Total Tangible Assets	41,581,525	40,770,665
Intangible assets		
Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	84,502	57,752
Intangible assets in progress		
Shares held in subsidiaries and other fixed assets	6,195	6,195
Rights to use the leased assets	114,919	93,409
Total Fixed Assets	41,787,141	40,928,021
Current Assets		
Inventories	2,439,062	2,453,009
Trade receivables and other receivables	2,763,901	1,690,936
Expenses registered in advance	141,146	431,216
Cash and cash equivalents	1,217,844	292,436
Assets classified as held for sale	2,466,318	2,466,318
Total Current Assets	9,028,271	7,333,915
Total Assets	50,815,412	48,261,936
Own Capitals		
Social capital	9,916,889	9,916,889
Capital premiums		
Reserves	33,641,322	33,641,322
The result of the exercise	-2,097,266	-3,776,456
Reported result	-4,545,966	-6,643,232
Other elements of equity	-540	-540
Minority interests	-4,170	-4,176
Total Equity	36,910,269	33,133,807
Long Term Debts		
Long-term loans and other liabilities	73,616	5,397,975
Revenues recorded in advance		
Provisions		
Deferred tax liabilities	4,220,893	4,220,893
Total Long Term Liabilities	4,294,509	9,618,868
Current Liabilities		
Short term loans	4,544,744	1,576,848
Trade debts and other debts, including derivative financial instruments	4,808,213	3,726,159
Revenues recorded in advance	77,409	25,986
Provisions	180,268	180,268

Liabilities classified as held for sale		
Total Current Liabilities	9,610,634	5,509,261
Total Debts	13,905,143	15,128,129
Total Equity and Debts	50,815,412	48,261,936

The financial statements as of 30.06.2023 are drawn up in accordance with the provisions of MFP Order 881/2012, MFP Order 2844/2016 and MFP Order 4268/2022, applicable to commercial companies whose securities are traded on a regulated market.

The management of the company is not aware of any events that would call into question the future continuity of exploitation, an assertion based on the fact that the technological line has been modernized, determined by the quantitative and qualitative increase in the production of benzoic acid, as well as the existence of contracts and orders which will ensure the sale of the produced production.

THE PRESIDENT OF THE BOARD OF DIRECTORS

ALEXANDRU SAVIN



SINTEZA SA

**Individual and consolidated financial statements
on June 30, 2023**

**Prepared in accordance with
International Financial Reporting Standards (IFRS)
Adopted by the European Union**

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Individual financial position on 30.06.2023

INDICATOR	INDIVIDUAL	
	31.12.2022	30.06.2023
Tangible assets		
Lands and landscaping	16,391,917	16,391,917
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Provisions		
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Trade debts and other debts, including derivative financial instruments	4,807,885	3,725,765
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Provisions	180,268	180,268
Liabilities classified as held for sale		
Total Current Liabilities	9,610,306	5,508,867
Total Debts	13,904,815	15,127,735
Total Equity and Debts	52,589,154	50,038,262

Consolidated financial position as of 30.06.2023

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Inventories	2,439,062	2,453,009
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Expenses registered in advance	141,146	431,216
Cash and cash equivalents	1,217,844	292,436
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Long-term loans and other liabilities	73,616	5,397,975
Revenues recorded in advance		
Provisions		
Deferred tax liabilities	4,220,893	4,220,893
Total Long Term Liabilities	4,294,509	9,618,868
Current Liabilities		
Short term loans	4,544,744	1,576,848
Trade debts and other debts, including derivative financial instruments	4,808,213	3,726,159
Revenues recorded in advance	77,409	25,986
Provisions	180,268	180,268
Liabilities classified as held for sale		
Total Current Liabilities	9,610,634	5,509,261
Total Debts	13,905,143	15,128,129
Total Equity and Debts	50,815,412	48,261,936

The situation of the global individual result on 30.06.2023

INDICATOR	INDIVIDUAL	
	30.06.2022	30.06.2023
Ongoing Activities		
Income	25,374,090	8,422,008
Other incomes	25,406	239,261
Stock variation	-169,132	-1,330,179
Total Operating Income	25,230,364	7,331,090
Inventory Expenses	13,088,010	3,824,433
Utilities expenses	3,474,287	1,325,223
Employee benefit expenses	3,457,762	3,094,202
Expenses with amortization and depreciation of fixed assets	1,289,917	1,266,265
Gains / losses from the sale of fixed assets	-37,727	0
Adjusting the value of current assets	0	949
Adjustments regarding provisions	49,436	0
Other expenses	1,770,292	1,366,532
Total Operating Expenses	23,091,977	10,877,604
Result of Operational Activities	2,138,387	-3,546,514
Financial income	23,817	57,802
Financial expenses	153,117	285,100
Net Financial Result	-129,300	-227,298
Result Before Tax	2,009,087	-3,773,812
Current income tax expense		
Deferred income tax expenses		
Income related to deferred profit tax		
The result of Continuing Activities	2,009,087	-3,773,812
Minority interests		
Total Global Result Related to the Period	2,009,087	-3,773,812

The situation of the consolidated global result on 30.06.2023

INDICATOR	CONSOLIDATED	
	30.06.2022	30.06.2023
Ongoing Activities		
Income	25,374,090	8,422,008
Other incomes	25,406	239,261
Stock variation	-169,132	-1,330,179
Total Operating Income	25,230,364	7,331,090
Inventory Expenses	13,088,010	3,824,433
Utilities expenses	3,474,287	1,325,223
Employee benefit expenses	3,459,730	3,096,566
Expenses with amortization and depreciation of fixed assets	1,289,917	1,266,265
Gains / losses from the sale of fixed assets	-37,727	0
Adjusting the value of current assets	0	949
Adjustments regarding provisions	49,436	0
Other expenses	1,772,357	1,366,818
Total Operating Expenses	23,096,010	10,880,254
Result of Operational Activities	2,134,354	-3,549,164
Financial income	23,817	57,802
Financial expenses	153,117	285,100
Net Financial Result	-129,300	-227,298
Result Before Tax	2,005,054	-3,776,462
Current income tax expense		
Deferred income tax expenses		
Income related to deferred profit tax		
The result of Continuing Activities	2,005,054	-3,776,462
Minority interests	9	6
Total Global Result Related to the Period	2,005,063	-3,776,456

The situation of individual equity changes on June 30, 2023

Sources of change in equity	Share capital	Capital premiums	Issued capital instruments	Other equity	Cumulated value of other elements of the overall result	Reported result	Revaluation in re serves	Other reservatio ns	(-) Own actions	Profit or loss (-) attributab le to the holders of sharehol ders' equities in the parent company	(-) Interim dividends	Minority interests of the overall value of other elements of	Minority interests Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before restatement)														
Effect of error corrections														
The effect of the change in accounting policies														
Opening balance (current period)	9,916,889				(2,088,497)	(1,345,597)	28,098,250	4,103,834	(540)					38,684,339
Issues of ordinary bonds														
Issuance of preferential shares														
Issues of other capital instruments														
Exercise or expiration of other equity instruments issued														
Conversion of debts into equity														
Capital reduction														
Dividends														
Buying own shares														
Sale or cancellation of own shares														
Reclassification of financial instruments from equity to liabilities														
Transfers between equity components					2,088,497	(2,088,497)								0
Increases or (-) decreases in equity resulting from combinations of activities														
Payments based on shares														
Other increases or (-) decreases in equity														
The overall overall result of the exercise					(3,773,812)									(3,773,812)
Closing balance (current period)	9,916,889				(3,773,812)	(3,434,094)	28,098,250	4,103,834	(540)					34,910,527

**The situation of changes in consolidated equity
on June 30, 2023**

Sources of change in equity	Share capital	Capital premiums	Issued capital instruments	Other equity	Cumulated value of other elements of the overall result	Reported result	Revaluation in re serves	Other reservatio ns	(-) Own actions	Profit or loss (-) attributab le to the holders of sharehol ders' equities in the parent company	(-) Interim dividends	Minority interests of the overall value of other elements of the overall result	Minority interests, Other elements	Total
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before restatement)														
Effect of error corrections														
The effect of the change in accounting policies														
Opening balance (current period)	9,916,889				(2,097,266)	(4,545,966)	28,134,186	5,507,136	(540)			(4,170)		36,910,269
Issues of ordinary bonds														
Issuance of preferential shares														
Issues of other capital instruments														
Exercise or expiration of other equity instruments issued														
Conversion of debts into equity														
Capital reduction														
Dividends														
Buying own shares														
Sale or cancellation of own shares														
Reclassification of financial instruments from equity to liabilities														
Transfers between equity components					2,097,266	(2,097,266)								0
Increases or (-) decreases in equity resulting from combinations of activities														
Payments based on shares														
Other increases or (-) decreases in equity												(6)		(6)
The overall overall result of the exercise	9,916,889				(3,776,456)	(6,643,232)	28,134,186	5,507,136	(540)			(4,176)		(3,776,456)
Closing balance (current period)					(3,776,456)	(6,643,232)	28,134,186	5,507,136	(540)			(4,176)		33,133,807

**The situation of individual treasury flows
on 30.06.2023**

- RON -

	30.06.2022	30.06.2023
Cash flows from operating activity		
Receipts from customers	26,315,156	9,774,150
Other receipts (including refunds net of VAT)	3,554,103	116,348
Payments to suppliers	23,081,079	11,091,856
Pay net wages	1,844,028	1,770,163
Payments to budgets	2,082,777	44,074
Other payments	1,551,022	135,468
Net treasury from operating activities	1,310,353	-3,151,063
Cash flows from investment activities		
Payments for the purchase of real estate	218,465	0
Proceeds from the sale of tangible assets		
Interest collected		
Net treasury from investment activities	-218,465	0
Net treasury from financing activities		
Loan collections	13,060,699	20,099,689
Interest paid and loan repayments	13,568,110	17,871,450
Dividends paid		
Net treasury from financing activities	-507,411	2,228,239
Net increase/(decrease) in treasury	584,477	-922,824
Cash and cash equivalents at the beginning of the period	859,368	1,214,206
Cash and cash equivalents at the end of the period	1,443,845	291,382

**Consolidated cash flow situation
on 30.06.2023**

	- RON -	
	30.06.2022	30.06.2023
Cash flows from operating activity		
Receipts from customers	26,315,156	9,774,150
Other receipts (including refunds net of VAT)	3,554,103	116,348
Payments to suppliers	23,081,079	11,091,856
Pay net wages	1,846,439	1,771,622
Payments to budgets	2,085,462	44,913
Other payments	1,553,265	135,754
Net treasury from operating activities	1,303,014	-3,153,647
Cash flows from investment activities		
Payments for the purchase of real estate	218,465	0
Proceeds from the sale of tangible assets		
Interest collected		
Net treasury from investment activities	-218,465	0
Net treasury from financing activities		
Loan collections	13,060,699	20,099,689
Interest paid and loan repayments	13,568,110	17,871,450
Dividends paid		
Net treasury from financing activities	-507,411	2,228,239
Net increase/(decrease) in treasury	577,138	-925,408
Cash and cash equivalents at the beginning of the period	872,544	1,217,844
Cash and cash equivalents at the end of the period	1,449,682	292,436

Notes to the financial statements

1. The reporting entity

The parent company Sinteza SA has its headquarters in Oradea, sous. Borsului no. 35, Registration No. at the Trade Register J/05/197/1991. It is a joint-stock company and operates in Romania in accordance with the provisions of Law no. 31/1990 on commercial companies.

The basic object of activity of the Company is the production and sale of basic organic chemical products - CAEN code 2014.

The Company's shares are listed on the Bucharest Stock Exchange, Standard category, with the symbol STZ.

On 30.06.2023, the parent company is owned by the following shareholders:

No. crt.	Name/Name	Percentage owned
1	FIA WITH PRIVATE CAPITAL BT INVEST 1	33.8898
2	PASCU RADU	31.1597
3	Alternative Investment Company With Private Capital Roca Investments SA	18.0000
4	Other natural and legal persons	16.9505
	Total	100.00

The register of shares and shareholders is kept in accordance with the law by Depozitarul Central SA Bucharest.

The entity included in the consolidation

CHIMPROD SA was included in the consolidation , having the following identification data:

Company name:	SC Chimprod SA
Registered office:	Oradea, Sos. Borsului no.35
Phone/fax number:	0259 456 110
Fiscal registration code:	(RO) 67345
Trade Register registration:	J/05/1984/1992
Share capital:	90,000 lei

Chimprod SA shares are not traded on the regulated securities market.

The company is managed by mandate by Sinteza SA, with Mrs Coman Dana as its permanent representative.

The participation held by SC Sinteza SA is 99.765%, and the participation held by non-controlling interests is 0.235%.

Chimprod SA has suspended its activity at the Trade Register for the period 27.04.2023 until 26.04.2026

The date of approval of the publication of the financial statements

The financial communication calendar of the Company is approved by the executive management bodies of the Company in accordance with the statutory provisions and is publicly communicated by publication on its website.

2. The basis of preparation

Declaration of conformity

The individual and consolidated financial statements of the Group are drawn up in accordance with the International Financial Reporting Standards (IFRS). Starting with the 2012 financial year, the Company and the Group have the obligation to apply the International Financial Reporting Standards (IFRS).

The basis of consolidation

The consolidated financial statements include the financial statements of the parent company Sinteza SA and those of the consolidated company (subsidiary) Chimprod SA as an entity controlled by the parent company.

Presentation of financial statements

The individual and consolidated financial statements are presented in accordance with the requirements of IAS 1 "Presentation of financial statements", based on liquidity in the Statement of financial position and based on the nature of income and expenses in the Statement of the overall result.

Functional and presentation currency

The chosen functional currency is the RON. The individual and consolidated financial statements are presented in RON.

The basis of evaluation

The individual and consolidated financial statements were drawn up based on historical cost, with the exception of assets - tangible assets - which are evaluated at fair value every three years.

The accounting policies were consistently applied for the periods presented in these financial statements.

The principle of continuity of activity was respected.

The company's development plans include:

- product portfolio development by contacting some research and development institutions

- developing the client portfolio with a focus on those who can offer predictability, higher margins and more favorable payment terms

In the context of the current situation imposed by the state of war in Ukraine, the restrictive measures imposed on Russia and Belarus generate serious consequences and effects on the world economy, including regarding the uncertainty regarding the future of companies in many fields of activity, with implications on the indicators of the situations annual financials. As secondary effects of the war, we mention the increase in the prices of raw materials, delays in the supply of materials, the increase in the prices of fuels, electricity, gas, which ultimately leads to increased costs and a possible decreased profit. At the same time, there is the risk of increasing the duration of collection of receivables from customers, thus creating a blockage in the chain.

The plans of the management in the next period aim at: ensuring the continuity of production, concentrating sales efforts to the producers of corrosion inhibitors and resins, improving the parameters of the delivered benzoic acid, so that it is also possible to access the market segment of food additives, respectively those used in animal feed , segments with higher sales margins. The use/development of technologies that use recyclable materials, the generation of energy through high efficiency methods (cogeneration) and the installation of photovoltaic panels will also be pursued, so that all of these lead to a decrease in the cost of production.

The outbreak of the war on February 24, 2022 brought a series of consequences both directly and indirectly on the entire economy, and in the area of the chemical industry the impact was even more significant. For Sinteza, this negative impact came on several levels: (1) a number of customers from the former Soviet space were directly lost, in 2022 only 10% of the volumes sold the year before were sold in that area, (2) the volumes sold to distributors from Poland also decreased significantly, which in turn also accessed the market in Ukraine and Belarus, approx. 50% of sales and (3) there was a significant decrease in sales from Turkey, the market segment there was lost to a product from China, of lower quality but which came at a lower price, as a result of the reduced price at which China accesses oil from Russia, with the implementation of economic sanctions on Russia.

A high price of Brent oil in Europe and therefore of toluene (which is the raw material for benzoic acid) is still estimated. In addition, the low price of Ural oil for China will continue to allow the influx of cheap benzoic acid from China to the European market. For Sinteza, this situation remains a challenge, but certain measures can reduce the unfavorable effect. These are: (1) improving the ratio between sales channels (direct vs. distribution), (2) emphasizing delivery security (3) diversifying the number of customers in the resins and corrosion inhibitors segment, where our product is appreciated and we occupy a segment relevant. In addition, the benzoic acid market for this application segment is expected to grow in 2023 more than the average.

Use of estimates and judgments

The preparation and presentation of individual and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of estimates, judgments and assumptions that affect the application of accounting policies and reported values. Estimates, judgments and assumptions are based on historical experience. The results of these estimates form the basis of judgments regarding accounting values that cannot be obtained from other sources.

When some elements of the annual financial statements cannot be evaluated precisely, they are estimated.

Estimates are made on the basis of the most recent credible information available.

A change in the circumstances on which this estimate was based or as a result of new information or better experience may lead to a change in the initial estimate.

Any change in accounting estimates will be recognized prospectively by including it in the result:

- the period in which the change takes place, if it only affects that period; or
- the period in which the modification takes place and future periods, if the modification has an effect on them as well.

The Group uses estimates to determine:

- uncertain customers and adjustments for the impairment of related receivables;
- the value of the provisions for risks and expenses to be established at the end of the financial year for litigation, for the decommissioning of tangible assets, for restructuring, for pensions and similar obligations, for taxes.
- lifetimes of depreciated assets for which, upon revaluation, a fair value and a new economic useful life are determined.

Judgments and assumptions are reviewed periodically by the Company and are recognized in the periods when the estimates are revised.

3. Significant accounting policies

The parent company and the subsidiary organize and manage the financial accounting, according to the Accounting Law no. 82/1991 republished, with subsequent amendments and additions .

Financial accounting ensures the chronological and systematic recording, processing, publication and preservation of information regarding the financial position, financial performance and other information related to the activity carried out.

The accounting policies were developed in such a way as to ensure the provision, through the annual financial statements, of information that must be intelligible, relevant to the needs of users in making decisions, credible in the sense of faithfully representing the assets, liabilities, financial position and profit or the company's loss should not contain material errors, should not be biased, should be prudent, complete in all material respects, comparable so that users can compare the company's financial statements over time, to

identify trends in its financial position and performance and to be able to compare financial statements with those of other companies to assess financial position and performance.

The accounting policies were consistently applied to all periods presented in these individual financial statements.

The individual financial statements are prepared based on the assumption that the Company will continue its activity in the foreseeable future.

Transactions in foreign currency

Operations in foreign currency are recorded in RON at the exchange rate on the transaction settlement date.

At the end of each month, foreign currency debts are evaluated at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month in question. The recorded exchange rate differences are recognized in accounting under income or expenses from exchange rate differences, as the case may be.

Exchange rate differences that appear when settling debts in foreign currency at rates different from those at which they were initially recorded during the month or from those at which they are recorded in accounting must be recognized in the month in which they occur, as income or expenses from exchange rate differences.

Differences in value that appear when settling debts expressed in lei, depending on a different exchange rate than the one at which they were initially recorded during the month or compared to those at which they are recorded in accounting, must be recognized in the month in which they appear, at other financial income or expenses.

Financial instruments

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

Claims include:

- trade receivables, which are amounts owed by customers for goods sold or services rendered in the normal course of business;
- commercial effects to be collected, commercial acceptances, instruments of third parties;
- amounts owed by directors, shareholders, employees or affiliated companies.

Receivables are highlighted on the basis of accrual accounting, according to legal or contractual provisions

Trade receivables can be discounted before maturity.

At the end of each month, foreign currency receivables are evaluated at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month in question. The

recorded exchange rate differences are recognized in accounting under income or expenses from exchange rate differences, as the case may be.

At the end of each month, receivables expressed in lei, whose settlement is made depending on the exchange rate of a currency, are evaluated at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month in question . In this case, the recorded differences are recognized in the accounting under other financial income or other financial expenses, as the case may be.

Exchange rate differences that occur when settling foreign currency receivables at rates different from those at which they were initially recorded during the month or from those at which they are recorded in accounting must be recognized in the month in which they occur, as income or expenses from exchange rate differences.

Differences in value that appear during the settlement of receivables expressed in lei, depending on a different exchange rate than the one at which they were initially recorded during the month or compared to those at which they are recorded in accounting, must be recognized in the month in which they appear, at other financial income or expenses.

Bank accounts include:

- Receivables (checks and commercial bills deposited at banks)
- Availability in lei and foreign currency
- Checks issued by the company
- Short-term bank loans
- Interest related to availability and loans granted by banks in current accounts.

The interest to be paid and the interest to be collected, related to the current financial year, are recorded under financial expenses or financial income, as the case may be.

Currency sale-purchase operations, including those carried out within term settlement contracts, are recorded in accounting at the exchange rate used by the commercial bank at which the currency auction is carried out; these generate in accounting exchange rate differences compared to the rate of the National Bank of Romania .

Foreign currency deposits are evaluated monthly at the exchange rate communicated by the National Bank of Romania for the last working day of the month.

Liquidation of foreign currency deposits is carried out at the exchange rate communicated by the National Bank of Romania, from the date of the liquidation operation.

Exchange rate differences between the exchange rate from the date of establishment or the exchange rate at which they are recorded in accounting and the National Bank of Romania exchange rate from the date of liquidation of bank deposits are recorded as income or expenses from exchange rate differences, as the case may be.

Tangible assets

Tangible assets are assets that:

- are owned by a company to be used in the production of goods or the provision of services, to be rented to third parties or to be used for administrative purposes; and
- are used over a period of more than one year.

Tangible assets include:

- lands and constructions;
- technical installations and machines;
- machinery and furniture;
- real estate investments;
- advances granted to suppliers of tangible assets;
- tangible assets under construction;
- real estate investments in progress;
- tangible assets for exploitation and evaluation of mineral resources.

Tangible assets are initially valued at cost. This is the acquisition cost or the production cost, depending on the method of entry into the company of the tangible immobilization.

The commercial discounts granted by the supplier and written on the purchase invoice adjust the purchase cost of the fixed assets in the sense of the discount.

The production cost of fixed assets includes direct expenses related to production such as direct materials, energy consumed for technological purposes, costs representing employees' salaries, legal contributions and other expenses related to them, which result directly from the construction of tangible fixed assets, site development costs, costs initial delivery and handling costs, installation and assembly costs, costs of testing the correct functioning of the asset, professional fees and commissions paid in connection with the asset, the cost of designing the products and obtaining the necessary authorizations;

Subsequent expenses related to tangible immobilization are recognized:

- as expenses in the period in which they were made if they are considered repairs or the purpose of these expenses is to ensure the continuous use of the immobilization while maintaining the initial technical parameters; or
- as a component of the asset, in the form of subsequent expenses, if the conditions are met to be considered investments on fixed assets.

Tangible assets are presented in the balance sheet at their fair value.

Tangible fixed assets are revalued every 3 years.

In the years in which revaluations are not carried out, tangible assets are presented in the annual financial statements at the value established at the last revaluation minus accumulated depreciation and accumulated adjustments for impairment loss.

Depreciation of tangible fixed assets is calculated starting from the month following commissioning and until the full recovery of their input value. Lands are not depreciated.

The economic useful life is the period during which an asset is expected to be available for use.

The periods of economic use established by the company for the main categories of fixed assets in its patrimony are the usual ones in the chemical industry.

Depreciation is still recorded in the accounting according to the lifetime and the depreciation method originally established. When amortizing tangible fixed assets, the Company uses straight-line amortization, achieved by the uniform inclusion of fixed amounts in the operating expenses, established proportionally to the number of years of their economic use, for the following categories of fixed assets:

- constructions;
- technical installations and machines;
- equipment and furniture

The initially established life span will be revised (in the sense of decrease or increase) whenever there are changes in the initially estimated conditions of use, an obsolescence of a tangible asset is found, when a preservation period intervenes or a technical condition is found that allows a longer use than initially estimated.

As a result of the reestimation of the initially established life span, the depreciation expense will be recalculated for the remaining period of use.

Intangible assets

Intangible assets include:

- development expenses;
- concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets;
- the goodwill;
- advance payments for intangible assets;
- intangible assets for exploitation and evaluation of mineral resources

An intangible asset must be recognized if and only if:

- it is estimated that the future economic benefits that are attributable to the asset will be obtained by the company; and
- the cost of the asset can be reliably measured.

An intangible asset is initially recorded at the cost of acquisition or production depending on the method of entry into the heritage.

Development expenses are recognized at their production cost.

The production cost of fixed assets from the development phase includes direct expenses related to production such as direct materials, energy consumed for technological purposes, costs representing employee salaries, legal contributions, costs of testing the correct functioning of the asset, professional fees and commissions paid in relation to the asset, the cost of obtaining the necessary authorizations.

Development expenses that are recognized as intangible assets, development expenses are amortized over the period of the contract or over the period of use, as the case may be.

Financial assets

Financial assets include:

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

Financial fixed assets are recognized upon entering the patrimony at purchase value.

Changes in fair value are recognized in the profit and loss account.

Assets related to the right of use

Recognition and evaluation

Right-of-use asset represents the right of a lessee to use a supporting asset during the lease term.

The company applies IFRS 16 for operational leasing contracts.

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

Initial valuation of the right-of-use asset

On the start date of the leasing contract, the asset related to the right of use is valued at cost, by summing the following values:

- a. the value of the initial assessment of the liability arising from the lease agreement, representing the discounted value of the lease payments that are not paid at that date, using the marginal lending rate;
- b. any lease payments made on or before the lease commencement date, less any incentives (rebates) received under the lease;
- c. any initial direct costs borne by the lessee, between the initiation date and the start date of the leasing contract;
- d. as well as, as the case may be, an estimate of the costs to be borne by the lessee for the restoration of the place where the underlying asset is located or for bringing it to the condition imposed by the terms and conditions of the leasing contract.

Initial assessment of the liability arising from the leasing contract

At the commencement date, the lessee must value the liability arising from the lease at the present value of the lease payments that are not paid at that date. Lease payments must be discounted using the marginal lending rate.

Subsequent evaluation

After the start date of the leasing contract, respectively the registration of an asset representing the right of use and the related debt, they will be subsequently evaluated using the amortized cost model, as follows:

- a. The asset representing the right of use – is amortized linearly over the entire duration of the leasing contract;
- b. The debt arising from the leasing contract – is evaluated similarly to any other financial obligations, using the effective interest method, so that the balance is reduced based on the amortized cost and the interest expense is allocated over the duration of the leasing contract.

Inventory items

The entry of stocks is recorded in accounting on the date of transfer of risks and benefits.

On the date of entry into the company, the stocks are evaluated and recorded in the accounting at the entry value, which is determined as follows:

- at purchase cost - for purchased stocks;
- at predetermined production cost - for stocks produced in the company;
- at the contribution value, established following the evaluation - for stocks representing contribution to the social capital;
- at the fair value - for the stocks obtained free of charge or ascertained plus during the inventory.

The commercial discounts granted by the supplier and written on the purchase invoice reduce the purchase cost of the goods.

In determining the production cost, the standard cost method is used, taking into account the normal levels of materials and consumables, labor, efficiency and production capacity.

The considered normal levels of consumption of materials are reviewed at an interval of 12 months.

When the stocks are out of control, they are evaluated and recorded by applying the FIFO method, respectively the elements of the nature of stocks that were produced or bought first are the ones that are consumed or sold first. The elements that remain in stock at the end of the period are those that have been purchased or produced most recently.

At the balance sheet date, stocks are valued at the lower value between cost and net realizable value.

The net realizable value is the estimated sales price during the normal course of the activity, minus the estimated costs for completion and the costs necessary for the sale.

When the company decides to change the use of a tangible asset, in the sense that it is to be sold, at the time of taking the decision regarding the change of destination, the accounting records the transfer of the asset from the category of tangible assets to that of stocks held for sale.

Income

Revenues represent increases in economic advantages , intervened during the exercise, which generated an increase in equity in other forms than those expressing new contributions of the company's owners.

The income category includes both amounts collected or to be collected in one's own name, as well as earnings from any source.

Revenues are classified as follows:

- Operating income;
- Financial income;

Revenues are recognized based on accrual accounting.

Revenues from sales of goods are recorded at the moment of handing over the goods to the buyers, their delivery based on the invoice or under other conditions stipulated in the contract, which attests the transfer of the ownership of the respective goods to the customers.

Revenues from the sale of goods are recognized when the following conditions are met:

- a) the significant risks and benefits arising from ownership of the goods have been transferred to the buyer;
- b) the company no longer manages the sold goods at the level at which it would have done it, normally, in the case of owning them, nor does it have effective control over them;
- c) revenues can be reliably assessed;
- d) it is likely that the economic benefits associated with the transaction will be generated to society; and
- e) transaction costs can be reliably assessed.

Revenues from the provision of services are recorded in accounting as they are performed, correlated with the stage of execution of the work.

The execution stage of the work is determined on the basis of the work situations that accompany the invoices, reception minutes or other documents that certify the stage of completion and the reception of the services provided.

Interest income is recognized periodically, proportionally, as the respective income is generated.

Revenues from royalties and rents are recognized according to the due dates in the contract.

Income from dividends is recognized when the shareholder's right to collect them is established.

Revenues from the reduction or cancellation of provisions, respectively from adjustments for depreciation or loss of value are recorded in the event that their maintenance is no longer justified, the risk is realized or the expense becomes payable.

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

Revenues collected before the balance sheet date, which are related to the subsequent financial year, are presented as income in advance.

Costs

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

- consumption of stocks;
- works performed and services provided that benefit the company;
- staff costs;
- the execution of legal or contractual obligations;
- provisions;
- depreciation;
- adjustments for impairment or loss of value.

Accounting of expenses is kept according to types of expenses, as follows:

- operating expenses;
- financial expenses.

Synthetic expense accounts that include several elements with different tax deductibility regimes are developed into analytics, so that each analytics reflects the specific content.

The debts

Debts are recorded in accounting on account of third parties. The accounting of suppliers and other debts is kept by category, as well as by each natural or legal person.

Personnel rights are recorded in accounting with withholding of contributions.

Income tax payable must be recognized as a liability to the extent of the unpaid amount.

Deferred tax is the amount of profit tax payable in a future period. Deferred tax liabilities are the amounts of income tax payable in future accounting periods in respect of taxable temporary differences.

It is calculated based on the tax percentages that are expected to be applicable to temporary differences, upon their resumption, based on the legislation in force at the reporting date.

Deferred tax receivables are represented by the profit tax values, recoverable in future accounting periods.

Debts and debts representing deferred tax are compensated only if there is a legal right to offset current debts and debts with the tax.

The provisions

A provision will be recognized in the accounting when:

- the company has a current obligation generated by a previous event;
- it is probable that an outflow of resources will be required to honor the obligation;
- a credible estimate of the value of the obligation can be made.

No provisions are recognized for future operating losses.

Provisions are reviewed at the date of preparation of the individual Financial Statements and adjusted to reflect the current best estimate.

If an outflow of resources is no longer probable for the settlement of an obligation, the provision is canceled by resuming income.

Commercial and financial discounts

The commercial discounts granted by the supplier and written on the purchase invoice adjust the purchase cost of the goods in the sense of the discount.

Commercial discounts granted to customers adjust the amount of revenue related to the transaction in the meaning of the discount.

Contingent assets and liabilities

Contingent assets and liabilities are presented in the explanatory notes if it is probable that some inflows of economic benefits will occur.

These are evaluated annually to determine if an outflow of resources incorporating the economic benefits has become probable and it is necessary to recognize a liability or a provision in the financial statements related to the period in which the change in the classification of the event occurred.

Events subsequent to the preparation of the financial statements

Events subsequent to the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date on which the annual financial statements are authorized for publication. These are presented in the notes when they are considered significant .

New standards and interpretations

The amendments to the standards applicable in the exercise 2023 are presented in Note 31.

Compared to the previous exercise, there were no accounting policy changes.

4. Determination of fair values

The presentation requirements of the information contained in the financial statements as well as some accounting policies of the Company determine the necessity of their presentation.

The company proceeded to the fair value evaluation of the patrimonial elements on the date of transition to IFRS and presented the Financial Statements of the previous periods at fair value.

When valuing assets or liabilities at fair value, the Company uses information observable on the market as much as possible. The fair value hierarchy

classifies the input data for the valuation techniques used for fair value valuation on three levels, as follows:

- Level 1: quoted price (unadjusted) on active markets for identical assets or liabilities that the entity can access on the valuation date;
- Level 2: inputs, other than quoted prices included in level 1, that are observable for assets or liabilities, either directly or indirectly;
- Level 3: unobservable inputs for assets or liabilities.

If the input data for measuring the fair value of an asset or liability can be classified at several levels of the fair value hierarchy, the fair value measurement is classified entirely at the same level of the fair value hierarchy as the input data with the lowest level of uncertainty that is significant for the entire assessment.

Valuation techniques and input data used in making valuations IFRS13.91(a)

In the building and land evaluation report, the appraiser used:

Market data chosen by the evaluator: real estate market analysis:

- The specific real estate market
- Analysis of the existing offer on the market
- Demand analysis
- Market balance

b. Information provided by the owner: Documents regarding the history of immobilization, repair work carried out, degree of exploitation.

Presentation of the classification level of valuations at fair value in full in the fair value hierarchy IFRS 13.93(b)

Based on the input data used in the valuation technique, the fair value of buildings and land on 31.12.2021 was classified at level 3 of the fair value hierarchy, the valuation being carried out based on unobservable data on the active land and real estate market.

5. Tangible assets

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

	Lands	Buildings	Equipment and others	Tangible assets in progress	Advance on tangible assets	Total
<i>Assessed value</i>						
Balance on January 1, 2023	16,391,917	12,920,726	13,261,061	1,459,020	0	44,032,724

INCREASE				412,129	0	412,129
Discounts			6,588		0	6,588
Balance as of June 30, 2023	16,391,917	12,920,726	13,254,473	1,871,149	0	44,438,265

Depreciation and impairment

Balance on January 1, 2023	0	772,854	1,678,345	0	0	2,451,199
INCREASE	0	379,986	838,018	0	0	1,218,004
Discounts			1,603			1,603
Balance as of June 30, 2023	0	1,152,840	2,514,760	0	0	3,667,600

Net value

Balance on January 1, 2023	16,391,917	12,147,872	11,582,716	1,459,020	0	41,581,525
Balance as of June 30, 2023	16,391,917	11,767,886	10,739,713	1,871,149	0	40,770,665

At the group level, the situation is:

	Lands	Buildings	Equipment and others	Tangible assets in progress	Advance on tangible assets	Total
<i>Assessed value</i>						
Balance on January 1, 2023	16,391,917	12,920,726	13,261,061	1,459,020	0	44,032,724
INCREASE				412,129	0	412,129
Discounts			6,588		0	6,588
Balance as of June 30, 2023	16,391,917	12,920,726	13,254,473	1,871,149	0	44,438,265
<i>Depreciation and impairment</i>						
Balance on January 1, 2023	0	772,854	1,678,345	0	0	2,451,199
INCREASE	0	379,986	838,018	0	0	1,218,004
Discounts			1,603			1,603
Balance as of June 30, 2023	0	1,152,840	2,514,760	0	0	3,667,600
<i>Net value</i>						
Balance on January 1, 2023	16,391,917	12,147,872	11,582,716	1,459,020	0	41,581,525
Balance as of June 30, 2023	16,391,917	11,767,886	10,739,713	1,871,149	0	40,770,665

The tangible fixed assets of the company include the assets affected by the production. Part of these assets are mortgaged or pledged to guarantee loans taken from banks.

Tangible fixed assets in progress represent the investments being completed for the increase of production capacities.

The depreciation method used by the company for all classes of depreciable fixed assets is the straight-line method.

The useful lives established at the commissioning of the fixed assets were within the limits provided by the internal regulations regarding the classification of fixed assets and were not modified during the year 2023.

6. Intangible assets

In the patrimony of the parent company, this group of fixed assets includes the value of the licenses paid to the European regulatory authorities in the field of manufacturing and marketing of chemical products in the amount of 321,854 lei, depreciable over the planned operating period for the manufacturing facilities, as well as licenses for computer programs in the amount of 116,866 lei.

Gross value on 30.06.2023	447,561
Accumulated depreciation	389,809
Of which in exercise 2023	26,750
Net value on 30.06.2023	57,752

7. Financial assets

The parent company owns:

- 1.- the participation of 99.765% in the subsidiary Chimprod SA Oradea. The accounting value of the participation is 1,265,650 lei, fully depreciated value.
- 2.- participation of 1,000 lei to the Organization of Patronages in Chemistry and Petrochemistry Bucharest.

Gross value on 30.06.2023	1,266,650
Adjustments for impairment recorded	1,265,650
Net value on 30.06.2023	1,000
Other financial assets	2,295
Total	3,295

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

Cost (RON) on 30.06.2023

Balance on 30.06.2023	204,370
Amortization related to the right of use	-110,962
Balance on 30.06.2023	93,408

Effect of transition to IFRS 16

	31.12.2020	31.12.2021	31.12.2022	30.06.2023
Financial expenses, interest, leasing contract	3,828	2,976	5,866	2,246.00
Depreciation related to the right of use	17,974	17,971	43,021	21,510.00
Total cost	21,802	20,947	48,887	23,756.00

8. Inventories

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

	31.12.2022	30.06.2023
Raw materials and materials	251,182	1,607,784
Finished product	2,150,841	699,715
Products in progress	858,985	978,678
Products	22,975	22,933
Packing	118,623	109,715
Advances for the purchase of goods	54,284	52,012
Total	3,456,890	3,470,837
Adjustments for inventory depreciation	1,017,828	1,017,828
Total	2,439,062	2,453,009

At the group level, the situation is:

	31.12.2022	30.06.2023
Raw materials and materials	251,182	1,607,784
Finished product	2,150,841	699,715
Products in progress	858,985	978,678
Products	22,975	22,933
Packing	118,623	109,715
Advances for the purchase of goods	54,284	52,012
Total	3,456,890	3,470,837
Adjustments for inventory depreciation	1,017,828	1,017,828

Total	2,439,062	2,453,009
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9. Trade receivables

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

	31.12.2022	30.06.2023
Customers	4,194,408	2,992,266
Uncertain and litigious clients	434,429	435,379
Suppliers borrowers	1,388	16,300
Adjustments for the depreciation of receivables	-434,429	-435,379
Total	4,195,796	3,008,566
Other receivables	348,385	462,650
Total	4,544,181	3,471,216

The consolidated situation is presented:

	31.12.2022	30.06.2023
Customers	2,414,113	1,211,971
Uncertain and litigious clients	434,429	435,379
Suppliers borrowers	1,388	16,300
Adjustments for the depreciation of receivables	-434,429	-435,379
Total	2,415,501	1,228,271
Other receivables	348,400	462,665
Total	2,763,901	1,690,936

The commercial relations of the company continued to be formalized in 2023 through commercial contracts or firm orders, the customers being the traditional ones in this period as well. Over 90% of the manufactured products were delivered for export to beneficiaries from European Union member countries or non-EU countries. There is a certain dependence of the company on the community market where about 80% of the production intended for export is delivered.

The company has constituted adjustments for the depreciation of receivables outstanding for more than 365 days in the amount of 435,379 RON.

10. Cash and cash equivalents

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

	31.12.2022	30.06.2023
Bank current accounts	1,212,418	285,265
Cash at checkout	1,788	6,117
Other values		
Total	1,214,206	291,382

At the group level, the situation is:

	31.12.2022	30.06.2023
Current bank accounts	1,215,961	286,224
Cash at checkout	1,883	6,212
Other values		
Total	1,217,844	292,436

11. Other receivables

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

	31.12.2022	30.06.2023
Settlements from operations being clarified	969	969
Other claims in connection with third parties	57,891	0
Other receivables related to the state budget (VAT to be recovered)	289,525	461,681
Total	348,385	462,650

At the group level, the situation is:

	31.12.2022	30.06.2023
Settlements from operations being clarified	969	969
Other claims in connection with third parties	57,891	0
Other receivables related to the state budget (VAT to be recovered)	289,540	461,696
Total	348,400	462,665

12. Assets classified as held for sale

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

	31.12.2022	30.06.2023
Gross value of assets classified as held for sale	2,853,111	2,466,318
Asset value adjustments classified as held for sale		
Reclassifications to tangible assets		
Asset disposals classified as held for sale	-386,793	
Net value	2,466,318	2,466,318

At the group level, the situation is as follows:

	31.12.2022	30.06.2023
Gross value of assets classified as held for sale	2,853,111	2,466,318
Asset value adjustments classified as held for sale		
Reclassifications to tangible assets		
Asset disposals classified as held for sale	-386,793	
Net value	2,466,318	2,466,318

13. Social capital and premiums related to capital

On 30.06.2023, the shareholding structure of the parent company is presented as follows (in percentages):

No. crt.	Name/Name	Percentage owned
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1	FIA WITH PRIVATE CAPITAL BT INVEST 1	33.8898
2	PASCU RADU	31.1597
3	Alternative Investment Company With Private Capital Roca Investments SA	18.0000
4	Other natural and legal persons	16.9505
	Total	100.00

During 2023, there were no changes in the shareholder structure of Sinteza SA. The structure of the subsidiary's shareholding is presented:

	31.12.2022	30.06.2023
Sinteza SA	99,765	99,765
Other shareholders	0.235	0.235
Total	100	100

The company continued in 2023 to administer the capital, taking into account all its components as defined by the Romanian legislation.

There were no situations of exclusion of quantitative data or the consideration as a component part of own capital of other elements in the balance sheet apart from those regulated in the internal legislation.

14. Commercial debts and other debts

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

	31.12.2022	30.06.2023
Commercial suppliers	2,567,219	957,187
Suppliers for investments	0	10,621
Suppliers - collaborators	0	0
Debts to the State Budget	221,550	746,116
Debts to employees	192,327	191,480
Current profit tax	0	0
Other debts	1,900,405	1,878,786
Total	4,881,501	3,784,190

The classification of individual debts on 30.06.2023 according to maturity is presented according to the table:

	TOTAL DEBT	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	957,187	957,187	0	0
Suppliers for investments	10,621	10,621	0	0
Suppliers - collaborators	0	0	0	0
Debts to the State Budget	746,116	746,116	0	0
Debts to employees	191,480	191,480	0	0
Current profit tax	0	0	0	0
Other debts	1,878,786	1,820,361	58,425	0
Total	3,784,190	3,725,765	58,425	0

At the group level, the situation is

	31.12.2022	30.06.2023
Commercial suppliers	2,567,219	957,187
Suppliers for investments		10,621
Suppliers - collaborators		0
Debts to the State Budget	221,669	746,260
Debts to employees	192,536	191,730
Current profit tax		0
Other debts	1,900,405	1,878,786
Total	4,881,829	3,784,584

The classification of consolidated debts on 30.06.2023 according to maturity is presented according to the table:

	TOTAL DEBT	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	957,187	957,187		0
Suppliers for investments	10,621	10,621		0
Suppliers - collaborators	0	0		0
Debts to the State Budget	746,260	746,260		0
Debts to employees	191,730	191,730		0
Current profit tax	0	0		0
Other debts	1,878,786	1,820,361	58,425	0
Total	3,784,584	3,726,159	58,425	0

15. Loans

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

	31.12.2022	30.06.2023
Amounts owed to credit institutions	4,544,744	6,916,398
Total	4,544,744	6,916,398

The classification of loans on 30.06.2023 according to maturity is presented according to the table:

	TOTAL DEBT	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	6,916,398	1,576,848	5,339,550	0
Total	6,916,398	1,576,848	5,339,550	0

At the group level, the situation is:

	31.12.2022	30.06.2023
Amounts owed to credit institutions	4,544,744	6,916,398
Total	4,544,744	6,916,398

The classification of loans on 30.06.2023 according to maturity is presented according to the table:

	TOTAL DEBT	UNDER 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	6,916,398	1,576,848	5,339,550	0
Total	6,916,398	1,576,848	5,339,550	0

With regard to the loans contracted, the Company continued the policy of calling on resources attracted to finance the company's working capital and investments.

The bank loans in progress on 30.06.2023 are contracted only at the level of the parent company Sinteza SA and are the following:

- credit line EUR 317,695 + unused EUR 40,267, Euribor rate 6M +3%
- Current account credit line EUR 164,920 + unused EUR 35,080, Euribor rate 6M+1.95%
- Current account credit line EUR 910,865 + unused EUR 89,135, Euribor rate 6M+1.95%

Apart from the contracted credits, the company has other financial commitments related to the current activity:

- Letter of bank guarantee in the amount of EUR 550,000 for the purchase of raw materials
- Letter of bank guarantee in the amount of 650,000 RON for the purchase of electricity

16. Provisions

Provisions for risks and expenses were established as follows:

- provisions for unused holidays in the amount of 180,268 RON for SINTEZA SA

17. Income in advance

In 2023, the company reflected in the Advance Revenue account the amounts collected from customers on account of future deliveries. The account balance as of 30.06.2023 in the amount of 25,986 RON highlights the amounts collected from customers for goods to be delivered and services in advance;

18. Turnover

Turnover on 30.06.2023:

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

	30.06.2022	30.06.2023
Revenues from the sale of finished products	24,934,856	8,022,661

Income from sale of goods		
Income from premises and rents	259,842	179,138
Income from services	131,426	183,782
Other income (rebilling, residual prod.)	47,966	36,427
Total	25,374,090	8,422,008

At the group level, the situation is:

	30.06.2022	30.06.2023
Revenues from the sale of finished products	24,934,856	8,022,661
Income from sale of goods		
Income from premises and rents	259,842	179,138
Income from services	131,426	183,782
Other income (rebilling, residual prod.)	47,966	36,427
Total	25,374,090	8,422,008

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

The company has not organized components to engage separately in business activities, the elements of income coming from other activities than industrial production having an incidental character.

The main weight of the activity is the industrial production activity, the result of which is periodically examined by the main operational decision-making factor.

Regarding the company's sales in 2023, they can be segmented into two areas as follows:

- sales on the foreign market in the amount of 7,419,739 RON;
- sales on the domestic market in the amount of 602,922 RON;

19. Expenses with raw materials and consumables

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

	30.06.2022	30.06.2023

Raw materials	12,491,705	3,569,587
Auxiliary materials	104,648	71,985
Combustible	17,326	5,238
Spare parts	62,055	10,521
Labor protection and other materials	23,092	29,029
Other expenses	389,184	138,073
Total	13,088,010	3,824,433

At the group level, the situation is:

	30.06.2022	30.06.2023
Raw materials	12,491,705	3,569,587
Auxiliary materials	104,648	71,985
Combustible	17,326	5,238
Spare parts	62,055	10,521
Labor protection and other materials	23,092	29,029
Other expenses	389,184	138,073
Total	13,088,010	3,824,433

20. Other material expenses

The individual situation at the level of the parent company presents:

	30.06.2022	30.06.2023
Packing	309,870	109,843
Materials of the nature of inventory items	51,291	15,907
Other unstocked materials	28,023	12,323
Total	389,184	138,073

At the group level, the situation is:

	30.06.2022	30.06.2023
Packing	309,870	109,843

Materials of the nature of inventory items	51,291	15,907
Other unstocked materials	28,023	12,323
Total	389,184	138,073

21. Personnel expenses

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

	30.06.2022	30.06.2023
Wages	3,362,211	3,007,634
Social insurance and social protection	95,551	86,568
Total	3,457,762	3,094,202

At the group level, the situation is:

	30.06.2022	30.06.2023
Wages	3,364,179	3,009,944
Social insurance and social protection	95,551	86,622
Total	3,459,730	3,096,566

The company's employees are remunerated with the negotiated salary according to the provisions of the individual employment contracts, having the entire range of social benefits provided by the Romanian legislation in force. At the company level, there is no collective labor contract and therefore no additional short-term, long-term benefits, post-employment benefits or share-based payment are granted. The key personnel from the management of the company benefit from the same salary rights as the rest of the employees

22. Expenses regarding external benefits

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

	30.06.2022	30.06.2023
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Other service expenses rendered by third parties		
Maintenance and repairs	66,471	44,888
Post and telecommunications	13,628	14,767
Transport	399,984	259,397
Banking services	168,419	61,675
Business trips and temporary assignments	25,545	21,676
Protocol	2,444	3,262
Collaborators	0	0
Rent	69,642	15,340
Fees	77,384	75,436
Insurance premiums	27,122	27,093
Other service expenses rendered by third parties	547,899	496,523
Total	1,398,538	1,020,057

At the group level, the situation is:

	30.06.2022	30.06.2023
Other service expenses rendered by third parties		
Maintenance and repairs	66,471	44,888
Post and telecommunications	13,699	14,849
Transport	399,984	259,397
Banking services	168,598	61,879
Business trips and temporary assignments	25,545	21,676
Protocol	2,444	3,262
Collaborators	0	0
Rent	69,642	15,340
Fees	77,384	75,436
Insurance premiums	27,122	27,093
Other service expenses rendered by third parties	548,163	496,523
Total	1,399,051	1,020,343

23. Income and financial expenses

The individual situation at the level of the parent company presents:

	30.06.2022	30.06.2023
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Interest income	0	1
Income from exchange rate differences	23,735	57,801
Other incomes	82	
Total	23,817	57,802
Interest expenses	62,053	129,188
Expenses from exchange rate differences	87,606	152,953
Other financial expenses	3,458	2,959
Total	153,117	285,100

At the group level, the situation is:

	30.06.2022	30.06.2023
Interest income	0	1
Income from exchange rate differences	23,735	57,801
Other incomes	82	
Total	23,817	57,802
Interest expenses	62,053	129,188
Expenses from exchange rate differences	87,606	152,953
Other financial expenses	3,458	2,959
Total	153,117	285,100

24. Current and deferred income tax

The individual situation at the level of the parent company is as follows:
In the financial year ended on 30.06.2022, the Company recorded an accounting loss in the amount of 3,773,812 lei.

	31.12.2022	30.06.2023
<i>Current income tax</i>		

Current income tax expenses	0	0
<i>Deferred income tax</i>		
Deferred profit tax	4,220,893	4,220,893

At the group level, the situation is:

	31.12.2022	30.06.2023
<i>Current income tax</i>		
Current income tax expenses	0	0
<i>Deferred income tax</i>		
Deferred profit tax	4,220,893	4,220,893

25. Earnings per share

Sinteza SA realized on 30.06.2023 a loss in the amount of 3,773,812 lei. It is not intended to distribute amounts to shareholders in the form of dividends, from the reserves established in previous years.

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

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

In a reasonable period, there are no intentions to dilute the shares through a preferential distribution. This leads to an equality between basic and diluted earnings per share.

26. Affiliated parties

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

The members of the Board of Directors on 30.06.2023 are:

Alexandru Savin	- President
Aurel Bernat	- Member
Radu Pascu	- Member

The executive management on 30.06.2023 is ensured by:

Gelu Stan – Chief Executive Officer

During the year 2023, no transactions were registered between the company and individuals in the company's management.

27. Transactions between the parent company and the subsidiary

The parent company and the affiliated company do not register transactions on 06.30.2023.

28. Other Commitments

The parent company and the affiliated company do not register any other commitments as of 06.30.2023.

29. Contingent assets and liabilities

Apart from the contracted credits, the company has other financial commitments related to the current activity:

- Letter of bank guarantee in the amount of EUR 550,000 for the purchase of raw materials
- Letter of bank guarantee in the amount of 650,000 RON for the purchase of electricity.

SINTEZA is a party to litigation in the following files:

No. file	Instance	The object of the file	The parties in the process and the procedural quality	File status (fund/appeal/petition/etc)	Term (if the file is pending) / Solution (if the file is resolved)	Details about the file
4274/108/2014	Arad Court	Insolvency procedure	Creditor SINTEZA SA Debtor Comesol Color SA	BANKRUPTCY	TJ: 21.11.2023	+ 21,184, 47 RON
1087/111/2018 in connection with 2744/111/2010)	Bihor Court	Insolvency procedure	Creditor SINTEZA SA Debtor Construct Mode SRL	BANKRUPTCY	TJ: 20.09.2023	+ 2534.7 RON
484/111/2010	Bihor Court	Insolvency procedure	Creditor SINTEZA SA Debtor Flavoia SRL	BANKRUPTCY	TJ: 19.10.2023	+ 4867.10 RON
22419/3/2009	Bucharest Court	Insolvency procedure	Creditor SINTEZA SA Debtor Energo Mineral Bucharest	BANKRUPTCY	TJ: 06.12.2023	+ 27,173, 79 RON
16873/118/2010	Court Constanta	Insolvency procedure	Creditor SINTEZA SA Debtor Solanum Com Prod SRL C-ta	FUND	TJ: 04.12.2023	+ 68,811.51 RON

6473/111/2013	Bihor Court	Insolvency Procedure	Creditor SINTEZA SA Debtor Electrocentrale Oradea SA	BANKRUPTCY	TJ: 04.10.2023	+ 530671.29 RON - 497325.6 RON 33345, 69 RON
2472/E/2022	Marius Girdan Court Enforcement Office, Oradea	Enforcement	Creditor Sinteza SA Debtor FFEP Enterprise SRL	Enforcement by all means	-	4724.62 RON debit; 786.54 RON late penalties; 5511.16 RON
5610/3/2017*	Oradea Court of Appeal	Claims	APPELLANT Sinteza SA DEFENDANTS NOVI CONSULT SRL and others	APPEAL	TJ: 14.09.2023	By Decision 96/10.04.2019, the action formulated and specified by the plaintiff Sinteza SA is rejected; It is accepted in part the counterclaim formulated by NOVI CONSULT SRL, it obliges SINTEZA SA to pay the sum of 679,480.42 RON against the letter of bank guarantee and related expenses and court costs in the amount of 10,399.80 RON, court stamp duty, 500 expert opinion fee as well as the amount of 137,818, 88 RON lawyer fee. It obliges Sinteza SA to pay to L+K Anlagenbau GMBH and Hatec Industrie - Montagen the amount of 273,281.04 lei as attorney's fees.

						Against this decision, SINTEZA SA filed an APPEAL
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As of the semiannual reporting date, the value of contingent assets cannot be estimated.

30. Events subsequent to the date of the financial statements

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

31. New standards and interpretations

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

- ✓ IFRS 9,39, and 7-Amendments regarding the reform of the reference index of the interest rate.
- ✓ IFRS 16 - Amendments to leasing concessions related to Covid-19.

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

32. Financial risk management

The group is exposed to credit risk, liquidity risk and market risk.

In order to limit the exposure, the risk management policy is being developed, so as to ensure the identification and analysis of risks, the establishment of limits and appropriate controls, as well as the monitoring of compliance with the established limits.

Risk management policies and systems will be reviewed regularly, in order to adapt to changes in activity and market conditions.

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

Credit risk is the risk that the group will suffer a financial loss as a result of a client not fulfilling its contractual obligations. The parent company established as a credit policy the individual analysis of each new customer, before offering the standard conditions of payment and delivery.

However, the concrete conditions of the specific market (basic chemical products, on a market with specialized suppliers and customers) sometimes require the granting of some facilities in terms of collection.

This characteristic of the market requires the company not to request real guarantees for its claims.

However, following the individual analysis of customers, sometimes payment is requested in advance or at the time of delivery (non-EU markets).

Liquidity risk is the risk of the Company or the Subsidiary encountering difficulties in fulfilling its financial or associated financial obligations, which are settled in cash or cash equivalents.

The parent company's approach to liquidity management consists in ensuring sufficient liquidity to pay the due obligations under normal conditions.

In this sense, the Company ensures that it has sufficient cash to cover operational needs.

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

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

The parent company is exposed to currency risk, due to sales, purchases and loans in a currency other than the functional one.

The exposure is presented in the following table:

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

30.06.2023	RON	EURO (EQUIV. RON)	USD (EQUIV. RON)
Financial assets			
Trade receivables and other receivables	2,304,332	1,166,884	0
Cash and cash equivalents	177,848	113,534	
Total	2,482,180	1,280,418	0
Financial debts			
Loans		6,916,398	0
Trade debts and other debts	1,979,849	1,804,341	0
Total	1,979,849	8,720,739	0

At the group level, the situation is:

30.06.2023	RON	EURO (EQUIV. RON)	USD (EQUIV. RON)
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Financial assets			
Trade receivables and other receivables	524,052	1,166,884	0
Cash and cash equivalents	178,902	113,534	
Total	702,954	1,280,418	0
Financial debts			
Loans		6,916,398	0
Trade debts and other debts	1,980,243	1,804,341	0
Total	1,980,243	8,720,739	0

The risk related to taxation concerns the aspects in which certain transactions may be perceived differently by the tax authorities in comparison with the Company's treatment. This aspect resides in the adoption of European fiscal regulations starting with January 1, 2007 at the level of Romania, under the conditions in which the interpretation of the texts and the practical implementation procedures may vary.

Also, the Romanian Government has authorized the operation of a significant number of agencies and bodies with attributions in carrying out various controls on companies operating on the territory of Romania. The activity of these agencies and bodies covers not only fiscal aspects, but also aspects related to regulations and procedures in other fields (safety and health at work, civil protection, security and fire protection, etc.).

It is possible that the Company will be subject to controls as new regulations are issued.

CHIEF EXECUTIVE OFFICER
STAN GELU



CHIEF FINANCIAL OFFICER
ADRIAN BUCUREAN

STATEMENT

IN ACCORDANCE WITH THE PROVISIONS OF ART. 30 OF LAW NO. 82/1991

Financial statements were drawn up on 30.06.2023 for:

Legal entity: SINTEZA SA .
County: 05-Bihor
Address: Oradea, Șos. Borșului no. 35
Trade Register number: J/05/197/1991
Form of ownership: 34-Commercial companies based on shares
Main activity: 2014-manufacture of other basic chemical products
Tax identification number: 67329
Type of financial statement: According to the Order 881/2012, Order 2844/2016, Order 10/2019 regarding the application of the Accounting Regulations in compliance with the International Financial Reporting Standards (IFRS) applicable to companies whose securities are admitted to trading on a regulated market

The President of the Board of Directors of the company, Mr. Alexandru Savin, assumes responsibility for the preparation of the semiannual situation on 30.06.2023 and confirms that, according to his knowledge, it was prepared in accordance with the applicable accounting standards, that it provides a correct picture and complies with the reality of the assets, debts, equity, income and expenses, and that the report of the Board of Directors includes a correct analysis of the development and performance of the company as well as a description of the main risks and uncertainties specific to the activity carried out.

THE CHAIRMAN OF THE BOARD OF DIRECTORS

ALEXANDRU SAVIN

