



SC “BERMAS” SA Suceava

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Financial statements as of 31 December 2020

Prepared in accordance with the International Financial Reporting Standards adopted by the European Union according the Order of the Ministry of Finances no. 2844/2016 as subsequently amended

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Statement on the financial position

as of 31.12.2020

<i>RON</i>	Note	31.12.2019	31.12.2020
ASSETS			
Tangible assets	5	14,875,660	14,651,605
Intangible assets	6	33,960	11,963
Financial assets available for sale	7	83,000	84,000
Other non-current assets	7	46,530	46,530
Total assets		15,039,150	14,794,098
Inventories	8	17,031,981	16,495,658
Trade receivables	9	726,385	1,082,324
Prepaid expenses	19	96,949	84,636
Cash and cash equivalents	10	29,359	17,700
Other receivables	11	674,990	752,627
Total current assets		18,559,664	18,432,945
TOTAL ASSETS		33,598,814	33,227,043
EQUITY			
Share capital	12	15,087,134	15,087,134
Tangible assets revaluation reserves		1,002,585	1,002,585
Reported result		2,006,219	1,832,123
Other reserves	12	5,647,299	5,828,989
Total equity		23,743,237	23,750,831
PAYABLES			
Medium-term credits	15	1,162,916	2,014,113
Deferred tax payables	13	166,819	169,874
Total long-term payables		1,329,735	2,183,987
Commercial debts	14	2,317,931	890,499
Trade payables	15	3,134,837	4,076,977
Short-term loans from banks	14	1,500,000	400,000
Other payables	14	1,573,074	1,924,749
Total current payables		8,525,842	7,292,225
TOTAL PAYABLES		9,855,577	9,476,212
TOTAL EQUITY AND PAYABLES		33,598,814	33,227,043

Financial statements have been approved by the Board of Directors on 15.03.2021.

Anisoï Elena
General Manager

Tebrean Iridenta
Economic Manager

Statement of comprehensive income

for the year ended on 31.12. 2020

in RON	Note	2019	2020
Turnover	17	32,755,319	28,982,485
Variation in inventory of finished products and production in progress	18	4,943,977	3,400,907
Other revenues	18	1,074,830	2,531,998
Raw materials and consumables	20	(15,671,248)	(12,439,545)
Personnel expenses	20	(14,084,024)	(12,579,001)
Amortisation and depreciation of assets	5,6	(1,621,187)	(1,674,333)
Other third party services		(866,847)	(814,749)
Other expenses	19	(3,008,765)	(4,499,327)
Operational profit		3,522,055	2,908,435
Financial revenues	21		
Financial expenses	21	(1,229,722)	(1,199,263)
Profit before taxation		2,292,333	1,709,172
Income tax	22	(334,124)	(46,597)
PROFIT OF THE YEAR		1,958,209	1,662,575
Other elements of comprehensive income			
Increase/(Decrease) of reserve from the revaluation of tangible assets, net of deferred tax			
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		1,958,209	1,662,575
INCOME PER SHARE	16		
Basic		0,091	0,077
Diluted			

Anisoï Elena
General Manager

Tebrean Iridenta
Economic Manager

Statement of changes in equity

for the year ended on 31.12.2020

	Share capital	Adjustments in share capital	Reserves from the revaluation of tangible assets	Other reserves	Reported result	Total equity
Balance on 1.01.2020	15,087,134		1.002.585	5.647.299	2,006,219	23,743,237
Total comprehensive income of the period						
Net income of the period					1,662,575	1,662,575
Other elements of comprehensive income						
Distribution to other reserves				181,690	(181,690)	
Change in reserve from the revaluation of tangible assets						
Changes in reserve from the distribution of treasury shares						
Hedging of financial loss reported to adjustments in share capital						
Change in reported income from the use of fair value as deemed cost					68,778	68,778
Total other elements of comprehensive income						
Total comprehensive income for the period						
Shareholders changes directly recorded in equity						
Distribution of dividends from the comprehensive income					(1,723,759)	(1,723,759)
Shareholders changes directly recorded in equity						
Balance on 31.12.2020	15,087,134		1,002,585	5,828,929	1,832,123	23,750,831

Notes from pages 6 to 31 are integrant part of financial statements.

Statement of changes in equity

for the year ended on 31.12.2019

	Share capital	Adjustments in share capital	Treasury shares	Reserves from the revaluation of tangible assets	Other reserves	Reported result	Total equity
Balance on 1.01.2019	15,087,134		(1,436,726)	1.002.585	6,934,672	1,689,164	23,276,829
Total comprehensive income of the period							
Net income of the period						1,958,209	1,958,209
Other elements of comprehensive income							
Acquisition of treasury shares							
Distribution to other reserves					149,353	(114,933)	34,420
Treasury shares acquired			1,436,726				1,436,726
Change in reserve from the revaluation of tangible assets							
Changes in reserve from the distribution of treasury shares					(1,436,726)		(1,436,726)
Hedging of financial loss reported to adjustments in share capital							
Change in reported income from the use of fair value as deemed cost						17,455	17,455
Total other elements of comprehensive income							
Total comprehensive income for the period							
Shareholders changes directly recorded in equity							
Distribution of dividends from the comprehensive income						(1,543,676)	(1,543,676)
Shareholders changes directly recorded in equity							
Balance on 31.12.2019	15,087,134		0	1,002,585	5,647,299	2,006,219	23,743,237

Notes from pages 6 to 31 are integrant part of financial statements.

Statement of cash flow
for the year ended on 31.12.2020

in lei

	2019	2020
Cash flow from operating activity:		
Collections from clients	42,512,648	37,727,670
Payments for suppliers	(19,496,110)	(14,291,445)
Payments for employees	(6,956,509)	(6,377,004)
Payments for local budget	(78,424)	(78,365)
Payments for state budget	(9,871,836)	(11,424,969)
Paid excises	(2,828,602)	(2,500,904)
Paid income tax	(332,005)	(320,824)
Cash flow from operating activity	2,949,162	2,734,159
Cash flow from investment activity:		
Payments for the purchase of shares		(1,000)
Payments for the acquisition of assets	(4,121,058)	(2,881,280)
Collections from subsidies	3,083	9,520
Collected interests		
Collected dividends		
Net cash flow from investment activities	(4,117,975)	(2,872,760)
Net cash flow from financing activities		
Collections from issue of shares		
Collections from long-term loans	1,162,916	1,337,084
Credit collections	1,447,788	942,139
Paid interests and credit repayments	(92,042)	(145,783)
Payment of long term loans instalments		(485,887)
Paid dividends	(1,332,349)	(1,520,611)
Net treasury of financing activities	1,186,313	126,942
Net treasury increase and treasury equivalents	17,500	(11,659)
Treasury and treasury equivalents at the beginning of the financial year	11,859	29,359
Treasury and treasury equivalents at the end of the financial year	29,359	17,700

Notes from pages 6 to 31 are integrant part of financial statements.

Notes to financial statements

for the year ended on 31 December 2020

1. Reporting entity

SC Bermas S.A. Suceava (the "Company") is a limited liability company operating in Romania in accordance with the Law 31/1990 on trade companies, which was established as a joint stock company by GD 1353 / 27.12.1990 by transforming the former Beer and Malt Company of Suceava.

The company is headquartered in Suceava, Suceava, str. Humorului no.61, tax identification number RO723636, Registration number with the Trade Register J33/37/1991.

The company has as object of activity the production and marketing of beer, malt and other alcoholic and soft drinks, derivatives and by-products resulted of manufacturing and services rendered to third-parties.

The company shares have been listed on the Bucharest Stock Exchange, category II, with the indicative BRM, since 16 April 1998.

On 31 December 2019, the company is owned in proportion of 30.87% by the Victoria Bermas Suceava Association, Suceava County, in a proportion of 20.80% of PAS Bermas Suceava Suceava county and by other shareholders in a proportion of 48.33%.

The records on shares and shareholders are held according to the law by SC Depozitarul Central S.A. Bucharest.

2. Preparation bases

(a) Declaration of conformity

Separate financial statements are prepared by the Company in accordance with the Order 881/2012 on the application by companies whose securities are admitted to trading on a regulated market, International Financial Reporting Standards adopted by the European Union, the Order 2844 / 12.12.2016 for the approval of accounting regulations in accordance with international Financial Reporting standards.

The date of transition to International Financial Reporting Standards was January 1, 2012.

b) Presentation of financial statements

Individual financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of the financial position and a presentation of income and expenditure according their nature in the statement of comprehensive income, considering that these presentation methods provide information that is reliable and more relevant than the ones that would be presented under other methods allowed by IAS 1.

(c) Functional and presentation currency

The Company management considers that the functional currency as defined by IAS 21 "The Effects of exchange rate variation" is Romanian leu (RON). Individual financial statements are presented in RON, rounded to the nearest leu, currency that the Company management chose as presentation currency.

(d) Evaluation bases

Individual financial statements have been prepared on the historical cost basis except for lands and buildings which are evaluated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and to the preparation of the statement of financial position for the year ended on 31 December 2020. These financial statements have been prepared on a business continuity basis.

(e) Use of estimates and judgements

The preparation of individual financial statements in accordance with the International Financial Reporting Standards requires the management's use of estimates, reasoning and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Reasoning and assumptions associated to these estimates are based on historical experience and on other factors deemed reasonable in the context of estimates. The results of these estimates form the basis for reasoning about the accounting value of assets and liabilities that cannot be obtained from other sources of information. Results may differ from these estimates.

Notes to financial statements

for the year ended on 31 December 2020

3. Significant accounting policies

The accounting policies have been applied consistently to all periods presented in the financial statements prepared by the Company.

Individual financial statements are prepared on the assumption that the Company will continue its activity in the foreseeable future. To assess the applicability of this hypothesis, the management reviews the forecasts of future cash flows.

(a) Transaction in foreign currency

Transactions in foreign currency are recorded in RON at the official exchange rate on the date of the transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted into the functional currency at the exchange rate of the day.

Gains or losses resulting from the settlement thereof and from the conversion of assets and liabilities denominated in foreign currencies using the exchange rate at the end of the financial year are recognized in the statement of comprehensive income.

Currency exchange rates of main foreign currencies were:

Currency	31.12.2019	31.12.2020	Variation
Euro (EUR)	4,7793	4,7793	+2,47%
US dollar (USD)	4,2608	4,2608	+4,60%

(b) Financial instruments

Non-derivate financial instruments

The Company initially recognizes financial assets (loans, receivables and deposits) the date on which they were initiated. All other financial assets are initially recognized on the trade date when the Company becomes part of the contractual terms of the instrument.

The Company initially recognizes non-derivative financial liabilities on the trade date when the Company becomes part of the contractual terms of the instrument. They are initially recognized at fair value plus any directly attributable transaction costs. Subsequently to their initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company recognises a financial asset when the contractual rights on cash flow from the asset expire or when rights to collect the contractual cash flows of the financial asset are transferred in a transaction in which risks and benefits of proprietary right on the financial asset are significantly transferred. Any interest in the transferred financial assets that is created or retained by the Company is separately recognized as asset or liability.

The Company recognises a financial liability when its contractual obligations are fulfilled or cancelled or expire.

Financial assets and liabilities are offset and in the statement of financial position the net value is presented only when the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and to settle the liability at the same time.

The Company has the following non-derivative financial assets: receivables, cash and cash equivalents and financial assets available for sale.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequently to their initial recognition, receivables are measured at amortized cost using the effective interest method less impairment losses value. Receivables comprise trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise: cash balances and current accounts.

Notes to financial statements

for the year ended on 31 December 2020

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets that are designated as available for sale. Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs.

Subsequently to their initial recognition, they are measured at cost less any impairment losses.

Share capital

(i) Ordinary shares

Ordinary shares are classified as part of equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity at their net value by tax effects.

(ii) Share capital buy-back and re-issue (treasury shares)

When share capital recognized as part of equity is bought-back, the value of the consideration paid, including directly attributable costs and other costs, net of tax effects, is recognized as a deduction from equity. Bought-back shares are classified as treasury shares and presented as a reserve on own shares. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity and the surplus or deficit on the transaction is presented as share premium.

(c) Tangible assets

(i) Recognition and evaluation

Tangible assets are initially recognized by the Company as assets at cost. The cost of an item of tangible asset comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts and any costs directly attributable to bringing the asset to the location and condition necessary for its use for the purposes intended by the management, such as personnel expenses arising directly from the construction or acquisition of the asset, cost for site preparation, initial cost for delivery and handling, installation and assembly costs, professional fees.

The cost of an item of tangible asset built by the entity includes:

- cost of materials and direct personnel expenses;
- other costs directly attributable to bringing the asset to the condition required for the current use;
- when the Company is required to move the asset and restore the site, the estimated costs of dismantling and moving the items and of restoring the site in which they have been capitalized;
- capitalized borrowing costs.

The value of tangible and intangible assets of the Company on 31 December 2020 is detailed in Notes 5 and 6.

Tangible assets are classified by the Company in the following classes of assets of the same kind and with similar uses:

- Lands;
- Constructions;
- Equipment, technical equipment and machinery;
- Vehicles;
- Other tangible assets.

Land and buildings are highlighted at revaluated value, this one representing the fair value at the date of revaluation less any subsequently accumulated depreciation and any accumulated impairment losses.

Equipment, technical equipment and machinery and vehicles are highlighted using the deemed cost, this one representing the fair value at the date of the last revaluation (31 December 2010) made at the transaction date.

Fair value is based on market prices and adjusted, if necessary, so that to reflect differences in the nature, location or conditions of that asset.

Revaluations are conducted by specialized reviewers, ANEVAR members. The frequency of revaluations is dictated by market dynamics the land and buildings owned by the Company belong to.

Notes to financial statements

for the year ended on 31 December 2020

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the value of future economic benefits embodied in the value of the asset it is intended for. Expenditure on repairs and maintenance is recognized in the statement of comprehensive income when incurred.

(iii) Depreciation

The tangible assets items are depreciated from the date they are available for use or are in working condition and for assets built by the entity, from the date the asset is completed and ready for use.

Generally depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Constructions	40 years
Equipment	2-18 years
Vehicles	4-8 years
Furniture and other tangible assets	4-12 years

Land is not depreciated.

In case of technological equipment, machinery and working equipment, computers and peripherals, the Company applied the method of accelerated depreciation by a depreciation percentage of up to 50% of the input value.

Depreciation is generally recognized in profit or loss, unless the amount is included in the accounting value of another asset.

Depreciation methods, estimated useful lifetimes and residual values are reviewed by the company management at each reporting date and adjusted if appropriate.

(iv) Sale /scrapping of tangible assets

Tangible assets that are scrapped or sold are eliminated from the balance sheet with their corresponding accumulated depreciation. Any profit or loss resulting from such operations is included in current profit or loss.

(d) Intangible assets

(i) Recognition and evaluation

Intangible assets acquired by the Company and having a determined useful lifetime are evaluated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the value of future economic benefits embodied in the value of the asset it is intended for. All other expenditure, including expenditure on trade fund and internally generated brands are recognized in profit or loss when incurred.

(iii) Depreciation of intangible assets

Depreciation is calculated on the cost of the asset less its residual value.

Depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of intangible assets other than trade fund, from the date they are available for use. The estimated useful lives for the current period and for comparative periods are as follows:

- Software 4 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes to financial statements

for the year ended on 31 December 2020

(e) Inventories

Inventories are evaluated at the lower value between cost and net realizable value.

The cost of inventories is based on the first-in first-out method (FIFO) for materials and on the weighted average cost method (WAC) for raw materials, semi-finished and finished products, and includes expenditure incurred for the purchase, production or processing of inventories and other costs incurred in bringing the inventories to the current form and location.

For Inventories produced by the Company and for those with production in progress, costs include appropriate share of administrative costs of production based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Determining the fair values

Certain accounting policies of the Company and presentation conditions require the determination of fair value for financial assets and liabilities and for non-financial assets. Fair values were determined for evaluation and / or presentation of information based on the methods described below.

Fair value measurement (effective for annual financial statements covering periods starting on or after 1 January 2013). IFRS 13 sets a single framework for all fair value measurements when fair value is required or permitted by the International Financial Reporting Standards. IFRS 13 describes how fair value should be measured in accordance with the International Financial Reporting Standards when it is required or permitted by the International Financial Reporting Standards. The standard does not introduce additional requirements for the evaluation of assets and liabilities at fair value but it does not eliminate exceptions to fair value measurement existing in the current standard. The existing standard has some additional information that allow users of financial statements to evaluate the methods used for fair value measurements and the assessment effect on profit or loss or on other comprehensive income for fair value measurements using significant unobservable elements. As stated in the financial statements of 2012, IFRS 13 had no significant impact on the financial statements as the methods and assumptions used to measure the fair value of assets are in accordance with IFRS 13. Tangible assets recognized as assets are initially measured at cost by the Company. The cost of an item of tangible assets comprises the purchase price, including non-recoverable taxes, after deducting any commercial discounts and any costs directly attributable to bringing the asset to the location and condition necessary for the intended use by the management, such as: personnel expenses arising directly from the construction or acquisition of the asset, cost for site preparation, initial costs for delivery and handling, installation and assembly costs, professional fees. The cost of an item of tangible assets built by the entity includes:

- cost of materials and direct personnel costs;
- other costs directly attributable to bringing the asset to the condition for use;
- when the Company is required to move the asset and restore the related space, the estimated costs of dismantling and removing the items and restoring the space in which they have been capitalized;
- capitalized borrowing costs.

SC BERMAS SA uses fair value as deemed cost for an item of tangible or intangible assets. When opening the financial position of the entity's financial statements prepared in accordance with International Financial Reporting Standards, SC BERMAS SA presented each item in the statement of opening financial position in accordance with International Financial Reporting Standards: aggregate value of those fair values and aggregate adjustment of the reported accounting values in accordance with the previous accounting principles.

Land and buildings are highlighted at revaluated amount, this one representing the fair value at the date of revaluation less any subsequently accumulated depreciation and any accumulated impairment losses. Equipment, technical equipment and machinery and vehicles are highlighted using the deemed cost, this one representing the fair value at the date of the last revaluation (31 December 2010) made at the transaction date.

Fair value is based on market prices and adjusted, if necessary, so that to reflect differences in the nature, location or conditions of that asset.

Notes to financial statements

for the year ended on 31 December 2020

Revaluations are conducted by specialized reviewers, ANEVAR members. The frequency of revaluations is dictated by market dynamics the land and buildings owned by the Company belong to.

In order to improve consistency and comparability in fair value measurements and the information presented, IFRS 13 establishes a fair value hierarchy that inputs used in fair value measurement techniques are classified in three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the reporting date;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly or indirectly;
- Level 3 - inputs that are not based on observable market data.

Level 1 input

- quoted prices in active markets for identical items best reflecting the fair value;
- if there is a level 1 price, an entity must use this price to the fair value measurement. Exceptions include:
 - ✓ The entity may use, in certain cases, an alternative methodology for pricing not based exclusively on quoted prices available but rather on the relationship between securities and other reference titles listed (for instance, the determination of fair value based on a pricing matrix);
 - ✓ In certain circumstances, the quoted price in an active market may differ from the fair value at the measurement date (for instance, when significant events occur after the market closes, but before the valuation date).

Level 2 input

- Level 2 input includes:
 - ✓ quoted prices in active markets for similar assets or liabilities;
 - ✓ quoted prices in markets that are not active for identical or similar assets or liabilities;
 - ✓ observable inputs other than quoted prices for the asset or liability (eg interest rates and yield curves, volatilities, prepayments, rates of default);
 - ✓ input data mainly resulted in conjunction with observable market data by correlation or other means;
- an adjustment of Level 2 inputs not based on observable data and is significant for the whole valuation leads to a Level 3 assessment.

Level 3 input

- the objective of fair value does not change when fair value is measured on the basis of unobservable inputs;
- unobservable inputs should reflect assumptions used by market participants in pricing the asset or liability, including assumptions about risk;
- an entity should determine unobservable inputs using the best available information, which may include the entity's own data.

As stated in the financial statements of 2019, certain accounting policies of the Company and disclosure conditions require the determination of fair value for financial assets and liabilities and for non-financial assets. Fair values were determined for evaluation and / or disclosure of information based on the methods described below. When applicable, additional information on the assumptions used in determining fair values is presented in the notes specific to that asset or liability.

Short-term receivables, which have no stated interest rate, are measured at initial invoice amount if the effect of updating is insignificant. Fair value is determined at initial recognition and, for presentation purposes, at each reporting date.

Notes to financial statements

for the year ended on 31 December 2020

When applicable, further information on the assumptions made in determining fair values is presented in the notes specific to the asset or the liability.

(i) Tangible assets

The fair value of lands and buildings is based on the market method using quoted market prices for similar items when available.

(ii) Intangible assets

The fair value of intangible assets is based on updated cash flows that are expected to incur as a result of the use and finally the sale of these assets.

(iii) Inventories

The fair value of inventories is determined based on estimated selling price that could be obtained in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell inventories.

(iv) Trade receivables and other receivables

The fair value of trade receivables and other receivables is estimated as the current value of future cash flows, updated at the market interest rate at the reporting date.

Short-term receivables, which have no stated interest rate, are measured at initial invoice amount if the effect of updating is insignificant. Fair value is determined at initial recognition and, for presentation purposes, at each annual reporting date.

(f) Impairment of non-financial assets

The accounting value of the Company's non-financial assets that are not financial in nature, other than deferred tax assets, is reviewed at each reporting date in order to identify the existence of impairment indications. If such indication exists, the recoverable value of those assets is estimated.

An impairment loss is recognized when the accounting value of the asset or its cash-generating unit exceeds the recoverable value of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash and independently from other assets and groups of assets has the ability to generate cash flows. Impairment losses are recognized in the statement of comprehensive income.

The recoverable value of an asset or cash-generating unit is the maximum between its value in use and its fair value less costs to sell the asset or units. To determine the value in use, the expected future cash flows are updated using a pre-tax discount rate that reflects the current market conditions and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date to determine whether they have decreased or no longer exists. An impairment loss is reviewed in case of any change in the estimates used to determine the recoverable value. An impairment loss is reviewed only if the asset's accounting value does not exceed the accounting value that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(g) Dividends to be distributed

Dividends are treated as a distribution of profit in the period in which they were declared and approved by the General Meeting of Shareholders. Dividends declared before the reporting date are recorded as liabilities at the reporting date.

Dividends distributed to shareholders, proposed or declared after the reporting period and other similar distributions from the profit determined under IFRS and included in the annual financial statements should not be recognized as liability at the end of the reporting period.

Notes to financial statements

for the year ended on 31 December 2020

(h) Revaluation reserves

Revaluations are performed with sufficient regularity so that the accounting value does not be materially different from that which would be determined using fair value at the balance sheet date. In this regard, the Company conducted revaluation of lands and buildings by independent auditors on 31 December 2012.

The difference between the value resulting from revaluation and the net accounting value of tangible assets is shown in the revaluation reserve as a distinct sub-item in "Equity".

If the revaluation result is an increase over the net accounting value, then it is treated as follows: as an increase in revaluation reserve presented in equity, if there was a decrease previously recognized as an expense for that asset or as income to compensate the previously recognized decrease in the asset.

If the revaluation result is a decrease over the net accounting value, it is treated as an expense when the entire amount of depreciation when in the revaluation reserve there is no record on an amount related to that asset (revaluation surplus) or as a decrease in revaluation reserve with the minimum between that value and the amount of decrease and the eventual uncovered difference is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the comprehensive income when the surplus represents a realised gain. The gain is considered realized while the amortisation of the asset for which the revaluation reserve was established, respectively at its deregistration if it was not fully amortized. No part of the revaluation reserve may be distributed, directly or indirectly, unless the revaluated asset was valued, in which case the revaluation surplus is actually a realized gain.

Since 1 May 2009, as a result of changes in tax legislation, revaluation reserves recorded after 1 January 2004 are taxable on fixed asset amortization. Accordingly, the Company recorded a deferred tax liability related to revaluation which is reflected in the value of the asset.

(i) Legal reserves

Legal reserves are constituted at a proportion of 5% of gross statutory profit at the end of the financial year until the total legal reserves reach 20% of the nominal (statutory) share capital paid-up in accordance with the law. These reserves are tax deductible and are not distributable than at the liquidation of the Company.

(j) Related parties

Parties are considered related if one party has the ability to control, directly or indirectly, or significantly influence the other party either through ownership or under contractual rights, family relationship or otherwise, as defined in IAS 24 "Related Party Disclosures".

(k) Employee Benefits

(i) Short-term benefits

Short-term employee benefits include salaries, bonuses and social security contributions. Obligations with short-term benefits to employees are not updated and are recognized in the statement of comprehensive income as the related service is provided.

(ii) Defined contribution plans

The Company makes payments on behalf of their employees at the Romanian State pension scheme, health fund and unemployment fund in the normal course of business.

All members and employees of the Company are also legally obliged to contribute (through social contributions) to the Romanian State pension scheme (a defined State contribution scheme). All related contributions are recognized in profit or loss for the period when incurred. The Company has no further obligations.

The Company is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any other postretirement benefit system. The Company has no obligation to provide further services to current or former employees.

Notes to financial statements

for the year ended on 31 December 2020

(l) Revenues

(i) Sale of goods

Revenue from sale of goods during the current activities are measured at the fair value of the consideration received or receivable, less returns, trade discounts and volume rebates. Revenue is recognized when consistent evidence exists, usually in the form of an executed sales contract and the risks and benefits arising from ownership are significantly transferred to the buyer, the recovery of the consideration is probable, the costs and possible returns of goods can be estimated in a credible manner, the entity not involved in the management of sold goods, and the amount of revenue can be reliably measured. If it is likely that certain discounts or rebates to be granted and their value can be reliably measured, then they are recognized as a reduction of revenue as the sales are recognized.

(ii) Rendering of services

Revenue from rendering of services is recorded in the accounts as they are rendered. Rendering of services includes execution of works and any other operations that cannot be treated as supplies of goods.

The stage of work completion is determined based on the work progress reports accompanying invoices, acceptance reports or other documents attesting the completion and acceptance of rendered services.

(m) Financial revenues and expenses

Financial revenues comprise interest income on invested funds and other financial revenues. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financial expenses comprise interest expense related to loans and other financial expenses. Starting on 01.01.2014 the financial discounts are recorded as financial expenses.

All borrowing costs that are not directly attributable to the acquisition, construction or production of assets with long production cycle are recognized in profit or loss using the effective interest method.

Gains and losses on exchange differences related to financial assets and liabilities are reported on a net basis or as financial income or financial expense depending on the currency fluctuations: net gain or net loss.

(n) Income tax

Income tax for the financial year comprises current tax and deferred tax.

Income tax is recognized in the statement of comprehensive income or in other comprehensive income if the tax is related to capital items.

(i) Current tax

Current tax is the payable tax on the profit realized in the current period, determined using tax rates applicable at the reporting date, and any adjustment for previous periods.

(ii) Deferred tax

Deferred tax is determined by the Company using the balance sheet method for temporary differences arising between the tax basis for the assets and liabilities and their accounting value used for reporting individual financial statements.

Deferred tax is calculated using tax rates expected to apply to the resumption of temporary differences in accordance with the applicable laws at the reporting date.

Deferred tax receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and if they are related to the tax collected by the same tax authority on the same entity subject to taxation or for different tax authorities seeking to settle receivables and current tax liabilities using a net basis or related assets and liabilities will be simultaneously realized.

Deferred tax receivables are recognized by the Company only to the extent that it is probable the realisation of future profits that could be used to cover the tax loss. Deferred tax receivables are reviewed at the end of each financial year and are reduced to the extent that the related tax benefit is unlikely to be realized.

Notes to financial statements

for the year ended on 31 December 2020

Additional taxes that arise from the distribution of dividends are recognized at the same date as the obligation to pay dividends.

(iii) Tax exposures

For the determination of current and deferred tax, the Company takes into account the impact of uncertain tax positions and the possibility of additional taxes and interest. This assessment is based on estimates and assumptions and involves a series of reasoning about future events. New information may become available, thereby making the Company amend its reasoning in terms of estimation accuracy of existing tax liabilities; such changes in tax liabilities affect the tax expense in the period in which such determination is performed.

(o) Earnings per share

The Company presents basic earnings per share and diluted earnings per ordinary shares. Basic earnings per share are determined by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares for the period under review. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects generated by potential ordinary shares.

(p) Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is removed.

A contingent asset is not recognized in the financial statements, it is disclosed when an inflow of economic benefits is probable.

(q) Subsequent events

The financial statements reflect events after the end of the year, events that provide additional information about the Company's position at the reporting date or those that indicate a possible violation of the activity continuity principle (events that determine adjustments). Events after the end of the year that do not represent events determining adjustments are disclosed in the notes when considered significant.

(r) Comparative figures

The Statement of financial position for the year ended on 31 December 2020 show comparability with the statement of financial position for the period ended on 31 December 2019. Statement of comprehensive income on 31 December 2020 shows comparability with the statement of comprehensive income for the year ended on 31 December 2019.

(s) Reporting on segments

A segment is a distinct component of the company providing certain products or services (operating segment) or providing products or services within a particular geographical environment (geographical segment), which is subject to risks and benefits different from those of other segments.

§) New standards and interpretations

There are new standards, amendments to standards and interpretations that are not applicable yet for the financial year ended 31 December 2020 or which have not been adopted by the European Union ("EU"), and that have not been applied in the preparation of these financial statements.

In the following sections are presented: the list of new standards, amendments and interpretations of standards adopted by the International Accounting Standards Board (IASB) and the European Union entered into force on 31 December 2020 and the list of new standards, amendments and interpretations of standards adopted by the International Accounting Standards Committee but still not adopted by the European Union for the financial year ended on 31 December 2020.

Notes to financial statements

for the year ended on 31 December 2020

(i) Standards and interpretations adopted by the International Accounting Standards Committee and by the European Union applicable in the current period

• **IFRS 16 Leases** applicable for annual periods beginning on or after 1 January 2019. IFRS 16 lays down the principles for recognition, evaluation, presenting and providing information about the two parties' leases on a contract. The new standard provides that tenants recognize most of the lease in the financial statements. Lessors will have a single accounting model for all contracts, with some exceptions. Lessor's accounting remains insignificant unchanged.

Implementation of the IFRS 9 impairment model in the context of the current COVID-19 crisis: the methodology used to determine whether it needs to be updated / adapted to current market conditions needs to be assessed. Given the current crisis and its economic impact on financial instruments, the principles and models previously developed may no longer be applicable.

Rents treatment applied as a result of the COVID-19 crisis: the IASB amended IFRS 16 to leases, directly affected by the current COVID-19 pandemic and under certain conditions set by the IASB, including a limited time frame (only rents originally due in 2020) and limited to periods beginning on or after 1 June 2020. The standard will also be applied retrospectively and can be applied in advance.

Amendments to the references to the conceptual framework in the IFRS standards adopted by the EU on November 29, 2019 (effective for annual periods beginning on or after January 1, 2020)

Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2020)

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Estimates and Accounting Errors" Definition of materiality - definition of the term "significant"; The new definition states that the information is significant if omissions, misstatements or concealment of them would reasonably affect the decisions that primary users of general purpose financial statements make based on those financial statements that provide financial information about a particular entity report adopted by the EU on 29 November in force for annual periods beginning on or after 1 January 2020

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments - Recognition and Measurement" and IFRS 7 "Financial Instruments: Presentation" - the interest rate reference reform adopted by the U.E. on 15 January 2020 (in force for annual periods beginning on or after 1 January 2020).

(ii) Standards and interpretations issued by the IASB but not yet adopted by the EU.

At the time of reporting these financial statements, the following standards of revision and interpretation were issued by the IASB and not adopted by the EU:

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

IFRS 17 "Insurance Contracts" adopted by the IASB on May 18, 2017 including amendments to IFRS 17 published on June 25, 2020 effective for annual periods beginning on or after January 1, 2021.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in associates and joint ventures" - The sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date of has been postponed indefinitely, until the completion of the research project on the method of equivalence)

Amendments to IFRS 3 "Business Combinations" - Definition of an enterprise (applicable to business combinations whose acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020) and acquisitions of assets or after that period)

Amendments to IAS 1 "Presentation of Financial Statements" - Classification of short-term and long-term debt liabilities (applicable for annual periods beginning on or after 1 January 2020).

Amendments to IFRS 4 "Insurance Contracts" - deferral of the application of IFRS 9 (applicable to annual periods beginning on or after January 1, 2021)

Notes to financial statements

for the year ended on 31 December 2020

Annual improvements 2018-2020 applicable to annual periods beginning on or after January 1, 2022

Amendments to IAS 16 Property, plant and equipment applicable to annual periods beginning on or after 1 January 2022.

Amendments to IAS 37 “Impairment, contingent liabilities and contingent assets applicable to annual periods beginning on or after 1 January 2022.

4. Reporting on segments

In terms of business segments, the company has not identified distinct components in terms of associated risks and benefits.

Reporting on segments is done in a manner consistent with the internal reporting to the main operational decision maker. The main operational decision maker responsible for allocating resources and assessing the performance of the operating segments has been identified is the Board of Directors that makes strategic decisions.

<i>Sales on products</i>	<i>Financial year 2020</i>
Sold production, of which:	28.982.485
- sales of beer	28.688.916
- sales of semi-fabricated products	
- sales of residual products	288.649
- services	4.920
Total	28.982.485

The net turnover on 31.12.2020 is amounted to 28.982.485 lei and it represents in a proportion of 98,99% the beer, the difference of 1,10% being represented by the by-products and services.

SC BERMAS SA does not separately report the information on activity segments as the income from the main activity sector „beer production and sales” represents over 99% of the total income.

5. Tangible assets

	Lands	Buildings	Technical equipment and machinery	Other equipment, machinery and furniture	Fixed assets in progress	Total
<i>Cost -- in lei</i>						
Balance on 31 December 2019	1,774,100	7,232,440	17,937,401	245,878	3,834,387	31,024,206
Input			175,263	77,598	1,219,206	1,472,067
Transfers by commissioning			4,821,825			4,821,825
Revaluation decrease						-
Outputs			314,864	26,522	4,821,825	5,163,211
Balance on 31 December 2020	1,774,100	7,232,440	22,619,625	296,954	231,768	32,154,887
<i>Accumulated amortisation</i>						
Balance on 31 December 2019		(6,063,054)	(9,924,178)	(161,314)		(16,148,546)
Expense		(225,593)	(1,436,516)	(34,013)		(1,696,122)
Revaluation decreases						-
Output amortisation			(314,864)	(26,522)	-	(341,386)
Balance on 31 December 2020		(6,288,647)	(11,045,830)	(168,805)	-	(17,503,282)
<i>Net accounting value</i>						
Balance on 31 December 2019	1,774,100	1,169,386	8,013,223	84,564	3,834,387	14,875,660

Notes to financial statements

for the year ended on 31 December 2020

Balance on 31 December 2020	1,774,100	943,793	11,573,795	128,149	231,768	14,651,605
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Some of the tangible assets of the Company are mortgaged or pledged to secure borrowings from banks. BERMAS SA uses fair value as deemed cost for an item of tangible or intangible assets. When opening the financial position, the first entity's financial statements prepared in accordance with International Financial Reporting Standards, SC BERMAS SA presented for each element in the situation of opening the financial position in accordance with International Financial Reporting Standard: the aggregate amount of those fair values and aggregate adjustment to the accounting amounts reported under previous accounting principles. We present below the input data used in the evaluations:

<i>Cost</i>	Lands	Buildings	Technical equipment and machinery
Balance on 1 January 2011	751,661	6,644,923	28,590,425
Revaluation for 2010	777,739	196,942	(16,436,299)
Revaluation for 2010			511,474
Input			506,845
Outputs			(1,682)
Balance on 31 December 2011	1,529,400	6,841,865	13,170,763
<i>Accumulated amortisation</i>			
Balance on 1 January 2011		(3,593,456)	(16,436,298)
Revaluation for 2010		(102,009)	16,436,298
Depreciation for the period		(262,440)	(1,199,054)
Output depreciation			210
Balance on 31 December 2011		(3,957,905)	(1,198,844)
<i>Net accounting value</i>			
Balance on 1 January 2011	751,661	3,051,467	12,154,127
Balance on 31 December 2011	1,529,400	2,883,960	11,971,919

<i>Cost</i>	Lands	Buildings	Technical equipment and machinery
Balance on 31 December 2011	1,529,400	6,841,865	13,170,763
Revaluation	244,700	74,279	
Input			265,574
Output			
Balance on 31 December 2012	1,774,100	6,916,144	13,436,337
<i>Cumulated depreciation</i>			
Balance on 31 December 2011		(3,957,905)	(1,198,844)
Expense		(273,045)	(1,217,485)
Increase from revaluation		(42,798)	
Balance on 31 December 2012		(4,273,748)	(2,416,329)
<i>Net accounting value</i>			
Balance on 31 December 2011	1,529,400	2,883,960	11,971,919
Balance on 31 December 2012	1,774,100	2,642,396	11,020,008

In accordance with IAS 36, both intangible and tangible assets are periodically reviewed to identify whether there are indications of impairment at the balance sheet date.

If the net accounting value of an asset exceeds its recoverable amount, an impairment loss is recognized in order to reduce the net accounting value of the asset at the recoverable value. If the reasons for

Notes to financial statements

for the year ended on 31 December 2020

the recognition of an impairment loss disappear in the next period, the net accounting value of the asset is increased up to the net accounting value that would have been determined no impairment loss would be not recognized.

SC BERMAS SA has not recorded impairment losses, depreciation and amortization expenses presented in the statement of comprehensive income with amortization in the first half of 2020 recognized in profit or loss account being allocated systematically over the useful life of the assets. Depreciation methods, useful life durations and estimated residual values are reviewed by the entity's management at each reporting date and adjusted if appropriate. Regarding the fair value hierarchy, input data for the valuation techniques used to determine fair value measurements are Level 2 for both 2019 and 2020.

The accounting value of asset classes, if the assets were submitted on the basis of cost is as follows:

	Lands	Buildings	Technical equipment and machinery	Other equipment, machinery and furniture	Fixed assets in progress	Total
<i>Cost -- in lei</i>						
Balance on 31 December 2019	1,774,100	7,232,440	33,302,951	343,913	3,834,387	46,487,791
Input			175,263	77,598	1,219,206	1,472,067
Transfers by commissioning			4,821,825			4,821,825
Decrease from revaluation						-
Output			383,642	26,522	4,821,825	5,231,989
Balance on 31 December 2020	1,774,100	7,232,440	37,916,397	394,989	231,768	47,549,694
<i>Cumulated depreciation</i>						
Balance on 31 December 2019		(6,063,054)	(25,369,131)	(256,795)		(31,688,980)
Expense		(225,593)	(1,408,810)	(33,701)		(1,668,104)
Decrease from revaluation						-
Output depreciation			(383,642)	(26,522)	-	(410,164)
Balance on 30 December 2020	-	(6,288,647)	(26,394,299)	(263,974)	-	(32,946,920)
<i>Net accounting value</i>						
Balance on 31 December 2019	1,774,100	1,169,386	7,933,820	87,118	3,834,387	14,798,311
Balance on 31 December 2020	1,774,100	943,793	11,522,098	131,015	231,768	14,602,774

6. Intangible assets

<i>Cost</i>	Other intangible assets	Total
Balance on 31 December 2019	207,702	207,702
Inputs		
Transfers		
Balance on 31 December 2020	207,702	207,702
<i>Accumulated amortisation</i>		
Balance on 31 December 2019	(173,742)	(173,742)
Expense	(21,996)	(21,997)
Transfers		
Balance on 31 December 2020	(173,742)	(195,739)
<i>Net accounting value</i>		
Balance on 31 December 2019	33,960	11,963
Balance on 31 December 2020	33,960	11,963

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for the year ended on 31 December 2020

7. Financial assets available for sale

	31 December 2018	31 Dec 2019
To "Victoria" Social-cultural foundation of Suceava	83,000	83,000
Environment Business Consulting SRL		1.000
Total	83,000	84,000

SC BERMAS SA holds financial assets available for sale, resulting from the establishment of a 19.88% share to the patrimony of the "Victoria" Social-Cultural Foundation which was established in 2002 and registered in the Register of non-profit Associations and Foundations, these financial assets being evaluated at historical cost. These financial assets were reclassified in 2015 as financial assets measured at cost due to the fact that, since the duration of the Foundation is indefinite and purpose "partnerships with public authorities, NGOs and other institutions in order to carry out social, scientific and humanitarian activities of local and regional concern" is still relevant and perspective, the board of directors has not expressed its intention of closing the foundation, the foundation being recognized as of public utility. The financial statements submitted show that, currently, it is in operation state, it is not in liquidation, being at the initial capital value.

Through the Share Assignment Agreement no. 1 of 18.02.2020, SC BERMAS SA received the property right for 100 registered shares in a total value of 1,000 lei held in CLEAN RECYCLE SA.

8. Inventories

	31 December 2019	31 December 2020
Production in progress	7,154,689	6,728,483
Raw materials and consumables	9,651,748	9,481,796
Finished products and goods	225,544	285,379
Total	17,031,981	16,495,658

Assets such as inventories are valued at their accounting value, less adjustments for impairment. Impairment adjustments recognized as expense at the end of the reporting year represent the value of inventory without movement at the level of 2019. If the accounting value of inventories is higher than the book value, the value of inventories is decreased up to the net achievable value, by setting up adjustments for impairment. The value of adjustments for inventories without movement on 31.12.2020 is amounted to 140.927,87 lei.

9. Trade receivables

	31 decembrie 2019	31 decembrie 2020
Clients	743,487	650,080
Suppliers – debtors for the purchase of inventory goods	445,563	453,258
Advance payments for tangible assets		
Adjustments for the depreciation of receivables	(237,577)	(21,014)
TOTAL	951,473	1,082,324

10. Cash and cash equivalents

	31 December 2019	31 December 2020
Cash in the cash register	5,668	5,710
Current bank accounts	23,391	11,390
Cash advances	-	-
Other values	300	600

Notes to financial statements

for the year ended on 31 December 2020

Total	29,359	17,700
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11. Other receivables

	31 December 2019	31 December 2020
Diverse debtors	1,150,050	907,518
Other receivables related to personnel	224	
Adjustments for depreciation different debtors	(769,507)	(689,311)
Total	380,767	218,207

The impairment assessment is individually carried out and is based on the management's best estimate of the present value of the cash flows expected to be received. Quarterly and at the end of the financial year 2019, as a result of the analysis of uncertain clients and the various borrowers we were in dispute, it was not considered necessary to make any adjustments.

12. Share capital

Company's shareholder structure

Balance on 31 December 2020	Number of shares	Amount (RON)	(%)
Other shareholders	10,416,771	7,291,739.70	48.33%
Victoria Bermas Association	6,653,009	4,657,106.30	30.87%
PAS Bermas	4,483,269	3,138,288.30	20.80%
Total	21,553,049	15,087,134	100%

Information on the objectives, policies and processes for managing the share capital according to IAS 1.134 complying with the information included in IAS 1.135 qualitative information about its objectives, policies and processes for managing its share capital, including the description of share capital it manages, the way in which objectives are met, quantitative data regarding the share capital and changes from one period to another.

The share capital of the company on 31.12.2020 is amounted to 15.087.134,30 lei fully subscribed and paid up, divided in 21.553.049 registered shares of 0,70 lei each. The company's shares are ordinary, nominative, dematerialized, registered into account, their records being kept by the Depozitarul Central SA Bucharest. Shares have equal value and grant equal rights for each share.

The structure of shareholders holding over 10% of the share capital is as follows:

Balance on 31 December 2020	Number of shares	Amount (RON)	(%)
Victoria Bermas Association	6,653,009	4,657,106.30	30.87%
PAS Bermas	4,483,269	3,138,288.30	20.80%
SC Vivat Construct SRL	2,931,765	2,052,236	13.60%

The legal reserves of the Company on 31.12.2020 are amounted to 3.017.427 lei following the creation of the legal reserve (5% of the accounting profit under the Law 227/2015 and subsequent amendments and supplements and the Law 31/1900 as subsequently amended and supplemented.

Other reserves

SC BERMAS SA records on 31.12.2019 in the account 1068 Other reserves the amount of 2.692.045,53 with the following structure :

Reserves for restatement according to IFRS	554.644,00
Reserves for development	34.420,56
Other reserves G.O. 70 /1994	195.909,33
Other reserves G.D. 40/2002	635.870,11

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for the year ended on 31 December 2020

Reserves for dividend capitalisation	1.214.907,24
Other reserves the Law 55/1995, Decree 834/1991	56.294,29
TOTAL	2.692.045,53

SC BERMAS SA records on 31.12.2020 in the account 1068 Other reserves the amount of de 2.811.562,04 with the following structure :

Reserves for restatement according to IFRS	554.644,00
Reserves for development	153.937,07
Other reserves G.O. 70 /1994	195.909,33
Other reserves G.D. 40/2002	635.870,11
Reserves for dividend capitalisation	1.214.907,24
Other reserves the Law 55/1995, Decree 834/1991	56.294,29
TOTAL	2.811.562,04

13. Accounts payable for deferred profit tax

Accounts payable for the deferred tax as of 31 December 2020 are detailed below:

31 December 2020	Assets	Liabilities	Net
Tangible assets	1,242,384	-	1,242,384
Inventory	(140.928)	-	(140.928)
Trade receivables	(5.903)	-	(5.903)
Other receivables	(33.839)	-	(33.839)
Total	1.061.714		1.061.714
Net temporary differences – rate 16 %			1.061.714

Accounts payable for deferred tax 169.874 lei

14. Trade payables

Description	31 December 2019	31 December 2020
Trade payables	2,317,931	890,499
TOTAL	2,317,931	890,499

Other payables

Description	31 December 2019	31 December 2020
Diverse creditors and other payables	648,968	862,124
Payables to the local budget	615,562	755,874
Payables to employees	308,544	306,751
Payables to the state budget	(294,222)	(534,420)
TOTAL	1,278,852	1,390,329

Provisions at 31.12.2020 in the amount of 400,000 lei are constituted for implicit obligations generated by a control of the Regional Directorate of Fiscal Antifraud Suceava through the Minutes concluded estimating additional obligations due to the state budget representing income tax and social contributions to gift vouchers employees of SC BERMAS SA as well as employees of distributors. A fiscal inspection of the A.J.F.P. is underway. Suceava with this theme.

15. Short-term bank credits

Description	31 December 2019	31 December 2020
Short-term bank credits	3,134,837	4,076,977

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for the year ended on 31 December 2020

TOTAL	3,134,837	4,076,977
Bank	31 decembrie 2019	31 decembrie 2020
Raiffeisen Bank Suceava	1,392,291	1,405,809
BRD Suceava	1,742,546	2,671,168
TOTAL	3,134,837	4,076,977

On 31 December 2020, short-term payables to banks refer to the following:

- secured overdraft with BRD Suceava amounted to 4.000.000 lei. The remaining balance on 31.12.2020 is amounted to 2.671.168 lei. The interest charged is a fluctuating interest at ROBOR annual rate 3M + 1.40%, which is calculated on the credit balance from the date of provision and until full repayment thereof;
- secured overdraft with Raiffeisen amounted to 4.000.000 lei. The remaining balance on 31.12.2020 is amounted to 1.405.809 lei. The interest charged on the daily debtor balance of the current account is a fluctuating interest at ROBOR annual rate O/N + 1.10%, calculated on the actual number of days of the reference month compared to the year of 360 days. The reference rate will be daily updated;

Bank overdrafts are secured by:

- mortgage on tangible assets with a net accounting value of 2.513.549 lei on 31 December 2020;
- pledge on inventories of raw material - malt;
- first-ranking pledge and mortgage on current accounts;
- mortgage on liquid assets in the accounts opened with BRD and Raiffeisen Suceava.

Guarantees:

Pledges + mortgages on equipment with BRD on 31.12.2020

<i>Nr. Crt</i>	<i>Name of the fixed asset or equipment</i>	<i>Value</i>
1	PARCELA CURTI CONSTRUCTII 2.144 mp - C.F. 31100	124.352,00
2	CORP PRINCIPAL CENTRU FRIG	255.200,00
3	PARCELA CURTI CONSTRUCTII 595 mp - C.F. 31129	34.510,00
4	PAVILION ADMINISTRATIV	179.630,00
5	PARCELA CURTI CONSTRUCTII 517 mp - C.F. 31116	29.986,00
6	CLADIRE ATELIER AUTO	132.620,00
7	PARCELA CURTI CONSTRUCTII 700 mp - C.F. 31107	40.600,00
8	CLADIRE INDUSTRIALA AUXILIARA	143.160,00
	TOTAL	940.058,00

Pledges + mortgages on equipment with Raiffeisen Bank – 31.12.2020

<i>Nr. Crt</i>	<i>Name of the fixed asset or equipment</i>	<i>Value</i>
1	SUPRAFATA TEREN- 3.851 mp	223.358,00
2	CORP PRINCIPAL GERMINARE etapa I+II	151.510,00
3	CORP PRINCIPAL DE INMUIERE(extindere)	177.360,00
4	CORP PRINCIPAL USCARE	317.520,00
5	CORP PRINCIPAL CASA MASINII	263.090,00
6	CORP GERMINARE SILOZ 19 CELULE	272.500,00
7	CORP PRINCIPAL DE LEGATURA	82.100,00
8	ECHIPAMENTE TEHNOLOGICE SECTIA MALT	86.052,68
	TOTAL	1.573.490,68

Notes to financial statements

for the year ended on 31 December 2020

The overdrafts with BRD are secured with the malt stocks in the malt department and in the boiling department, having an accounting value amounted to 5.480.836 lei on 31.12.2020.

Referring to the affirmation that the overdrafts are secured by a prior-ranking pledge over the current accounts, we mention that on 31.12.2020 the value of the pledge over the available balance in the current accounts is amounted to 0 lei, the banks automatically proceeding to the transfer of financial availabilities in the overdraft account.

Medium term loans to banks

On 31.12.2020 SC BERMAS SA had a credit in the form of a term loan, in a maximum amount of 2,500,000 lei granted for the purpose of financing boiling and filtration facilities for the section Boiling section. At 31.12.2020 the amount used was 2.014.113 lei. The credit facility is for a period of 36 months starting with the month immediately following the period of use. The interest is a fluctuating interest at an annual ROBOR rate of 1M + 1.40% per year, calculated on the basis of the actual number of calendar days of the reference month compared to the 360-day year. This credit facility is guaranteed with a mortgage on the equipment and equipment that is the object of the financing.

16. Earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

	31 December 2019	31 December 2020
Profit attributable to ordinary shareholders	1,958,209	1,662,575
Weighted average number of ordinary shares	21,553,049	21,553,049
Basic earnings per share	0.091	0.077

The Board of Directors of SC "BERMAS" has proposed the distribution of net profit for the financial year ended in 2020 amounted to 1.662.575 lei as follows:

Net profit 2020 = 1.662.575 lei
Legal reserve to be established 2020 = 62.173 lei
Dividends = 1.508.713 lei
Other reserves = 91.689 lei

The gross dividend per share that would be granted for one share held on the registration date is 0,07 lei / share which would represent a rate of 91% of the net profit for the financial year ended in 2020.

17. Turnover

	31.12.2019	31.12.2020
Sales of finished goods	32,393,801	28,688,916
Sales of semi-finished goods	1,440	
Sales of residual products	351,639	288,649
Services rendered	8,439	4,920
Total	32.755.319	28.982.485

18. Other revenues

	2019	2020
Subsidies for operating activities	28,957	24,750
Operating revenues from the adjustments of current assets impairment	0	1,500,000
Other operating revenues	1,045,873	1,007,248
Total	1,074,830	2,531,998

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for the year ended on 31 December 2020

19. a) Other expenses

	2019	2020
Entertaining, promotion and advertising	918,916	234,181
Operating expenses for provisions		400,000
Operating expenses on the adjustments of current assets impairment	47,182	19,275
Other taxes, duties and similar expenses	336,051	2,352,927
Insurance premiums	118,169	169,954
Compensations, fines and penalties	34,247	31,516
Travel expenses	117,849	54,477
Postage and telecommunications	51,807	57,533
Commissions and fees	29,350	10,754
Rental and royalty expenses	2,288	2,811
Bad debts written off	-	-
Net loss from the sale of tangible assets	-	-
Other operating expenses	1,352,906	1,165,899
Total	3,008,765	4,499,327

b) Prepaid expenses

PREPAID EXPENSES ON 31.12.2020

NAME OF THE ACCOUNT	Balance debit
Insurance premiums	34.073,36
Postage and telecommunications	2.615,47
Services rendered by third parties	1.674,82
Other taxes, duties and payments	16.344,73
Other financial expenses	29.792,18
Beer loss December	135,54
	84.636,10

PREPAID EXPENSES 31.12.2019

NAME OF THE ACCOUNT	Balance debit
Insurance premiums	54.065,44
Postage and telecommunications	3.841,83
Other taxes, duties and payments	16.144,63
Services rendered by third parties	1.269,85
Other financial expenses	21.486,82
Beer loss December	140,46
	96.949,03

20. Personnel expenses

	2019	2020
Salaries	12,688,613	11,511,971
Social security and welfare contributions	746,511	399,650
Meal vouchers	648,900	667,380
Total	14,084,024	12,579,001

Notes to financial statements

for the year ended on 31 December 2020

On 31 December 2019 the average number of employees of the company was 204.

21. Financial revenues and expenses

	2019	2020
Financial revenues		
Net gain from exchange differences		
Interest revenues	7	
Other financial revenues	7	
	2019	2020
Financial expenses		
Interest expenses	92,042	145,783
Net loss from exchange differences	1,167	2,638
Other financial expenses	1,136,513	1,050,842
Total	1,229,722	1,199,263

22. Income tax expense

	31.12.2019	31.12.2020
Current income tax expense	340,451	43,542
	340,451	43,542
Deferred income tax		
Deferred income tax expenses	-	3,055
Deferred income tax revenues	6,327	-
	6,327	3,055
Total	334,124	46,597

	31.12.2019	31.12.2020
Profit before tax	2,298,660	1,706,117
Tax acc. to the statutory tax rate of 16% (2013: 16%)	367,786	272,979
Effect on the income tax of:		
Legal reserve	(18,389)	(9,948)
Non-deductible expenses	76,167	94,841
Non-taxable revenues		(240,000)
Sponsoring within legal limits	(85,113)	(23,574)
Bonus applied cf GEO 30/2020		(50,756)
Registration and review of temporary differences	(6,327)	3,055
Income tax	334,124	46,597

23. Related parties

The persons who are part of the Board of Directors and the Executive Committee represent related parties.

Notes to financial statements

for the year ended on 31 December 2020

List of members of the Board of Directors 2020

Anisoï Elena	President of the B.D.
Dragan Sabin Adrian	Vice-president
Vescan Maria Aurora	Member

List of the persons in the Executive Committee

Anisoï Elena	General Manager
Tebrean Iridenta	Economic Manager
Sîngeap Cristina	Commercial Manager

List of the persons in the Board of Directors 2019

Anisoï Elena	President of the B.D.
Dragan Sabin Adrian	Vice-president
Vescan Maria Aurora	Member

List of the persons in the Executive committee

Anisoï Elena	General Manager
Croitor Octavian	Technical manager
Tebrean Iridenta	Economic Manager
Sîngeap Cristina	Commercial Manager

	31 December 2019	31 December 2020
Remuneration of the members of the Board of Directors	289,800	289,800
Salaries paid to management personnel	1,771,476	1,253,566

24. Commitments

The Company had no capital commitments on 31 December 2020.

25. Contingent assets and liabilities

The Company had no contingent assets or liabilities on 31 December 2020.

26. Subsequent events

There were no events subsequent the balance sheet date.

27. Financial risk management

Overview

The company operates on a free competitive market, being exposed to normal risks from that point of view. No major or significant exposure in terms of prices and liquidity.

The company is implementing the risk management system, covering the identification, analysis, management and monitoring of risk it is exposed to.

Price risk requires constant monitoring of it, given the market share the company operates on. In fact, the company applies and will apply in the future training policies of the selling price based on the price of raw material and other cost elements which have a share of over 10% of total production costs.

The Company is exposed to the following risks due to the use of financial instruments:

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

Notes to financial statements

for the year ended on 31 December 2020

These notes present information about the Company's exposure to each of the above risks, the company's objectives, policies and processes for risk assessing and managing and procedures used for managing capital. In these financial statements there is also other quantitative information.

The Company's risk management policies are defined to ensure the risks identification and analysis the Company is dealing with, to set appropriate limits and controls, to monitor risks and to comply with the set limits. Risk policies and management systems are regularly reviewed to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk that the Company could incur a financial loss as a result of failure to meet contractual obligations by a customer or counterparty to a financial instrument, and this risk mainly results from trade receivables of the Company.

The accounting value of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk was:

(i) Exposure to credit risk

Accounting value	31.12. 2019	31.12. 2020
Trade receivables and other current assets	1,107,153	1,300,531
Cash and bank deposits	29,359	17,700
TOTAL	1,136,512	1,318,231

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

The management has established a credit policy under which each new customer is individually analysed in terms of creditworthiness before offering the Company's standard conditions for payment and delivery.

The Company establishes an adjustment for impairment that represents its estimate of losses on trade receivables. The adjustments for impairment of receivables mainly relate to specific components corresponding to the significant individual exposures incurred and identified.

(ii) Depreciation

Analysis of the number of days of delay for trade receivables and other receivables:

in lei	31.12. 2020	
	Gross value	Depreciation
Not outstanding and outstanding between 0 and 30 days	439,322	
Outstanding between 31 and 60 days	293,979	
Outstanding between 61 and 120 days	105,679	
Outstanding between 121 and 180 days	3,103	
Outstanding between 181 and 360 days		
Over 360 days	715,515	(710,325)
Total	1,557,598	(710,325)

b) Liquidity risk

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

Overall the Company makes sure that it has sufficient cash to cover operating expenses. The following table shows the residual contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments:

Notes to financial statements

for the year ended on 31 December 2020

31 December 2020	Accounting value	Contractual cash flows	Less than 2 months	2 - 12 months	Over 12 months
Trade payables	890,499	890,499	890,499		
Medium-term credits	2,014,113	2,014,113		895,152	1,118,961
Bank short-term loans	4,076,977	4,076,977		4,076,977	
Other payables	1,924,749	1,924,749	1,924,749		
Total	8,906,338	8,906,338	2,815,248	4,972,129	1,118,961

c) Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rate, interest rate and price of equity instruments, affects the Company's income or the value of financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters and simultaneously to optimize return on investment.

d) Interest rate risk

(i) Profile of the risk exposure

Credit risk - the company is implementing and will call in future to funds raised to partially finance the stocks of raw materials and semi-products. Cost of resources is generally negotiated and dimensioned in relation to the reference rates in the financial market so as to be sustainable in terms of contract. Potential changes in interest rates are also taken into account.

At the reporting date, the profile of interest rate exposure corresponding to the interest-bearing financial instruments held by the Company was:

Instruments with variable rate	31 December 2019	31 December 2020
Medium-term credits	1,162,916	2,014,113
Bank short-term loans	3,134,837	4,076,977
Total	4,297,753	6,091,090

(ii) Sensitivity analysis of fair value for instruments with fixed interest rate

The Company has not classified financial assets or liabilities with fixed interest rates at fair value through profit or loss or available for sale. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

(iii) Sensitivity analysis of cash flow for instruments with variable interest rate

An increase in interest rates by 1% at the reporting date would have resulted in a decrease in profit by 51.944 lei for the year ended on 31 December 2020 (31 December 2019: 24.109 lei). This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

A depreciation of interest rates by 100 basis points on 31 December 2020 would have led to the same effect, but to the contrary, the amounts presented above, considering that all other variables remain constant.

e) Currency risk

The Company is exposed to currency risk due to acquisitions and liabilities that are denominated in a currency other than the functional one, respectively in euro.

Company's exposure to currency risk is shown below:

31 December 2020	RON	EURO	USD	Other currencies
Financial assets				
Trade receivables and other current assets	1,300,531	-	-	-
Cash and bank deposits	15,188	2,512	-	-

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for the year ended on 31 December 2020

	1,315,719	2,512	-	-
Financial payables				
Trade payables	890,499	-	-	-
Short-term loans	4,076,977	-	-	-
Other payables	1,924,749	-	-	-
	6,892,225	-	-	-

Sensitivity analysis

An appreciation by 10 percentage points of the RON currency on 31 December 2020 compared to euro would have resulted in an increase of profit by 14.490 lei.

f) Taxation risk

Starting on 1 January 2007, following the accession of Romania to the European Union, the Company had to apply EU tax regulations and implement the changes brought by the EU law. The way in which the Company has implemented these changes remains open to tax audit for five years.

The interpretation of the text and the practical implementation procedures of the new EU tax regulations in force may vary, and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities compared to their treatment by the Company.

In addition, the Romanian Government has an important number of agencies authorized to audit companies operating in Romania. These controls are similar to tax audits in other countries and can cover not only tax aspects, but also other regulatory and legal aspects of interest to these agencies. It is possible that the Company is subject to tax audits as new tax regulations are issued.

g) Business environment

During 2020, the volume of physical sales decreased by 16% compared to the previous year. The decrease in sales volume is the result of the impact of the COVID - 19 epidemic on the activity of the company whose main object of activity is the production and sale of beer with a share of 99% in turnover.

Thus, the set of measures taken by the authorities to prevent the spread of the new coronavirus also included the suspension of activities of serving and consuming foods and alcoholic and non-alcoholic beverages in restaurants, hotels, cafes and other public places, indoors and outdoors.

Taking into account that the share of KEG (draft) draft beer sales for consumption has a share of 20% of total sales, due to the total or partial closure in various periods of indoor and outdoor serving spaces, the volumes of draft sales decreased by 55% to which decreases of about 10% of bottled beer sales are added.

The decrease in sales volume affected the company's liquidity at the same time as the slowdown in the recovery of raw material stocks by not realizing the production program, the company's activity having a seasonal cyclical character in the sense that it supplies full raw materials of each year to ensure the production of beer the following year, stocks partially financed from short-term loans.

For the year 2021, the company is not able to make a fair assessment of the effects that COVID - 19 may have, depending on the unpredictable evolution of the epidemic that could attract restrictive measures from the authorities with effects on the activity of selling beer in restaurants, terraces, at events, etc.

As a result, it remains for the company to be constantly concerned with appropriate measures to limit losses as much as possible and to ensure the financial resources necessary for the payment of salaries and other rights of employees, as it did in 2020.

From a conjunctural point of view, the Romanian beer industry presents the features of an oligopoly type industry with high barriers to market entry and vertical differentiation, the general characteristic of the beer production sector being represented by the excess capacity which creates the premises of a pressure on the price level.

Notes to financial statements

for the year ended on 31 December 2020

SC „BERMAS” SA is the only local factory in the beer industry that has continued its activity on the old technical and technological structure, since its establishment in 1974, succeeding, through sustained investment efforts in refurbishment and modernization of production sections, to streamline the activity carried out, to be present on the market with assortments of superior quality beer, ensuring a stable, consolidated market share.

In 2020, the company had concluded contracts for the sale of beer with a number of 39 distributors and wholesalers and for 2021 it has contracted the entire quantity of beer for sale.

Currently on the Romanian market there are active producers representing groups with international presence in the beer sector as well as domestic producers who have developed large production capacities. From their own estimates these entities hold about 93% of the Romanian beer market, the difference of about 7% is owned by small and medium producers, which also includes BERMAS SA.

The massive concentration of production in the beer industry sector in Romania has produced a major imbalance between the competitive capacity of the two market segments.

In order to face the competition, SC „BERMAS” SA, as an independent beer producer with a below average capacity, must permanently identify the possibilities for efficiency and profitability of the activity while maintaining the market segment gained and their development.

The Company's management considers that the Company's liquidity is affected on 31.12.2020 and will be the course of 2021 by the spread of the epidemic with COVID -19, to which are added a series of events or factors of uncertainty such as:

- The impact of the COVID- 19 epidemic depending on its evolution and the restrictive measures that will be taken by the authorities regarding the activities of the ho-re-ca activity sector;
- An unfavorable market situation that would lead to the inability to compete, given the economic concentrations that have taken place in recent years on the beer market, a situation that has created a major imbalance between the competitive capabilities of the major players in this market (multinationals and producers who have developed large production capacities) and small producers with below average capacities which includes BERMAS SA;
- An unfavorable agricultural year with poor harvests of basic raw materials used in the brewing process, which would lead to higher barley and hops prices;
- The possible further increase of the prices for fuels, energy and natural gas with major implications in the production costs considering also the duration of the malt and beer production cycle based on the classic technology which supposes in total (malt + beer) about 120 days ;
- The insolvency of some customers of the company - beer distributors as a result of the deterioration of the economic conditions of the business environment which would imply risks when collecting the goods in the insolvency - bankruptcy procedure.

The management believes that it takes all necessary measures to support the sustainability and growth of the Company's business under current conditions by:

- constantly monitoring its liquidity;
- short-term forecasting of net liquidity;
- monitoring incoming and outgoing flows of cash (daily), assessment of effects on borrowers.

h) Capital adequacy

SC BERMAS SA has a policy of maintaining equity for the development of the company and reaching its objectives. The main objective of the company is the continuation of the activity in order to provide profitability for its shareholders. In the last two years, the net asset value of SC BERMAS SA exceeded 1.5 times the share capital. The management of SC BERMAS SA intends, in the next financial year, to maintain at least the same level.

The equity of SC BERMAS SA consists of share capital, created reserves, current profit and retained earnings. The equity at 31.12.2020 of SC BERMAS SA is amounted to 23.750.831 lei compared to 23.743.237 lei on 31.12.2019. SC BERMAS SA is not subject to statutory capital adequacy requirements.