

**Report of the Board of Directors on the individual financial statements of
COMELF SA prepared in accordance with the Order of the Ministry of Public Finance no.
2844/2016**

For the financial year: 2020

Company name: COMELF SA

Registered office: no. 4, Industriei Street, Bistrita

Phone/fax number: 0263 234462; Fax: 0263 238092

Tax Identification No. with the Trade Register Office: 568656

Registered business number: J06 / 02/1991

Subscribed and paid-in share capital: 13,036,325.34 lei

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

The main characteristics of the securities issued by the company:

- Dematerialized registered shares in number of 22,476,423 with a nominal value of 0.58 lei / share.

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders prepared for the financial year 2020, this report on the balance sheet, profit and loss account, statement of changes in equity, statement of cash flows, accounting policy and explanatory notes included in the individual financial statements of 2020.

These financial statements are presented together with the Audit Report and this Directors' Report and refer to:

| | |
|-------------------------------|------------------------|
| Equity: | 72,927,063 RON |
| Total income: | 114,781,541 RON |
| Profit for the period: | 2,702,863 RON |

The financial statements have been prepared in accordance with:

- (i) Accounting Law 82/1991 republished in June 2008 (Law 82);
- (ii) The provisions of Order no. 2844/2016;

The company presents starting with 2012 individual financial statements prepared in accordance with the provisions of Order 2844/2016 (previously Order 1286/2012) for the approval of Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose values are admitted to trading on a market regulated, with subsequent amendments and clarifications, the requirement imposed by Order 881/2012.

COMELF was audited by the independent auditor Audit Coman Expert -Ace SRL The audit results of the Company are presented in the Report of the Independent Auditor Audit Coman Expert - Ace SRL

1. Review of the Company's activity:

i. Description of the basic activity of the Company:

The company operates based on the Companies Law no. 31/1990 (with the modifications and subsequent completions), of the Capital Market Law no. 297/2004 and of Law 24/2017 regarding the issuers of financial instruments and market operations. According to article 6 of the Articles of Incorporation updated in November 2019, the object of activity of the Company is "**Manufacture of machinery and equipment for earthworks, power plants and environmental protection, lifting and transporting equipment, including subassemblies thereof.**"

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ii. Date of establishment of the Company:

COMELF SA is a joint stock company established in Romania, in 1991, on the structure of the Bistrita Technological Equipment Company.

iii. Modifications of the own shares, mergers or significant reorganizations of the Company or of the controlled Companies, during the financial year:

COMELF is a Company with majority Romanian capital and since 1995 COMELF has been listed on the Bucharest Stock Exchange, being part of the 12 founding companies. The subscribed and paid-in share capital at the end of the financial year 2020 is 13,036,325.34 LEI. The shareholding structure at the end of the reviewed period is (*Source: Depozitarul Central on 31.12.2020*): **Uzinsider SA**-80.9292% of shares and **Other natural and legal persons**-19.0708%.

COMELF is a production company in the field of machine building industry and has as object of activity the manufacture of equipment for power plants and environmental protection, metal structures in the field of renewable energy (source: water, wind and sun), earthmoving machines and equipment or subassemblies equipment for lifting and transport equipment, including components thereof. To carry out the activity, the company owns and operates a number of 16 buildings with a total built area of 89,849 sqm, of which the basic production activity takes place in 6 production halls equipped with machinery, installations, machine tools, laboratories and networks. of utilities for the development of production processes.

At 31.12.2020 COMELF SA does not hold participations in other companies and does not own Branches.

iv. Description of acquisitions and/or disposals of assets:

The total value of the asset at December 31, 2020 was 142,395,837 LEI, with 12,536,079 LEI lower than the value registered at the beginning of the year, the difference coming from the decrease of the company's fixed assets due to depreciation (7,542,004 LEI) offset by investments in fixed assets, in 2020 (1,053,440 lei) and the sale of assets (333 LEI net), from the decrease of current assets (6,047,182 LEI) and here, in detail, decrease receivables from contracts with customers due to the decrease in turnover (11,063,065 LEI) and the advance for tangible fixed assets (94,318 LEI) but increase important stocks on the background of the purchase of materials necessary for orders placed by customers but also against the background of the increasing trend of raw material prices to ensure stocks at prices as close as possible to estimates (1,444,381 LEI), trade receivables and other receivables increase as a result delays registered at VAT compensation and restitution of medical leave (353,845 LEI). Additionally, it grows available in cash and cash items compared to the beginning of the year (3,311,975 LEI);

v. The main results of the evaluation of the company's activity:

The situation of the profit and loss account, respectively of the incomes and expenses grouped according to their origin during the year 2020, is presented as follows:

| Profit and loss account (thousand lei) | Year 2020 | Year 2019 | Differences |
|---|------------------|------------------|--------------------|
| Fiscal value | 116010 | 149263 | (33,253) |
| Other operating income, TOTAL, of which: | 3261 | (3,050) | 6311 |
| Variation of stored production (+/-) | (1,228) | (5,420) | 4192 |
| Income from operating subsidies | 2619 | 11 | 2608 |

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| | | | |
|--|------------------|------------------|--------------------|
| Income from investment grants | 1624 | 1577 | 47 |
| Other operating revenues | 246 | 782 | (536) |
| Operating income-TOTAL | 119271 | 146213 | (26,942) |
| Expenditures on raw materials, consumables, utilities, goods | 50483 | 66012 | (15,529) |
| Staff costs | 42132 | 47509 | (5,377) |
| Provision expenses, depreciation and amortization adjustments, TOTAL of which: | 7468 | 7149 | 319 |
| Depreciation expenses | 7542 | 7391 | 151 |
| Expenses with provisions for current assets depreciation | 0 | (48) | 48 |
| Adjustments for provisions for risks and expenses | (74) | (194) | 120 |
| Other operating expenses | 14742 | 21151 | (6,409) |
| Operating expenses-TOTAL | 114825 | 141820 | (26,995) |
| Operating profit-TOTAL | 4446 | 4393 | 53 |
| Financial income | 1154 | 2113 | (959) |
| Financial expenses | 2642 | 3518 | (876) |
| Financial result | (1,488) | (1,405) | (83) |
| Total income | 120425 | 148327 | (27,902) |
| Total expenses | 117467 | 145339 | (27,872) |
| Profit and loss account (thousand lei) | Year 2020 | Year 2019 | Differences |
| Gross result | 2958 | 2988 | (30) |
| Net result | 2703 | 2624 | 79 |
| EBITDA | 11988 | 11784 | 204 |

EBITDA was determined as follows:

| Indicators (thousand lei) | 2020 | 2019 | Differences |
|----------------------------------|-------------|-------------|--------------------|
| Advantage operational | 4446 | 4393 | 53 |
| Depreciation expense | 7542 | 7391 | 151 |

Changes in assets are as follows:

| Active (thousand lei) | Year 2020 | Year 2019 | Differences |
|---|------------------|------------------|--------------------|
| 1.1. TOTAL fixed assets, of which: | 80899 | 87389 | (6,490) |
| 1.1.1. Tangible fixed assets | 32760 | 37011 | (4,251) |
| 1.1.2. Real estate fixed assets | 47373 | 49770 | (2,397) |
| 1.1.3. Intangible assets | 568 | 608 | (40) |
| 1.1.4. Research and development expenses | 8 | - | 8 |
| Active (thousand lei) | Year 2020 | Year 2019 | Differences |
| 1.1.4. Financial assets | - | - | - |
| 1.2. TOTAL current assets, of which: | 61496 | 67543 | (6,047) |
| 1.2.1. Stocks of raw materials and materials | 7348 | 5904 | (1,444) |
| 1.2.2. Stocks of finished products and production in progress | 16965 | 18193 | (1,228) |
| 1.2.3. Receivables from contracts with customers | 23767 | 33602 | (9,835) |
| 1.2.4. Profit tax to be recovered | - | - | - |

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| | | | |
|--|---------------|---------------|-----------------|
| 1.2.5. Other receivables and advances for fixed assets | 2576 | 2316 | 260 |
| 1.2.6. Cash and cash equivalents | 10840 | 7528 | 3312 |
| Total Assets | 142395 | 154932 | (12,537) |

The structure of the liabilities in the company's balance sheet as of December 31, 2020 is the following:

| Liabilities (thousand lei) | Year 2020 | Year 2019 | Differences |
|--|---------------|---------------|-----------------|
| 1.1. Total share capital, of which: | 13036 | 13036 | - |
| 1.1.1. Subscribed share capital | 13036 | 13036 | - |
| 1.1.2. Share capital adjustments | 8812 | 8812 | - |
| 1.1.3. Other capital items | (8,511) | (8,847) | 336 |
| 1.2. Revaluation reserves | 41119 | 43219 | (2,100) |
| 1.3. Legal reserves | 2607 | 2607 | - |
| 1.4. Other reservations | 14658 | 13534 | 1124 |
| 1.5. Own actions | - | - | - |
| 1.6. Reported result | (1,497) | (2,891) | 1394 |
| 1.7. The result of the exercise | 2703 | 2624 | 79 |
| 1.8. Distribution of profit | - | - | - |
| Total equity | 72927 | 72095 | 832 |
| 1.2. Long-term debt | 14799 | 17805 | (3,006) |
| 1.2.1. Interest-bearing loans and liabilities | 717 | 1728 | (1,011) |
| 1.2.2. Deferred tax liabilities | 9098 | 9436 | (338) |
| 1.2.3. Provisions for risks and expenses | 120 | 163 | (43) |
| 1.2.4. Deferred income liabilities | 4864 | 6478 | (1,614) |
| 1.3. Current debts | 54670 | 65032 | (10,362) |
| 1.3.1. Commercial and similar debts, of which: | 18415 | 26541 | (8,126) |
| Trade payables | 12212 | 21124 | (8,912) |
| Other debts | 6203 | 5417 | 786 |
| 1.3.2. Interest-bearing loans and loans | 32789 | 34865 | (2,076) |
| 1.3.4. Provisions for risks and expenses | 1506 | 1698 | (192) |
| 1.3.5. Deferred income liabilities | 1624 | 1592 | 19 |
| 1.3.6. Deferred tax liabilities | 336 | 336 | - |
| Total debt | 69468 | 82837 | (13,369) |
| Total equity and debts | 142395 | 154932 | (12,537) |

Equity of the Company increased in the financial year 2020 by 832 thousand lei.

Legal reserve is 2,607 thousand lei and represents 20% of the share capital.

Total debts of the Company decreased by 13,369 thousand lei, mainly due to the decrease of debts to suppliers by 8,912 thousand lei, of the repayment of a part of the credit for working capital and leasing rates, respectively 3,087 thousand lei as well as of the debts regarding the deferred income.

Provisions The companies decreased by 235 thousand lei being influenced by:

-Decrease of provisions for employees' retirement benefits by 44 thousand lei in the context in which 61 people retired in 2020 and the updated amounts related to the persons remaining in the unit and who could meet the necessary conditions to benefit from this right did not cover payments performed for retired persons.

-Decrease of provisions for commercial penalties at the end of 2020 (9 thousand lei);

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-Decrease of provisions for redemption of pension insurance policies, due to the reasons presented above (184 thousand lei).

The evolution of current assets and current liabilities is as follows:

| Indicators (thousand lei) | 2020 | 2019 |
|---------------------------|-------|-------|
| Current assets | 61496 | 67543 |
| Current debts | 54657 | 65032 |
| Net current assets | 6839 | 2511 |

The accounting organization was carried out through the Centralized Economic Department, at the company level, on profit centres, through which the correct and up-to-date maintenance of the accounting operations, the observance of the accounting principles and of the accounting rules and methods provided in the regulations in force. The balance sheet was prepared based on the checking balance, the synthetic accounts and the observance of the methodological norms and the rules for drawing up the balance sheet was followed, the items entered in the balance sheet with the data registered in the accounting being agreed with the real situation of the patrimonial elements. inventories. The profit and loss account accurately reflects the income, expenses and financial results of 2020. The company carried out the inventory of the entire patrimony, the results of the inventory being registered in the accounting and in the balance sheet. The unit has organized the activity of preventive financial control.

The internal audit activity was provided in the financial year 2020 by Acon Audit SRL.

Elements of general evaluation

a). Profit / (loss):

| Indicators (thousand lei) | Achieved in 2020 | Achieved in 2019 |
|---------------------------|------------------|------------------|
| Gross profit (loss) | 2958 | 2988 |
| Net profit (loss) | 2703 | 2624 |

Net profit: increased slightly in 2020 compared to the one achieved in 2019, mainly influenced by: (i) costs of raw materials and materials, as a result of optimizing their consumption and purchase price (decrease by 23.60% at the company level, compared to the evolution of turnover which decreased by 22.3%); (ii) decrease of the expenses with the collaborators (savings of 3,765 thousand lei, on the background of maintaining the expenses with the staff salaries) (iii) the subsidies granted by the state during 2021, on the background of the pandemic;

b). Fiscal value:

| Indicators (thousand lei) | Achieved in 2020 | Budget 2020 | Achieved in 2019 | Δ% vs. 2019 | Δ% vs. Budget |
|---------------------------|------------------|-------------|------------------|-------------|---------------|
| Turnover | 116010 | 148342 | 149263 | -21.80% | -22.30% |

Turnover registered a decrease in 2020 compared to 2019, mainly due to the reduction of order volumes due to the COVID 19 pandemic.

c). Export and intra-community deliveries:

| Indicators (thousand lei) | Achieved in 2020 | Achieved in 2019 | Δ% vs. 2019 |
|---|------------------|------------------|-------------|
| Turnover | 116010 | 149263 | -22.30% |
| Export or LIC directly-EUR | 19973 | 26634 | -25.10% |
| Export or LIC directly-equivalent to LEI | 96611 | 126465 | -23.70% |

In 2020, the volume of revenues from export operations, including direct intra-Community deliveries, decreased by 22.30% compared to the previous year.

d). Costs:

| Expenses (thousand lei) | 2020 | 2019 |
|--|--------------|--------------|
| Raw materials, used consumables and goods | | |
| Expenditures on raw materials | 38376 | 51831 |
| Consumable expenses | 8185 | 9798 |
| Expenses with goods | 10 | 22 |
| TOTAL | 46571 | 61651 |
| Expenses with employee benefits | | |
| wages | 38322 | 42842 |
| Contributions to the state social insurance fund | 1591 | 2052 |
| Other taxes and contributions related to salaries | - | - |
| Meal tickets | 2231 | 2551 |
| Other salary benefits | - | 63 |
| Expenses (thousand lei) | 42144 | 47508 |
| Income from operating subsidies for personal payment | (2,619) | (11) |
| TOTAL | 39525 | 47497 |
| Other expenses | | |
| Transportation costs | 5473 | 6968 |
| Utility expenses | 3929 | 4464 |
| Expenses with services performed by third parties | 4129 | 8548 |
| Expenses with compensations, fines, penalties, donations, sponsorships and subsidies | 294 | 308 |
| Protocol, advertising and publicity expenses | 29 | 111 |
| Other overhead items | 1369 | 1394 |
| Expenses with other taxes and fees | 1058 | 1109 |
| Repair expenses | 1209 | 1170 |
| Travel expenses | 33 | 324 |
| Rent expenses | 369 | 715 |
| Expenses with postal taxes and telecommunications | 383 | 88 |
| Expenses with insurance premiums | 398 | 418 |
| TOTAL | 18673 | 25617 |

e). Market share:
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Given that the company's products are diversified, it is not possible to determine a global market share.

f). Liquidity:

The company held in its accounts on December 31, 2020 the amount of 10,840 thousand lei.

2. Review of the technical level and the sales activity of the Company

The COMELF product range is structured on five main lines, as follows: (1) Equipment and components for Power Generation Industry ; (2) Equipment for earthworks and components; (3) Equipment for environment protection; (4) Lifting and handling equipment; (5) Technological equipment; Selling products is carried out at client and project level, through the centralized Commercial Department, with project managers specialized in types of products and customers. Comelf products are delivered mainly for export, in countries such as: Italy, France, England, Holland, Sweden, Austria, Norway, Germany, Belgium, Switzerland, Hungary, USA.

The productive activity of the Company takes place within the factories, organized on profit centres:

- ❖ Stainless Steel Products Factory (“FPI”)
- ❖ Earthmoving Machinery and Equipment, Filters and Electrostatic Precipitators Factory (“FUET”)
- ❖ Earthmoving Components and Machines Factory (“TERRA”)

In 2020 the activity of the company took place without interruptions; both new products as well as new clients were assimilated in 2020 in the company's portfolio as follows:

| ENTITY | Customer | Product |
|--------|------------------------|--|
| FPI | AAF France | Air filtration unit |
| | GE Hungary, USA | Exhaust manifold |
| FCT | Rockla Germania | Crushing equipment components |
| | Bronto Skylift Finland | Lifting machine components |
| FUET | GE France | Nuclear power plant collector (Manifold) |
| | Liebherr France | Mining equipment components |

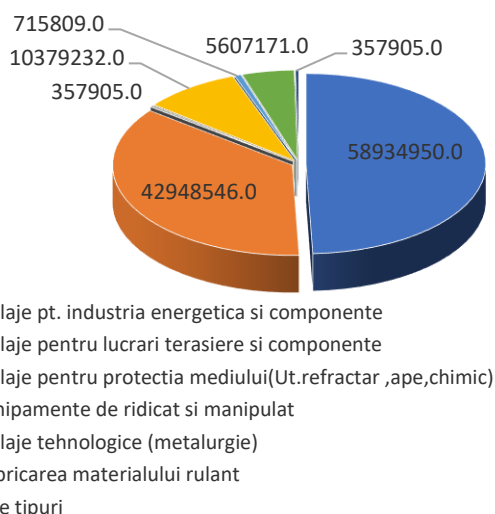
Percentage of operating income on main operating lines in total revenue for year 2020:

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Sales by product groups 2020-LEI



The commercial policy of the Company is to avoid significant dependence on a single Customer (no more than 35% exposure per customer). During 2020 the largest percentage of sales on a single customer was 18.11% of the total turnover, as follows:

| Partner | Income Percentage (> 5%) | Income | The segment in which revenues are included |
|---|--------------------------|----------|--|
| Komatsu | 18.11 % | 21007407 | Equipment for earthworks and components: FUET |
| Tesmec | 11.00% | 12755993 | Equipment for earthworks, rolling stock manufacturing and their components: FUET + FCT |
| Siemens | 7.33% | 8502237 | Equipment for energy industry and components: FPI-FUET |
| General Electric (direct or through Uzinsider Techno) | 6.42% | 7451459 | Equipment for energy industry and components: FPI-FUET |

3. Evaluation of the technical-material supply activity:

The activity of ensuring the required raw materials aims at procuring permanently and in the best conditions the raw material needed for the good performance of the company's production activity.

The raw material procurement activity is carried out at a central level, starting with June 2018, through the RAW MATERIAL PROCUREMENT AND LOGISTICS DEPARTMENT (DABM)

Within the newly established department, the procurement departments, the warehousing sector and supplier control, outsourcing services and the logistics sector carry out their activity.

The management of the supply activity is carried out based on the raw-materials requests issued by the technical departments, requests prepared for each client as a consequence of the orders issued by it.

The procurement department together with the warehousing sector have the task of constantly checking materials stocks and then issue purchase orders to maintain stocks as much as possible, under control in order to avoid financial blockages and to avoid overstock, especially for products non-repetitive.

According to Comelf procedures there is a database of suppliers selected and evaluated based on

Criteria such as quality, price, delivery time.

At the same time, through the supplier control department, periodic plans are drawn up for auditing suppliers in order to maintain the supply chain at a high standard correlated with Comelf customer requirements.

The issuance of procurement orders is made after reviewing the quotations received from at least 2 suppliers, selecting the supplier that grants the best conditions at least in terms of product quality, price, delivery time, payment conditions, etc.

Safety stocks are defined for the usual raw materials.

4. Evaluation of the aspects related to the Company's employees:

The average number of staff decreased during 2020 from 794 average number in 2019 to 660 average number of employees in 2020. The staff structure was as follows:

| | 2020 | 2019 |
|-----------------------------|------------|------------|
| Executive Managers | 8 | 8 |
| Production staff | 412 | 482 |
| Administration and officers | 240 | 304 |
| Total | 660 | 794 |

According to the Labor Code, within COMELF the value of the minimum wage cannot be lower than the minimum gross wage. In addition, within the Company, in addition to the basic salary earned for actual working time or working hours (in the case of directly productive workers paid individually), the following categories of bonuses are granted: night bonus, overtime bonus, bonuses for working on weekly rest days, increase for working in a noxious environment, increase for microformation / formation leader.

The Company has also implemented a system of rewarding its employees, at the time of retirement, with the equivalent of a fixed amount, which is evolving depending on the number of years of work performed within the company. The company recorded provisions for these payments. In 2018, the negotiation of a new Collective Labor Agreement at the company level began, with the employees' union, which was signed and submitted to ITM Bistrita-Nasaud on 29.01.2019, valid until 31.01.2021. In February 2021 they started the negotiations between the Comelf Union and the Company's Management for a new CCM, until their completion, the old CCM produces its effects, as it is mentioned for a period of another 12 months after 31.01.2021.

5. Evaluation of the aspects related to the impact of the basic activity of the Company on the environment

COMELF's activity has inherent effects on the environment. In order to minimize these effects, there is a preventive approach at the company level and a permanent monitoring of the entire activity by dedicated and specialized people on environmental issues. The main objectives of the company's management on the environmental protection side are to keep the fugitive emissions within the legal limits, below 20% compared to the annual consumption of corrosion protection materials, reducing the amounts of waste from activities carried out in corrosion protection workshops and continuous training to all employees regarding the selective collection of waste.

For the development of production processes, Comelf obtained:

- Water management authorization no. BN 76 / 24.10.2019, issuer Somes-Tisa Water Basin Administration, Bistrita-Nasaud Water Management System, validity until 24.10.2024;
- Environmental authorization for operation no. 127 / 08.08.2011, revised on 06.12.2016, issuer MMGA-BN Environmental Protection Agency, validity 08.08.2021

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- Certification of the Integrated Management System for quality, environment, health and safety at work in accordance with ISO 9001: 2015, ISO 14001: 2015, and ISO 45001: 2018;

6. Evaluation of the aspects related to the research-development part:

Considering the specifics of the company's activity and the fact that the Company's activity is a specialized one, which requires superior technical knowledge, there is a design Department at the company level that has, besides the specific activity and preoccupations related to the preparation of manufacturing new models and solutions, specific to the field in which we operate. Moreover, the market on which we operate and the increasingly specialized requirements of customers require a permanent activity to improve the existing products in the portfolio. In addition, the company has developed partnerships with Technical Universities in Romania, with which it constantly carries out an exchange of experience on the side of identifying new technical solutions and developing new products. In this sense, a research contract was signed with the Technical University of Cluj Napoca, having as object the execution of a product for people with disabilities, ending in 2021 but, as a result of the pandemic, the completion of the project will be extended by another year.

7. Evaluation of the company's activity regarding risk management:

(a) Credit risk

Credit risk refers to the risk that a third party will not comply with its contractual obligations, thus causing financial losses to the Company. The Company's exposure and credit ratings of third party contractors are closely monitored by management. There is a policy implemented regarding the valuation of both potential customers and existing customers, evaluation based on which the credit limit and the settlement method is established. However, we consider that the Company is exposed to credit risk as a result of commercial receivables with deadlines. payment of up to 180 days, a significant part of which is not insured. For customers with payment terms longer than 120 days, the company has a reverse factoring facility. In 2021, the company will consider accessing a product for commercial credit insurance in order to reduce credit risk, especially for new customers but also for those in the portfolio.

(b) Liquidity risk

The ultimate responsibility for liquidity risk management rests with the executive directors, especially the economic director of Comelf, who have built an appropriate liquidity risk management framework for securing the Company's short, medium and long-term funds and liquidity management requirements. There is a continuous monitoring of the forecasted cash flows (3 months) but also of the real flows by matching the maturities of the assets and financial debts. The additional need for liquidity can be covered by the company, including by accessing credit facilities, the company being at a satisfactory level of indebtedness.

(c) Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit as a result of unfavourable exchange rate fluctuations. Most of the Company's financial assets and liabilities are expressed in national currency, the other currencies in which operations are performed being EUR, USD and GBP.

Most current assets are denominated in foreign currency (73%) and the financial liabilities of the Company are expressed in foreign currency (52%) and in national currency (48%) and therefore exchange rate fluctuations do not significantly affect the Company's business. Exposure to exchange rate

fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

(d) Interest rate risk

As of December 31, 2020, most of the Company's assets and liabilities are not interest-bearing, except for the contracted loans and the leasing contract. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

(e) Market risk

Market risk is defined as the risk of recording a loss or not obtaining the expected profit, as a result of price fluctuations, interest rates and exchange rates. The company's management continuously monitors its exposure to risks. However, the use of this approach does not protect the Company from the occurrence of possible losses outside the foreseeable limits, in case of significant market fluctuations. The company is exposed to the following market risk categories:

(f) Price risk

In order to cover the price risk generated by the increase of the basic raw material, the metal, the company has written, in the commercial contracts concluded with the clients, a protection clause that allows it to update the sale price if the price of the basic raw material increases. In the current economic context marked by a significant fluctuation, especially of directly productive staff, for newly concluded contracts but also for some of the ongoing contracts, the company managed to complete the protection clause and updating the price of products taking into account the evolution of cost labour force, based mainly on statistical, public wage developments on the Romanian labour market.

Interest rate risk and currency risk have been detailed above.

(g) Risk related to the economic environment

The Romanian economy continues to present the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social environment in the future. The Company's management is concerned to estimate the nature of the changes that will take place in the Romanian economic environment and what will be their effect on the financial situation and the operational and treasury result of the Company. The main concerns are mainly related to the provision of human resources necessary for the production process. Starting from this important aspect for the company, it carries out various steps both at the level of local authorities and at the level of central authorities through partner organizations, in order to develop measures for the qualification of the workforce, incentives for employment, etc.

However, the Company's management cannot predict all the effects of the situation of the economy as a whole, which will have an impact on the financial sector in Romania, nor their potential impact on the present financial statements. The management of the Company considers that it has adopted the necessary measures for the sustainability and development of the Company in the current market conditions. The main challenge at this time for the Company is the health and safety of employees in the context of the pandemic, the lack of skilled labour for which the Company has identified a solution that it applied in 2020 and will apply in 2021: the import of labour skilled labour from India.

(h) Fair value of financial instruments

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The company no longer holds financial instruments on 31.12.2020.

8. Perspective elements regarding the activity of COMELF company:

The probable evolution of the company can be found in the Draft for Revenue and Expenditure Budget for 2021, which provides the following:

| | |
|---|-----------------------|
| ➤ Turnover: | 119,529 thousand lei; |
| ➤ Total income, of which: | 122,486 thousand lei; |
| ➤ Income from sold production | 117,367 thousand lei; |
| ➤ Revenues from the sale of goods + services | 2,162 thousand lei; |
| ➤ Income from investment subsidies | 1,596 thousand lei; |
| ➤ Financial income (interest; favourable exchange rate differences) | 1,362 thousand lei; |
| ➤ Total expenses: | 119,069 thousand lei; |
| ➤ Gross profit: | 3,417 thousand lei; |

Comelf has proposed for 2021 an investment budget worth EUR 1,178 thousand. These investments are intended to improve the welding process, increase production capacity and quality for certain operations and products, co-finance a project for the acquisition and installation of photovoltaic panels in order to reduce dependence on electricity producers and, consequently, reducing the cost of energy. The investment program for 2021, mentioned above, will be realized with own sources and/or through bank loans. For the project having as object the acquisition and installation of photovoltaic panels, the grant intensity is 50% and will be covered with Norwegian funds; Additionally, in 2021, the company will support the repayment of the amount of EUR 187,500, part of the existing loan for working capital, amounting to EUR 6,687,500 on 31.12.2020 and the repayment of leasing instalments amounting to EUR 46,242;

The tangible assets of the Company:

1.COMELF SA had at the end of 2020 the following production capacities:

- ❖ **Earthmoving Machinery and Equipment Factory (FUET):** which produces naval equipment, telescopic cranes, excavator components and earthmoving components (arms), engine housings, electric generator housings, turbine chassis, industrial gas dust removal equipment, asphalt station filters, power plant equipment with gas turbines, wastewater treatment and treatment equipment, hydropower equipment, technological equipment. The FUET activity takes place in two production units, of which one with a built area of 16,128 sqm and one with a built area of 18,827 sqm;
- ❖ **Earthmoving Components and Machines (FCT) Factory:** which produces earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for dump trucks large tonnage. Built surface 17,322 sqm;
- ❖ **Stainless Steel Products Factory (FPI):** which produces equipment stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly, components for transcontainer handling machines);
Built surface 28,547 sqm;

All these factories are located at no. 4, Industriei Street, Bistrita, Bistrita-Nasaud County.

The company also has its own administrative buildings and material warehouses, all located at no. 4, Industriei Street, Bistrita .

The total land area owned by the company is 175,346 sqm.

The buildings were built starting with 1971 but later underwent modernization works so as to satisfy the current standards. All the company's buildings are insured.

The machines, equipment and installations used by Comelf in the production activity were purchased, a significant part, in the period 2014-2015, the period in which the company implemented the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and external market of COMELF" according to the financing contract signed with the Ministry of Economy as managing authority for POS-CCE.

For the most part, the subsequent investments were made for the maintenance of existing machines and equipment but also for the robotization of the welding process.

2. The securities market issued by the Company

2.1. Starting with November 20, 1995, Comelf is listed on the Bucharest Stock Exchange. The Company's shares are ordinary, registered, dematerialized and indivisible shares.

2.2. The undistributed profit for 2020 will be used to pay dividends, and for the difference, its destination will be established later;

2.3. The share capital of the Company did not change in 2020, it is in the amount of 13,036,325, 34 LEI equivalent to 22,476,423 shares, nominal value 0.58 lei/share.

2.4. At 31.12.2020 COMELF SA does not hold participations in other companies. COMELF SA does not own Branches.

3. Company management

3.1. Board of Directors

Comelf SA is managed in a unitary system by the Board of Directors consisting of five members elected by the General Meeting of Shareholders by secret ballot. The term of office of the members of the Board of Directors is 4 years and they can be re-elected.

At the date of this report, the structure of the Board of Directors is as follows:

| | |
|-----------------|----------|
| Savu Constantin | chairman |
| Babici Emanuel | member |
| Mustață Costică | member |
| Maistru Ion | member |
| Parvan Cristian | member |

The members of the Board of Directors are elected at the General Meeting of Shareholders based on the shareholders' vote in accordance with the legal requirements. Therefore, there are no agreements and arrangements to report in this regard.

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List of persons affiliated to the company:

| Affiliated party | Activity | Description of the type of connection |
|---------------------------------|--|--|
| Uzinsider SA | Management consulting services | Uzinsider SA is the majority shareholder |
| Uzinsider Techo SA | Trade intermediation services with industrial products | |
| Uzinsider General Contractor SA | Collaborations on turnkey jobs | |
| Promex SA | Electricity trade | |
| January 24 SA | Collaborations in the manufacture of subassemblies | |
| Uzinsider Engineering SA | Collaborations in the manufacture of subassemblies | |
| | Providing services | |

The other companies are related to Comelf SA due to a combination of common management and/or persons who are also shareholders of the other companies.

3.2. Executive management

Comelf's executive management is appointed by the Board of Directors. The managers direct the daily activity of the company and have the obligation to ensure a correct circuit of the corporate information.

- Members of the Executive Management of the Company:

| | |
|----------------------|---|
| Cenusa Gheorghe | General Manager |
| Pop Mircea | Deputy General Commercial Manager |
| Oprea Paul Cristian | Deputy General Technical and Production Manager |
| Tatar Dana | Financial Manager |
| Jurje Valeriu | AQM Manager |
| Campian Cosmin | Factory Executive Manager |
| Barbuceanu Florentin | Factory Executive Manager |
| Viski Vasile | Factory Executive Manager |

The members of the executive management are elected by the Board of Directors and there are no agreements, understandings or family ties between the members of the board and managers, which could be reported in this report.

For the members of the Board of Directors and the members of the Executive Management we specify that there are no and no litigations or administrative procedures in which they have been involved, in the last 5 years, regarding their activity within the Company, as well as others regarding the capacity of that person to - and fulfil the attributions within the company.

3.3. Corporate governess

Regarding the stage of compliance with the provisions of the Corporate Governance Code (CGC) of BVB, at the end of 2020, out of the 41 provisions to be observed, 20 were fulfilled and 2 we considered partially fulfilled. It should be mentioned that out of the 19 provisions that appear to be unfulfilled, one

does not concern the company because COMELF is in the standard category, and 18 are from Section B which is respected on the merits, through the activity of the internal audit company outside the company. The provision from Section C not fulfilled is in fact regulated by internal provisions, and the requirements from Section D (Investor Relations) are made by 2 employees nominated for this and by posting on the company's website the position "Up-to-date information" of the information which interests investors. It was not considered necessary to organize meetings with investors (D₉) they have the necessary information from the current and periodic published reports, which ensure a high degree of transparency that allows shareholders and potential investors to make informed decisions.

All provisions regarding the convening of general meetings are strictly observed, and the Reports on their conduct, the decisions adopted including those regarding the payment of dividends or other special events, are published in BVB Reports in Romanian and English and are posted on www.comelf.ro. In order to support the above, including the explanations regarding the status on 31.12.2020 regarding the compliance with the new GCC, we attach to this report the specific status, for each section, as follows:

Appendix: Status of compliance with the provisions of the new Corporate Governance Code (CGC) of BVB on 31.12.2020

| | Provisions to be observed | Conformity Yes No | Explanations |
|-------------------------------------|--|----------------------|--|
| SECTION A - Responsibilities | | | |
| A.1. | All companies must have an internal regulation of Council which includes the terms of reference/responsibilities within the Board and key management positions of the company, and which apply, inter alia, the General Principles of Section A. | Yes | The Regulation was drafted Board of Directors according to CGC at the BVB |
| A.2. | Provisions for the management of conflicts of interest must be included in the Council Regulation. In any case, the members The Council must notify the Council of any conflicts of interest that have arisen or may occur occur and refrain from participation in discussions (including by non-presentation, except in case the absence would prevent the formation of a quorum) and from the vote to adopt a decision on the matter which gives rise to the respective conflict of interests. | Yes | Council Regulation includes provisions on how to manage the conflict of interest |

| | | | |
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| A.3. | The Board of Directors must consist of at least 5 members. | Yes | |
| A.4. | Most members of the Board of Directors must not have executive position. In the case of companies in the Premium Category, no less than two non-executive members of the Board of Directors they must be independent. Each independent member of the Board of Directors must submit a statement to the time of his nomination for election or re-election, as well as when any change in its status occurs, indicating the elements on the basis of which it is considered to be independent in terms of its character and judgment. | Yes | COMELF is in the Standard category. No member of the Board of The administration has no executive function In COMELF. |
| A.5. | Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of some non-profit companies and institutions, must be disclosed shareholders and potential investors before the nomination and in during his term of office. | Yes | |
| A.6. | Any member of the Council must submit to the Council information on any relationship with a shareholder who directly owns or indirectly shares representing over 5% of all voting rights. This obligation refers to any kind of relationship that may affect the member's position on matters decided by the Board. | Yes | |
| A.7. | The company must appoint a secretary to the Board responsible for supporting the work of the Council. | Yes | |

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| A.8. | <p>The corporate governance statement will inform if it has taken place</p> <p>an evaluation of the Board under the chairmanship of the President or nomination committee and, if so, will summarize the measures key and the changes resulting from it. Company must to have a policy / guidance on the evaluation of the Council comprising the purpose, criteria and frequency of the evaluation process.</p> | Not | <p>In 2020, the Company began to develop a policy / guidance on the evaluation of the Council including the purpose , the criteria and the frequency of the evaluation process.</p> <p>It has not been completed, the estimated term being 31.12.2021.</p> |
| A.9. | <p>The corporate governance statement must contain information on the number of meetings of the Council and committees in during the last year, the participation of the administrators (in person and in absence) and a report from the Council and the committees on their activities.</p> | Yes | <p>In 2020, its Board of Directors assembled by 5 or, with the participation of the majority administrators at each meeting.</p> <p>In the OGMS of April 2021 it is presented CA report for 2020.</p> |
| A.10. | <p>The corporate governance statement must include information on the exact number of independent members of Board of Directors.</p> | No | <p>By the Articles of Incorporation or the OGMS decision the number of CA members is not established who must be independent.</p> |
| A.11. | <p>The board of companies in the Premium category must set up a nomination committee made up of people without positions executive, which will lead the procedure of nominations of new members of the Council and will make recommendations to the Council.</p> <p>The majority of the members of the nomination committee must be independent.</p> | No | <p>COMELF is in the Standard category.</p> |

SECTION B - Risk management system and internal control

| | | | |
|------|--|----|---|
| B.1. | <p>The Board must establish an audit committee in which at least one member must be an independent non-executive director.</p> | No | <p>The internal audit is performed by an independent company.</p> |
|------|--|----|---|

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| | <p>Most members, including the chairman, must be proved to have adequate qualification relevant to the positions and responsibilities of the committee. At least one committee member Auditors must have experience in auditing or accounting proven and appropriate. In the case of companies in the Category Premium, the audit committee must consist of at least three members and a majority of the members of the audit committee must be independent.</p> | | <p>2 persons were nominated, the members of the Board of Directors who form the audit committee. Neither of these two people has the quality of financial auditor.</p> |
| B.2. | The chairman of the audit committee must be a member independent non-executive. | No | The internal audit is performed by a company independence. |
| B.3. | Within its responsibilities, the audit committee must perform an annual evaluation of the internal control system. | No | The internal audit is performed by an independent company. It provides independent reports to the board members regarding the operational procedures and activities. |
| B.4. | The evaluation must take into account effectiveness and comprehension internal audit function, the adequacy of the reports risk management and internal control presented to the committee audit of the Council, the promptness and effectiveness with which executive management solves deficiencies or weaknesses identified following internal control and reporting relevant to the attention of the Council. | No | The internal audit is performed by an independent company. It provides independent reports to the Board members regarding the risks identified in the audit activity, the way in which the executive management respects, manages and solves the deficiencies and risks identified in the operational activity. |
| B.5. | The audit committee must assess conflicts of interest in connection with the transactions of the company and its subsidiaries with the parties affiliates. | No | The internal audit is performed by a company independence. |
| B.6. | The audit committee must evaluate the effectiveness of the system internal control and risk management system. | No | The internal audit is performed by a company independence. |

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| B.7. | The audit committee must monitor the application legal standards and general internal audit standards accepted. The audit committee must receive and evaluate internal audit team reports. | No | The internal audit is performed by a company independence, which reports to the members of the Board |
| B.8. | Whenever the Code mentions reports or reviews initiated by the Audit Committee, they must be followed by periodic (at least annually) or ad-hoc reporting required subsequently submitted to the Council. | No | The internal audit is performed by an independent company. |
| B.9. | No shareholder may be granted preferential treatment to other shareholders in connection with transactions and agreements concluded by the company with shareholders and their affiliates. | Yes | |
| B.10. | The Council must adopt a policy to ensure as any transaction of the company with any of the companies with which has close relations whose value is equal to or more greater than 5% of the company 's net assets (according to the last financial report) is approved by the Council a binding opinion of the Board's audit committee and correctly disclosed to shareholders and potential investors to the extent that these transactions fall into the category events that are subject to reporting requirements. | Not | The Board of Directors did not adopt a policy in this regard. |
| B.11. | Internal audits must be performed by a separate division structural (internal audit department) within the company or by hiring an independent third-party entity. | Yes | The internal audit is performed by a company independence. |
| B.12. | In order to ensure the fulfilment of the main functions of | Not | The internal audit is performed by a company independence. |

| | | | |
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| | <p>the internal audit department, it must report from a functional point of view to the Council through audit committee. For administrative purposes and within management's obligations to monitor and reduce risks, it must report directly to the general manager.</p> | | |
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SECTION C - Fair reward and motivation

| | | | |
|-------------|--|-----------|---|
| <p>C.1.</p> | <p>The company must publish the policy on its website remuneration and include in the annual report a statement regarding the implementation of the remuneration policy during the period which is the subject of the review. The remuneration policy must be formulated so as to allow shareholders understanding the underlying principles and arguments on the basis of the remuneration of the members of the Board and of the Director</p> <p>General. It must describe how to direct a process and decision-making regarding remuneration, its detail the components of the executive management remuneration (such as salaries, annual bonuses, long - term incentives related to the value of shares, benefits in kind, pensions and others) and describe the purpose, principles and assumptions underlying it each component (including general performance criteria related to any form of variable remuneration). Furthermore,</p> | <p>No</p> | <p>Remuneration of Board members of Administration is made according to OGMS decision.</p> <p>The company has defined by decision internal award criteria a wages and incentives depending on performance.</p> <p>The general manager 's contract is on indefinite duration and includes clauses to terminate it.</p> |
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| | <p>the remuneration policy must specify the duration of the contract the executive director and the notice period provided in contract, as well as the eventual compensation for revocation without just cause [...]. Any essential change in the remuneration policy must be published in good time on the page the company's internet.</p> | | |
| <p>SECTION D - Adding value through investor relations</p> | | | |
| D.1. | <p>The company must organize a Relationship service with Investors - made known to the general public through the person (s) responsible or as an organizational unit. Apart from the information imposed by legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, with all relevant information of interest for investors, including:</p> | Not | Information required according to the provisions is posted on the website at the "Up-to-date information" position. |
| D.1.1. | <p>The main corporate regulations: the constitutive act, the procedures regarding the general meetings of shareholders;</p> | Yes | Posted on the website www.comelf.ro |
| D.1.2. | <p>Professional CVs of the members of the management bodies of company, other professional commitments of the members of the Board, including executive and non-executive positions on boards of directors from non-profit companies or institutions;</p> | Yes | Posted on the website www.comelf.ro |
| D.1.3. | <p>Current reports and periodic reports (quarterly, half-yearly and annual) - at least those provided for in point D.8 - inclusive</p> | Yes | Posted on www.comelf.ro and transmitted the BVB. |

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| | current reports with detailed information on non-compliance with this Code; | | |
| D.1.4. 4 | Information regarding the general meetings of shareholders: order day and informative materials; the procedure for electing members The Council; the arguments supporting the candidates' proposals for election to the Board, together with their professional CVs; shareholders' questions regarding the items on the agenda and the company's answers, including the decisions adopted; | Yes | Posted on the website www.comelf.ro |
| D.1.5. | Information on corporate events, such as payment dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to these operations. That information will be published in a timely manner allows investors to make investment decisions; | Yes | Posted on the website www.comelf.ro |
| D.1.6. | The name and contact details of a person who will be able to provide, upon request, relevant information; | Not | The GMS convocations mention who can give additional relationships as well phone and contact email address. |
| D.1.7. | Company presentations (eg, investor presentations, presentations on quarterly results, etc.), financial situations (quarterly, half-yearly, annual), audit reports and reports annual. | Partial | Financial statements (quarterly, semi-annual, annual), audit reports and annual reports are posted on the website www.comelf.ro . |
| D.2. | The company will have a policy regarding the annual distribution of dividends | Not | The company is considering developing a policies in this area. To date each time, after approval by The OGMS of the payment of dividends was posted on company website distribution procedure a The company distributes regularly at least 50% of the net profit of financial year and the payment of dividends it is done |

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| | <p>or other benefits to shareholders, proposed by the General Manager and adopted by the Council in the form of a set of guidelines which will be published on the company's website.</p> | | <p>through the Central Depository.</p> |
| D.3. | <p>The company will adopt a policy regarding forecasts, either they are made public or not. The forecasts refer to quantified conclusions of some studies aimed at establishing the impact global of a number of factors regarding a future period (so so-called hypotheses): by its nature, this projection has a level high uncertainty, the actual results may differ significantly significantly from the forecasts initially presented. Policy on forecasts to determine the frequency, the period considered and the content of the forecasts. If published, forecasts can be included only in the annual, half-yearly or quarterly reports. The forecast policy will be published on the website of a society.</p> | Not | <p>The company is considering developing a policies in this area.</p> |
| D.4. | <p>The rules of general meetings of shareholders must not be limited shareholders' participation in general meetings and exercise their rights. Changes to the rules will take effect, at least earlier, starting with the next shareholders' meeting.</p> | Yes | |
| D.5. | <p>The external auditors will be present at the general meeting of the actinaries when their reports are presented at these meetings.</p> | Yes | |

| | | | |
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| D.6. | The Board will present a brief to the annual general meeting of shareholders assessment of internal control and management systems a significant risks, as well as opinions on issues subject to the decision of the general assembly. | Yes | |
| D.7. | Any specialist, consultant, expert or financial analyst can participates in the shareholders' meeting based on a prior invitation from part of the Council. Accredited journalists can also participates in the general meeting of shareholders, unless which the President of the Council decides otherwise. | Yes | |
| D.8. | Quarterly and half-yearly financial reports will include information in both Romanian and English regarding key factors influencing changes in sales, al operating profit, net profit and other financial indicators relevant, both from one quarter to another and from one year to another. | Yes | |
| D.9. | A company will organize at least two meetings / teleconferences with analysts and investors every year. The information presented with these opportunities will be published in the investor relations section of the internet of the company at the date of the meetings / teleconferences. | Not | <p>During 2020 the company will not organized meetings with investors.</p> <p>The company considers the information published in the reports current and periodic ensures a degree high transparency that allows shareholders and potential investors to make good investment decisions substantiated.</p> |
| D.10. | If a society supports different forms of expression artistic and cultural activities, sports activities, educational activities or | Partial | The company has financially supported various cultural, artistic, sports activities, |

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| <p>scientific and considers their impact on character innovation and competitiveness of the company are part of the mission and its development strategy, will publish the policy on his activity in this field.</p> | | <p>educational, student Olympiads.</p> <p>The company is considering developing a policies in this area.</p> |
|--|--|--|

NON-FINANCIAL STATEMENT:

✓ **Description of the company's business model:**

The company's activity is organized in three factories that function as profit centers:

- FUET -Factory of machinery, earthmoving equipment, filters, electrofilters and technological equipment;
- FPI -Stainless steel products factory;
- FCT - Factory of components and earthmoving machines;

The activity of each factory is based on its own revenue and expenditure budget, thus, each entity, independently, manages its production activity having as main purpose the obtaining of profit in the conditions of satisfying the clients' needs (quality products and observance of the delivery term). For this purpose, although some activities have been centralized since 2018, each profit center has a portfolio of specific clients depending on the capability of each, followed by the activity of technological design on products, preparation of manufacturing technologies, effective launch in manufacturing, production, delivery and collection.

The sales activity is coordinated centrally by the Deputy General Commercial Director but has specialized commercial references on profit centers and clients.

The Technical Activity (design and elaboration of technologies) and of production proper, from the level of the factories, are reunited in a Technical and Production Direction centralized at the level of Comelf SA, under the coordination of the Deputy General Technical and Production Director, in order to optimize the technologies. manufacturing, the reorganization of the production activity and, in general, of the two processes that have the greatest impact in the company's activity and implicitly in its results.

The profit centers offer each other services and collaborate, being in a permanent interaction.

The economic-financial activity of the company, has been centralized and functions as Economic Department at the level of Comelf SA, divided into 3 services, as follows: Inspection Service, Financial-Payroll Service and Accounting Service. The economic-financial evidence is made on profit centres, the framing in the estimated budgets is followed and the cash flow is also managed distinctly, on profit centers.

The following departments carry out their activity centrally, starting with 2018, at company level: Quality Management Department (centralized but functional coordinate is subordinated to profit centers), Integrated Management Department, Material Base Supply, Warehouses and Logistics Department, Services and Utilities, Human Resources Service, IT Service, Marketing Service, Maintenance, Utilities and Investments Services Section, Environment Service, Occupational Safety and Health; All centralized activities at the company level are support for the activity of profit centres, thus trying an optimization and a harmonization of certain processes at the level of the Company but also for the observance of the principle of independence (see the case of the Quality Management Department).

HEALTH AND SAFETY AT WORK

✓ **The main activities on Occupational Safety and Health that took place in 2020:**

- Maintaining and continuously improving the management system regarding safety and health at work according to the SR SR ISO 45001/2018 standard - verified by online follow-up audit in March 2020 and in the field in October 2020;
- Reducing the number of work accidents for Q1 2020 by 75%;
- Reducing the number of days of temporary incapacity for work from serious work accidents by 10%, for 2020;
- Increasing the awareness of employees about the risks they are exposed to during the work process through additional training and practical demonstrations;
- Continuation of the campaign to promote the importance of safety and health at work on the occasion of the International Day of OSH - preparation and editing of the magazine No. 5/2020 - (April 28, 2020);
- Updating the materials from the training manuals regarding safety and health at work for the managers of the workplaces (production managers, workshop managers, service managers, etc.);
- Reviewing the assessment of the risks of accidents and occupational diseases taking into account the causes of work accidents;
- Reviewing operational procedures and instructions, depending on changing working conditions and risk assessment;
- Maintaining a policy on Occupational Safety and Health by involving workers at all levels for the development of actions to improve the OSH management system (training, consultation of workers, easy access to information, adaptation of work to humans, evaluation of OSH performance, etc.);
- Introduction and testing of new types of personal protective equipment to provide employees with increased comfort and protection in use;
- Implementation of additional measures regarding the protection of employees against COVID 19 infection - granting facial protection masks to all employees, endowment with equipment and disinfectants, disinfection of spaces with UV lamp, temperature monitoring of employees' access to COMELF, testing of employees for COVID 19, information employees regarding the protection against COVID infection 19;

✓ **The main activities on Occupational Safety and Health that will take place in 2021:**

- Maintaining and continuously improving the management system regarding occupational safety and health according to the SR SR ISO 45001/2018 standard - follow-up audit in May 2021;
- Reducing the number of days of temporary incapacity for work from serious work accidents by 5%, for 2021;
- Increasing the awareness of employees about the risks they are exposed to during the work process through additional training and practical demonstrations;
- Continuation of the campaign to promote the importance of safety and health at work on the occasion of the International Day of OSH - preparation and editing of the magazine No. 6/2021 - (April 28, 2021);
- Updating the materials from the training manuals regarding safety and health at work for the managers of the workplaces (production managers, workshop managers, service managers, etc.) ;
- Carrying out the measures included in the Prevention and Protection Plan;
- Reviewing the assessment of the risks of occupational injury and illness;
- Reviewing operational procedures and instructions, depending on changing working conditions and risk assessment;
- Carrying out the obligatory medical check-up for all employees. - in May 2021;
- Consulting the employees regarding the safe and healthy working conditions, the participation of the employees in identifying the risks specific to the activities and jobs and the opportunities for preventing / eliminating the danger;
- Maintaining a policy on Occupational Safety and Health by involving workers at all levels for the development of actions to improve the OSH management system (training, consultation of workers, easy access to information, adaptation of work to humans, evaluation of OSH performance, etc.);
- Introduction and testing of new types of personal protective equipment to provide employees with increased comfort and protection in use;
- Maintaining the measures implemented for the protection of employees against Covid 19 infection depending on the evolution of the pandemic and the specific legislation;
- Scheduling COMELF employees for vaccination against COVID 19, a voluntary option for each employee;

ENVIRONMENT PROTECTION

✓ **The main activities on the Environment that took place in 2020:**

- Continuous maintenance and improvement of the system continuous improvement of the environmental management system according to the standard SR ISO 14001: 2015 - verified by online follow-up audit in March 2020 and in the field in October 2020;
- Implementation of a new way of selective collection of non-hazardous waste to ensure a correct selection by types of waste - household waste, paper / cardboard waste, plastic waste, etc .;
- Revision of the procedure regarding the selective waste collection;
- Continuous training of all employees regarding the method of selective waste collection, within the periodic monthly trainings and through additional trainings at the workplace;
- Monitoring of emissions of volatile organic compounds in waste gases with an authorized service provider;
- Updating the plan for preventing and combating accidental pollution of potentially polluting water uses for 2020;

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✓ **The main activities on the Environment that will take place in 2021:**

- Continuous maintenance and improvement of the system continuous improvement of the environmental management system according to the standard SR ISO 14001: 2015 - follow-up audit in May 2021;
- Continuous training of all employees regarding the method of selective waste collection, within the periodic monthly trainings and additional trainings;
- Maintaining fugitive emissions within legal limits - less than 20% compared to the annual consumption of corrosion protection materials;
- Increasing the amount of waste paper / cardboard collected for recycling by 20%
- Preparation of technical documentation in order to obtain the environmental permit no. 127 of 08.08.2011, revised on 29.08.2014 and revised on 06.12.2016;

FIRE PREVENTION AND EXTINGUISHING AND EMERGENCY SITUATIONS

✓ **The main activities for Fire Prevention and Extinguishing and Emergency Situations, which took place in 2020:**

- Sanitation and modernization of the Civil Protection Shelter - made
- Continuation of the program for replacing the emergency exit signal lamps from the activity sectors, by purchasing and installing the signal lamps equipped with LEDs for FPI;
- Continuation of activities according to the procedures, in order to obtain the operation authorization for the FCT mechanized sandblasting / painting hall, from the PSI point of view according to Law 307/2006 art.30.1;
- Organizing a number of 5 alarm, evacuation and intervention exercises with their own forces, in accordance with Ord. 163/2006 regarding the organization and intervention of the employees in case of emergency situations, of which at an exercise with the participation of the entire staff;

✓ **The main activities for Fire Prevention and Extinguishing and Emergency Situations, which will take place in 2021:**

- Continuation of the program for replacing the emergency exit signal lamps from the activity sectors, by purchasing and installing the signal lamps equipped with FCT LEDs;
- Completion of the authorization procedure for the operation of the FCT mechanized sandblasting / painting hall, from the PSI point of view according to Law 307/2006 art.30.1;
- Organizing a number of 5 alarm, evacuation and intervention exercises with their own forces, in accordance with Ord. 163/2006 regarding the organization and intervention of the employees in case of emergency situations, of which at an exercise with the participation of the entire staff;

HR

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✓ **In 2020, the human resources activity focused on the following main directions:**

- Diminishing the fluctuation by creating the possibilities to achieve motivating gains, fact reflected by the average salary income which in 2020 increased by 7.6% compared to the previous year, in the conditions of the COVID 19 Pandemic, in which, due to the limitations imposed by EU states and non-EU, volumes have decreased significantly;
- Rejuvenating the workforce;
- The import of qualified labour force from INDIA, in the conditions in which, the base of local recruitment and even at national level, registers a constant decrease;
- Training and support of students from partner school groups and students from the Technical University of Cluj-Napoca, Bistrita branch in order to be employed in COMELF;
- In 2019, the first contracts were concluded based on the dual education system, Comelf being the only company from Bistrita that set up a class of mechanical locksmiths (11 students) and one of welders (11 students) who study in a dual system. These students enrolled in dual education receive monthly scholarships from the company, in compliance with the conditions and provisions of the law governing dual education in Romania; Currently these students are in the second year of study (class X a);

For the school year 2020-2021, new contracts were signed in the dual education system, for the students of the ninth grade, from the same educational unit, for a number of 14 welders and 14 mechanical locksmiths;

- Last year they were hired 69 people, mainly young people, from the ranks of former pupils and students who did internships in society, as well as on the labour market, and 174 people who left. The staff turnover indicator stood at 26.36% in 2020.

On 31.12.2020, COMELF staff, by qualification levels, were as follows:

- higher education: 182 people
- secondary education: 142 people
- vocational school: 338 people
- unqualified workers: 37 people

✓ **Recruitment, initiation and qualification of the company's staff:**

In order to ensure the medium and long term labour force, the partnerships were continued with the Technical University of Cluj-Napoca Bistrita extension and with 2 school groups Grigore Moisil Technical College from Bistrita and the Technological High School from Telciu (with interruptions generated by the pandemic effects) which qualifies metal construction locksmiths, welders and CNC operators. A lecture hall with 100 seats and 4 laboratories has been arranged and made available to the Technical University of Cluj - Napoca and we receive interns every year. We currently have employees who are also students, for whom the company has accepted a flexible program in order to prepare and attend college and who, for the most part, will work

in the company after graduation. Of the 2 partner school groups (except for the pandemic period in which the students were not physically present at the courses and, implicitly, at the internship within COMELF), as a rule, 100 students practice in society to whom we provide work and protection equipment. . In this way, in addition to the concrete problems we have solved with students, they adapt to the industrial environment and integrate into our team. This involves costs and extra effort related to supervision, equipment, practical coordination, but it is a surefire way to attract future employees and address gaps in professional training.

The staff is recruited from all over Bistrita-Nasaud County, a purpose for which all the conditions for the transport of employees to and from the workplace are ensured, by collaborating with an important passenger transporter from the county on the most important routes.

In the starting with year 2019 company a appeal to import of labour from India, which continued in 2020, thus, on 31.12.2020, within COMELF they were active a number of 26 people, foreign nationals from India , avand qualificationsIt has in the profession of Welder, CNC operator. For 2021, we expect the import of another 34 people from India, with the qualification of welder, mechanical locksmith, electrician, CNC operator. For these non-residents, the company provided accommodation and transportation.

Chairman of BD-eng. Savu Constantin

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