

Report for the first quarter of 2021

Issued on: 13.05.2021

Company name: COMELF SA

Registered Office: Bistrita, no. 4, Industriei str.

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

VAT Code: 568656

Registration code with the Trade Register Office: J06 / 02/1991

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

The regulated market on which the issued securities are traded: BSE

1. Presentation of the important events that occurred in the relevant period of time and the impact they have on the financial position of the issuer and its subsidiaries.

- ✓ The OGMS took place on 15.04.2021 using remote communication means. The OGMS approved the distribution of the amount of 1,500,000 lei, from the net profit for 2020, for the payment of dividends to the company's shareholders. The date of the actual payment was set at 15.07.2021.
- ✓ The OGMS approved on 15.04.2021, the REB for the current year, the investment program for 2021, the company's organizational chart and the maximum credit limit for the current year, with the mention that a rectification is possible by the middle of this year, given the situation global economy.
- ✓ The accelerated and unforeseen increase in the price of raw materials on the world market and the uncertain supply terms will have effects on the operational efficiency and on the company's cash flow.

2. The general description of the financial position and of the performances of the issuer and of its subsidiaries related to the relevant period of time.

The main indicators, thousands of lei	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020	Δ%
Total operating income, of which:	34858	36054	(3.32)
Revenues from construction contracts	32032	34070	(5.98)
Profit / (Loss) of the period	1208	547	+120
EBITDA	3425	2921	+17.25
Interest-bearing loans	32840	36011	(8.80)
Average staff number	659	754	(12.60)

**The financial figures are not audited and present the individual results of Comelf SA, prepared in accordance with the International Financial Reporting Standards (IFRS);*

❖ **Operating income** of the company COMELF SA were of 34,858 thousand LEI on 31.03.2021, a decrease (36,054 thousand LEI on 31.03.2020) compared to those achieved in the same period of the previous year. The decrease in revenues in the first quarter of 2021 compared to the first quarter of 2020 was influenced by: (i) traditional customers maintaining purchase orders at a prudent level; ii) the increase of the price of raw materials that generated a more careful policy for quoting and confirming orders correlated with the new purchase prices; (iii) the manufacture of more complex products with a long manufacturing cycle.

❖ **Profit of the period** grew in the first 3 months of 2021 compared to the one achieved in the similar period of the previous year 2.2 times, the main factors that influenced the evolution of the profit being:

- ✓ Balanced labor costs in the sense of correlating them with the production obtained.

✓ Expenditures on services provided by third parties and outsourced operations were carefully monitored and controlled, so that a significant decrease was achieved.

The company's patrimony on 31.03.2021 highlights the fact that:

- Fixed assets: decreasing under the influence of monthly depreciation (cumulative effect on 31.03.2021: 1,866 thousand LEI), offset by the commissioning of fixed assets amounting to 215 thousand lei;
- Current assets increased by 21% on 31.03.2021 compared to 31.12.2020, due to:
 - (i) increase in raw material stocks (30%) based on the one hand, on the orders actually launched in manufacturing, on the increase in the price of these raw materials but also on the acquisition of volumes of usual materials, in the first part of the year, at still competitive prices. based on existing orders in the portfolio;
 - (ii) The stock of finished products is maintained compared to the level registered in December 2020 as a result of the postponement of the delivery of some products by customers; These products are to be delivered in the second quarter;
 - (iii) The production in progress increased by 20%, in parallel with the increase of price for raw materials, with the orders still unfinished, with delivery terms scheduled for the second quarter of 2021;
 - (iv) Trade receivables increased, on 31.03.2021 by 39%, compared to the end of 2020 and against the background of invoicing of high value products in March 2021;
 - (v) Other receivables: increased by 42% compared to December 2020 due to the increase of VAT recoverable compared to December 2020, due to purchases of raw materials and correlated with product invoicing in the EU and for export;
 - (vi) Cash and cash equivalents decreased by 3,712 thousand lei, as a result of payments made for raw material purchases with payment terms shorter than usual or advance payment;
- Equity increased compared to 31.12.2020 with the amount related to the net profit realized during 01.01.2021-31.03.2021;
- Interest-bearing loans on 31.03.2021 they decreased compared to 31.12.2020, due to the monthly repayment of a part of the working capital loan and the current leasing rates; The working capital on 31.03.2021 is 31,951,400 lei (31.12.2020: 32,564,113 lei);
- *Supplier debts* increased by 88% compared to December 2020 +10,694 thousand lei, an increase generated by the acquisitions of raw materials in the first months, amid the increase in the acquisition price, with maturities in the period after the first quarter; correlated with the increase of the stock of raw materials, of the production in progress and of the commercial receivables;

Report for the first quarter of 2021 can be reviewed on the company's website [www.comelf.ro/Updated information /](http://www.comelf.ro/Updated-information/) as well as in the link below.

**General Manager,
Eng. Cenusă Gheorghe**

**Financial Manager,
Ec. Dana Tatar**

The report for the first quarter issued for COMELF SA
According to the FSA Regulation no. 5/2018 Annex no. 13

Issued on: 13.05.2021

Company Name: COMELF SA

Registered Office: Bistrita, no.4, Industriei str.

Phone / fax number:

VAT Code: 568656

Registration code with the Trade Register Office: J06 / 2/1991

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:

- NOMINATIVE SHARES in number of 22,476,423 with a value of 0.58 lei / share.
1. Presentation of the important events that occurred in the relevant period of time and the impact they have on the financial position of the issuer and its subsidiaries.
 2. The general description of the financial position and of the performances of the issuer and of its subsidiaries related to the relevant period of time.

B. Economic-financial indicators for the first quarter of 2021

Indicator Name	Calculation model	31.03.2021	31.03.2020
<u>Current liquidity (general)</u>	Current assets / Current liabilities (recommended value for this indicator is around 2)	1.14	1.09
<i>The current (general) liquidity on 31.03.2021 is 1.14 and represents the degree of coverage of current debts through current assets held by the company.</i>			
<u>Degree of indebtedness</u>	Borrowed capital / Employee capital	0.89%	0.98%
<i>The degree of indebtedness of the company is 0.89% and represents the share held by borrowed capital-debts over 1 year, in the committed capitals;</i>			
Customer debt collection time (days)	Average customer balance / Turnover X 90	88	96
Rotation speed of fixed assets	Turnover / Fixed Assets	0.39	0.40

General Manager,
Eng. Cenusă Gheorghe

Financial Manager,
Ec. Dana Tatar

STATEMENT OF FINANCIAL SITUATION on 31th March 2021

In Lei

Nr. Crt.	DENUMIREA POZITIEI	31-12-2020 IFRS	31-03-2021 IFRS
1	<i>Active</i>		
2	Cheltuieli de dezvoltare (ct.203+-2803-2903)	7,973	7,973
3	Imobilizari necorporale (ct.205+208-2805-2808)	509,961	542,179
4	Imobilizari corporale (ct.211+212+213+214+231-281)	80,323,434	78,707,265
5	Avansuri si imob.necorporale in curs de exe.(ct.233+234-2933)	58,482	-
6	Total Active Imobilizate	80,899,850	79,257,417
7	Avansuri acordate pentru imobilizari corporale(ct.4093+4093.9+4093.P)	68,886	60,283
8	Stocuri(ct.301+302+303+321+351+/-371+/-308)	7,348,271	9,521,422
9	Creante din contracte cu clientii (ct411+332-491-2968)	40,732,363	53,904,078
10	Creante comerciale si alte creante +(ct.409+471)	2,506,247	3,549,553
11	Creante privind impozitul curent	-	-
12	Numerar si echivalente de numerar(ct.5121+5124+5311+5321+542)	10,840,220	7,128,501
13	Total Active Curente	61,495,987	74,163,837
14	Total Active	142,395,837	153,421,254
15	Capital social (ct.1012)	13,036,325	13,036,325
16	Ajustari ale capital social (ct.1028)	8,812,271	8,812,271
17	Alte elemente de capitaluri proprii(ct.+/-103)	(8,511,279)	(8,427,297)
18	Rezerve (ct.105+1061+1068+10683)	58,384,751	57,859,864
19	Rezultat reportat(ct.+/-117-129)	(1,497,868)	1,563,859
20	Rezultat exercitiului(ct.+/-121)	2,702,863	1,208,457
21	Total Capitaluri Proprii	72,927,063	74,053,479
22	<i>Datorii</i>		
23	Descoperiri de cont (ct.51911)	-	-
24	Datorii privind impozitul amanat(ct.4412)	9,097,953	9,013,971
25	Datorii privind leasing-ul (1672+1673)	717,648	659,134
26	Provizioane pentru riscuri si cheltuieli(ct.1511+1512+1517+1518)	119,507	119,507
27	Datorii privind venituri amanate(ct.475)	4,863,621	4,473,385
28	Total Datorii pe Termen Lung	14,798,729	14,265,997
29	Descoperiri de cont (51911)	32,564,113	31,951,400
30	Partea curenta aferenta creditului pe termen lung(ct.1621)	-	-
31	Partea curenta imprumut leasing (ct.1672+1673)	225,172	228,997
32	Datorii privind impozitul amanat(ct.4412)	335,928	335,928
33	Datorii comerciale si alte datorii	18,415,047	29,524,572
34	Provizioane pentru riscuri si cheltuieli(ct.1511+1512+1517+1518)	1,505,703	1,449,427
35	Datorii privind venituri amanate(ct.475+ct.472)	1,624,082	1,611,454
36	Total Datorii Curente	54,670,045	65,101,778
37	Total Datorii	69,468,774	79,367,775
38	Total capitaluri proprii si datorii	142,395,837	153,421,254

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	31-03-2020	31-03-2021
1	Venituri din proiecte recunoscute conform IAS 11(ct.701+/-711)	34,070,466	32,032,211
2	Venituri din vanzarea marfurilor (ct.707)		975
3	Alte venituri aferentei cifrei de afaceri(ct.703+704+706+708)	1,376,562	2,350,200
4	Alte venituri (ct.709+722+758+(7583-6583)+7414)	607,336	474,464
5	Total venituri din exploatare	36,054,364	34,857,850
	<i>din care: Cifra de afaceri</i>	34,539,355	31,215,283
6	Materii prime si consumabile(ct.601+602+603+604)	15,461,453	16,433,387
7	Cheltuieli cu marfurile (ct607)	-	301
8	Cheltuieli cu personalul(ct.641+642+645)	11,851,607	10,287,083
9	Cheltuieli cu chirile(ct.612)	93,201	91,910
10	Cheltuieli cu primele de asigurare (ct.613)	102,785	90,580
11	Cheltuieli cu transportul (ct.624+6241+6242+6243)	1,452,184	1,431,768
12	Amortizare si depreciere (ct681)	1,903,839	1,865,953
13	Ajustari privind deprecierea acti.circulante, net (ct.6814-7814)	-	-
14	Ajustari pt riscuri si cheltuieli (ct.6812-7812)	(50,043)	(56,276)
15	Alte cheltuieli de exploatare(ct.605+608-609+611+621+622+623+625+626+627+628+635+658)	4,172,422	3,097,531
16	Total cheltuieli de exploatare	34,987,448	33,242,237
17	Profit din exploatare	1,066,916	1,615,613
18	Venituri financiare(ct.765+766+767+786)	507,567	361,711
19	Cheltuieli financiare (ct.665+666+/-667)	(962,683)	(550,794)
20	Pierdere financiara	(455,116)	(189,083)
21	Venituri totale (rd.4+18+21)	36,561,931	35,219,561
22	Cheltuieli totale (rd.16+19)	35,950,131	33,793,031
23	Profit inaintea impozitului pe profit	611,800	1,426,530
24	Impozit pe profit(691)	64,740	218,073
25	Profit net	547,060	1,208,457
26	Rezultatul pe actiune de baza	0.02	0.05
31	Diluted earnings per share	0.02	0.05

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

STATEMENT OF FINANCIAL POSITION AT March 31, 2021

	Nota	31.03.2021	2020
Assets			
Development cost		7,973	7,973
Intangible assets	5	542,179	568,443
Tangible assets	5	78,707,265	80,323,434
Financial assets available for sale	6	-	-
Total non-current assets		79,257,417	80,899,850
Advance payments for tangible assets		60,283	68,886
Stocks	7	9,521,422	7,348,271
Receivables from contracts with customers	8	53,904,078	40,732,363
Trade receivables and other receivables	9	3,549,553	2,506,247
Current tax receivables		-	-
Cash and cash equivalents	11	7,128,501	10,840,220
Total Current Assets		74,163,837	61,495,987
Total Assets		153,421,254	142,395,837
Share capital	12	13,036,325	13,036,325
Share capital adjustments	12	8,812,271	8,812,271
Other elements of equity	12	-	-
Reserves	12	49,432,567	49,873,472
Reported outcome	12	1,563,859	(1,497,868)
Financial year outcome	25	1,208,457	2,702,863
Total Equity		74,053,479	72,927,063
Debts			
Long-term bank loans	13	-	-
Other loans and debts-leasing	13	659,134	717,648
Defferend tax liabilities	22	9,013,971	9,097,953
Provisions for risks and expenses	21	119,507	119,507
Defferend income liabilities	23	4,473,385	4,863,621
Total long-term debts		14,265,997	14,798,729
Overdrafts	13	31,951,400	32,564,113
The current part related to long-term loans	13	-	-
Defferend tax liabilities	22	335,928	335,928
The current other loans and liabilities - leasing	11	228,997	225,172
Commercial debts and other debts	14	29,524,572	18,415,047
Provisions for risks and expenses	21	1,449,427	1,505,703
Defferend tax liabilities	23	1,611,454	1,624,082
Total current debts		65,101,778	54,670,045
Total Debts		79,367,775	69,468,774
Total equity and debts		153,421,254	142,395,837

Cenusa Gheorghe
General Manager

Tatar Dana
Financial Manager

**PROFIT OR LOSS ACCOUNT SITUATION
AND OTHER ELEMENTS OF THE OVERALL RESULT**

COMELF SA
INDIVIDUAL FINANCIAL STATEMENTS AS OF March 31, 2021 COMPLIANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

	Nota	31.03.2021	31.03.2020
Continuous operations			
Revenues			
Revenue from contracts with customers	15	32,032,211	34,070,466
Revenues from sales of goods		975	0
Other elements related to the turnover		2,350,200	1,376,562
Total revenues		34,383,386	35,447,028
<i>of which turnover</i>	3	<i>31,215,283</i>	<i>34,539,355</i>
Other revenues	16	474,464	607,336
Expenses			
Raw material costs and other expenses		(16,433,387)	(15,461,453)
Electricity and water costs		(1,321,367)	(1,390,721)
Commodity expenses		(301)	-
Employment charges	17	(10,287,083)	(11,851,607)
Transport costs	18	(1,431,768)	(1,452,184)
Other expenses related to revenues	19	(1,945,956)	(2,867,767)
Cost depreciaton charge	5	(1,865,953)	(1,903,839)
Financial costs , net	25	(189,083)	(455,116)
Ajustments related to cirent assets depreciation ,net	8	-	-
Provision costs for risks and expenses, net	21	56,276	70,043
Other expenses	19	(12,698)	(109,920)
Total expenses		(33,431,320)	(35,422,564)
Pre-tax profit		1,426,530	631,800
Profit tax	20	(218,073)	(64,740)
Profit from continuous operations		1,208,457	567,060
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		1,208,457	567,060
Other comprehensive income			
<i>Items that will not be reclassified to expenses and revenues</i>			
Value changes of the used assets as a result of revaluation ,net of tax		-	-
<i>Items that can be reclassified to expenses and revenues</i>			
Value changes of securities available for sale	3	-	-
Total profit and loss account and other comprehensive income		1,208,457	567,060
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.05	0.03
Diluted outcome per share (lei per share)	24	0.05	0.03
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.05	0.03
Diluted outcome per share (lei per share)	24	0.05	0.03
Cenusa Gheorghe, General Manager		Tatar Dana,, Financial Manager	

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF March 31, 2021 COMPLIANCE WITH IFRS

(All amounts are expressed in LEI, unless otherwise indicated)

STATEMENT OF CHANGE OF OWN EQUITY	Share capital	Share capital adjustments	Differences and revaluation reserves	Legal reserves	Other reserves	Retained result	Total own equity
Balance on January 1, 2020	13,036,325	8,812,271	34,371,631	2,607,265	13,534,082	(266,892)	72,094,692
<i>Income statement and other comprehensive income</i>							
Profit or loss						2,702,863	2,702,863
<i>Other comprehensive income</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result-current year			(2,099,548)			1,763,620	(335,928)
Other equity items			335,928		1,124,114	(1,124,114)	335,928
Legal reserves established				0		0	0
Total profit or loss and other comprehensive income	0	0	(1,763,620)	0	1,124,114	3,342,369	2,702,863
Other items retained result - correction of accounting errors	0	0	0	0		(370,482)	(370,482)
Other items retained result - correction of accounting errors	0	0	0	0	0	(370,482)	(370,482)
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	(1,500,000)	(1,500,000)
Total transactions with shareholders	0	0	0	0	0	(1,500,000)	(1,500,000)
<i>Income statement and other comprehensive income</i>							
Balance on December 31, 2020	13,036,325	8,812,271	32,608,011	2,607,265	14,658,196	1,204,995	72,927,063

COMELF SA
INDIVIDUAL FINANCIAL STATEMENTS AS OF March 31, 2021 COMPLIANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

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STATEMENT OF CHANGE OF OWN EQUITY	Share capital	Share capital adjustments	Differences and revaluation reserves	Legal reserves	Other reserves	Retained result	Total own equity
Balance on January 01, 2021	13,036,325	8,812,271	32,608,011	2,607,265	14,658,196	1,204,995	72,927,063
<i>Income statement and other comprehensive income</i>							
Profit or loss						1,208,457	1,208,457
4. Other elements of the overall result							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation made transferred to the retained result			(524,887)			440,905	-83.982
Other equity items			83,982		0	0	83,982
Legal reserves established							
Total profit or loss and other comprehensive income	0	0	(440,905)	0	0	1,649,362	1,208,457
Other items carried over - correction of accounting errors			0	0	0	(82,041)	(82,041)
Other result items carried forward	0	0	0	0	0	0	0
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	0	0
Total transactions with shareholders	0	0	0	0	0	0	0
Balance on March 31, 2021	13,036,325	8,812,271	32,167,106	2,607,265	14,658,196	2,772,316	74,053,479

STATEMENT OF CASH FLOWS

	31.03.2021	31-12-2020
Pre - tax profit	1,208,457	2,702,863
Depreciation of fixed assets	1,865,953	7,542,004
Cash operational brut	3,074,410	10,244,867
Workong Capital Variation		
Variation receivables	11,835,166	-9,206,571
Variation stocks	2,173,151	1,444,381
Variation in other current assents	776,650	443,219
Variation Income/Expenses in advances	266,656	-89,374
Variation suppliers	10,694,693	-8,911,469
Variation customer advances	-1,336,549	1,856,494
Variation employees and assimilated	281,402	1,271,550
Net operating Cash	-2,337,667	11,869,787
Cash flow dfrom net investment	214,917	958,789
Debts change		
Variation of short-term loans	-612,713	-2,085,812
Variation of long-term loans	0	-896,119
Variation of associated debts	-5,242	-925,767
Variation of other liabilities	-	-
Variation of capitalluri	-541,180	-3,691,325
Cash flow from financing	-1,159,135	-7,599,023
Total chas variation between	-3,711,719	3,311,975
Initial Cash	10,840,220	7,528,245
Net Cash at end of period	7,128,501	10,840,220

Cenusa Gheorghe
General ManagerTatar Dana
Financial Manager

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

OPIS NOTE

- | | |
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NOTES TO THE IFRS-COMPLIANT FINANCIAL STATEMENTS

1. Reporting entity

COMELF SA

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

COMELF SA ("the Company") is a joint stock company operating in Romania in accordance with the provisions of Law 31/1990 on companies and Law 297/2004 on the capital market, with subsequent additions and amendments. The company is headquartered in Bistrița, no. 4 Industriei Street, Bistrița-Năsăud County, Romania.

The company was established as a commercial company in 1991 as a result of the reorganization of the former Technological Equipment Company of Bistrița.

The Company's shares are listed on the Bucharest Stock Exchange, regulated market, with the designator CMF, since November 20, 1995. Evidence of shares and shareholders is kept in accordance with the law by SC Depozitarul Central SA Bucharest.

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the first quarter of 2021.

The main activity of the Company is the manufacture of engines and turbines (except for those for airplanes, automobiles and motorcycles). The company also manufactures installations, subassemblies and components for power plants and environmental protection, equipment for earthmoving machinery, lifting and transport equipment, including their subassemblies, steel fabrications. Manufacture of arms and ammunition, road transport vehicles and military combat vehicles.

2. Basis for drawing up

a. Declaration of conformity

The financial statements have been prepared by the *Company* in accordance with:

- International Financial Reporting Standards adopted by the European Union ("IFRS");
These financial statements of the Company are prepared in accordance with the requirements of the Order of the Ministry of Finance 2844 of 2016, approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, repealing Order 1286/2012. The International Financial Reporting Standards represent the standards adopted according to the procedure provided by Regulation (EC) no. 1606 / 2002 of the European Parliament and of the Council of July 19th, 2002 on the application of International Accounting Standards. The transition date to International Financial Reporting Standards was January 1, 2011;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on March 31, 2021 are read together with the financial statements prepared for 12/31/2020 according to the same financial reporting framework.

3. Significant accounting policies

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

The individual financial statements are prepared based on the assumption that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, management reviews forecasts of future cash inflows.

4. Managing significant risks

The Company's management believes that risk management must be carried out within a consistent methodological framework and that risk management is an important component of the strategy to maximize profitability, achieve a desired level of profit while maintaining an acceptable risk exposure and complying with legal regulations. The formalization of the risk management procedures decided by the Company's management is an integral part of the Company's strategic objectives.

The investment activity leads to the Company's exposure to a variety of risks associated with the financial instruments held and the financial markets on which it operates. The main risks to which the Company is exposed are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- the risk related to the economic environment;
- operational risk.
- capital adequacy

The overall risk management strategy aims to maximise the Company's profit in relation to the level of risk to which it is exposed and to minimise potential adverse variations on the Company's financial performance.

The Company has implemented policies and procedures to manage and assess the risks to which it is exposed. These policies and procedures are presented in the section dedicated to each type of risk.

(a) Market risk

Market risk is defined as the risk of incurring a loss or not achieving the expected profit as a result of fluctuations in prices, interest rates and currency exchange rates.

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk and there is a possibility that the value of the costs to complete the projects may be higher than the estimated value and the contracts may run at a loss. In order to cover the price risk generated by the increase of the basic raw material, metal, the company has a protection clause in its commercial contracts with its customers that allows it to update the sales price if the price of the basic raw material increases. In the current economic context marked by a significant fluctuation, especially of the directly productive staff, for newly concluded contracts but also for part of the ongoing contracts, the company has managed to complete the protection clause also with the updating of the price of the products taking into account the evolution of the labour cost, based mainly on the statistical, public salary evolution of the Romanian labour market.

The carrying amount of financial assets and liabilities with a maturity of less than one year is approximated to their fair value.

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(All amounts are expressed in LEI, unless otherwise indicated)

	03/31/2021		12/31/2020	
	Book value	Fair value	Book value	Fair value
Receivables from contracts with customers	53,904,078	53,904,078	40,732,363	40,732,363
Trade and other receivables	3,549,553	3,549,553	2,506,247	2,506,247
Advances for tangible fixed assets	60,283	60,283	68,886	68,886
Cash and cash equivalents	7,128,501	7,128,501	10,840,220	10,840,220
Short-term bank loan	-31,951,400	-31,951,400	-32,564,113	-32,564,113
Current part - leasing contract	-228,997	-228,997	-225,172	-225,172
Deferred tax liabilities(Current Part)	-335,928	-335,928	-335,928	-335,928
The current part of long-term loans	-	-	-	-
Business liabilities and other liabilities	-29,524,572	-29,524,572	-18,415,047	-18,415,047
Total	2,601,518	2,601,518	2,607,456	2,607,456

(ii) Interest rate risk

As of March 31, 2021, most of the Company's assets and liabilities are not interest-bearing, except for contracted loans and leasing contracts. 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.

Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit as a result of unfavorable 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 expressed in foreign currency (79%) and the Company's financial liabilities are expressed in foreign currency (49%) and in the national currency (51%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. The exposure to exchange rate fluctuations is mainly due to current currency conversion transactions required for current payments in LEI.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)***5. Tangible and intangible assets**

On March 31, 2021 and December 31, 2020, tangible and intangible assets evolved as follows:

	Research and development expenses	Intangible assets	Land	Buildings	Technical installations and machines	Other installations and furniture	Fixed tangible asset in progress	Total
	203	205	211	212	213	214	231	
Balance on January 01, 2021	7,973	1,225,184	21,247,075	40,259,156	91,859,494	466.796	1,139,686	156,205,364
Acquisitions	0	5,844	0	0	131,307	0	75,762	212,913
Domestic production	0	0	0	0	0	0	10,607	10,607
Exits (scrappings)	0	0	0	0	0	0	0	0
Internal transfers	0	0	0	0	0	0	0	0
Internal transfers	2	0	0	0	0	0	0	0
Balance as of March 31, 2021	7,973	1,231,028	21,247,075	40,259,156	91,990,801	466.796	1,226,055	156,428,884
Accumulated depreciation								
Balance on January 01, 2021	0	656,741	0	14,134,616	60,257,029	257,128	0	75,305,514
Depreciation expense per year	0	32,108	0	652,811	1,174,989	6,045	0	1,865,953
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance on March 31, 2021	0	688,849	0	14,787,427	61,432,018	263,173	0	77,171,467

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS

(All amounts are expressed in LEI, unless otherwise indicated)

Balance on January 01, 2020	0	1,096,792	21,247,075	40,046,069	90,781,003	437,604	1,546,636	155,155,179
Acquisitions	7,973	128,392	0	0	490,791	29,191	366,381	1,022,728
Domestic production	0	0	0	0	0	0	30,712	30,712
Exits (scrappings)	0	0	0	0	-3,255	0	0	-3,255
Internal transfers	0	0	0	213,087	590,956	0	-804,043	0
Internal transfers	2	0	0	0	0	0	0	0
Balance as of December 31, 2020	7.973	1,225,184	21,247,075	40,259,156	91,859,494	466,796	1,139,686	156,205,364
Accumulated depreciation								
Balance on January 1, 2020	0	489,038		11,523,215	55,520,175	234.004	0	67,766,432
Depreciation expense per year	0	167.703	0	2,611,401	4,739,776	23.124	0	7,542,004
Cumulative depreciation of outflows	0	0	0	0	-2.922	0	0	-2.922
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance on December 31, 2020	0	656.741	0	14,134,616	60,257,029	257.128	0	75,305,514
Net book value								
March 31, 2021	7.973	542.179	21,247,075	25,471,729	30,558,783	203.623	1,226,055	79,257,417
On December 31, 2020	7.973	568.443	21,247,075	28,522,854	35,260,827	209.668	1,139,686	80,899,850

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

6. Financial assets available for sale

As of March 31, 2021 and December 31, 2020, Comelf SA no longer holds financial assets available for sale.

7. Inventories

As of March 31, 2021 and December 31, 2020, the inventories record the following balances:

	March 31, 2021	December 31, 2020
Raw materials	8,747,092	6,804,803
Auxiliary materials	61,112	37,967
Fuel	14,111	12,805
Inventory items	375,276	378,823
Other	368,198	158,240
Adjustments for depreciation of raw materials	-44,367	-44,367
Total	9,521,422	7,348,271

The Company has not recorded any impairment adjustments for inventories as at March 31, 2021.

The accounting policies for the valuation of inventories are presented in Note 3. No inventories have been pledged for the contracted credits.

8. Receivables from contracts with customers

As of March 31, 2021 and December 31, 2020, the receivables from commercial contracts are as follows:

	March 31, 2021	December 31, 2020
Receivables from invoiced customer contracts	35,986,630	25,983,018
Receivables from unbilled customer contracts	20,133,286	16,965,183
Value adjustments on receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	53904078	40,732,363

As at 31 March 2021 Receivables from contracts with customers are shown net of advances received in the amount of 1,473,283 lei (31 December 2020: 2,809,832).

9. Trade and other receivables

As of March 31, 2021 and December 31, 2020, trade and other receivables are presented as follows:

	March 31, 2021	December 31, 2020
Receivables from sales of goods	-	-
VAT to be recovered	1,765,311	1,193,724
Advances paid to domestic suppliers (excluding those for fixed assets)	193,849	205,266
Advances paid to external suppliers	218,356	157,649
Advances paid to fixed assets suppliers	60,283	68,886
Sundry debtors	261,255	267,017
Other receivables	2,121,769	1,693,578
Value adjustments	-1,010,987	-1,010,987
Total	3,609,836	2,575,133

Exposure to credit and currency risk and impairment losses on commercial contracts and other receivables, excluding construction contracts in progress, are disclosed after the Note on sundry debtors.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021 IN ACCORDANCE WITH IFRS
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10. Impairment adjustments for current assets

The evolution of impairment adjustments on current assets as at 31 March 2021 was as follows:

	Balance as of March 31, 2021	Increases	Decreases	Balance as of March 31, 2021
Value adjustments on receivables from customer contracts	2,215,838	-	-	2,215,838
Value adjustments on sundry debtors	1,010,987	-	-	1,010,987
Total	3,226,825	-	-	3,226,825

The adjustment in the amount of 1,010,987 lei represents an adjustment in the amount of 100% of the value of a long-standing claim in dispute.

Value adjustments for the amount of 1,741,322 lei are made for a number of 8 clients, of which one is in litigation for the amount of 949,436 lei.

The adjustment amounting to 474,516 lei is an adjustment of fixed assets over 365 days old;

The reasons why the entity considered current assets to be impaired are mainly related to delays in collections and/or non-conformities under discussion with customers.

11. Cash and cash equivalents

As at 31 March 2021 and 31 December 2020, cash and cash equivalents are as follows:

	March 31, 2021	December 31, 2020
Availability in bank accounts in local currency	3,422,139	3,992,814
Availability in bank accounts in foreign currency	3,682,374	6,833,694
Cash	18,824	13,712
Other availabilities	5,164	-
Total	7,128,501	10,840,220

Current accounts opened with banks are always at the Company's disposal and are not restricted.

Liquidity management

Responsibility for liquidity risk lies with the Board of Directors and Comelf's executive management, which determines liquidity management through the BVC and cash flow, prepared for the company as a whole and for each sub-unit.

12. Owners' Equity**(a) Share capital**

On March 31, 2021, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

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	March 31, 2021			December 31, 2020		
	Number of shares	Total nominal value	%	Number of shares	Total nominal value	%
Uzinsider SA	18,189,999	10,550,199	80,93%	18,189,999	10,550,199	80,93%
Other shareholders	4,286,424	2,486,126	19,07%	4,286,424	2,486,126	19,07%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

All shares are ordinary, have been subscribed, have the same voting rights and have a nominal value of 0.58 lei/share.

The restated share capital contains the following components:

	March 31, 2021	December 31, 2020
Share capital	13,036,325	13,036,325
Share capital adjustments- IAS 29	8,812,271	8,812,271
Restated share capital	21,848,596	21,848,596

The effect of hyperinflation on the share capital in the amount of 8,812,271 lei was registered by decreasing the carried forward result.

Capital management**(a) Legal reserves**

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the gross profit registered according to IFRS but not more than 20% of the share capital valid at the date of establishing the reserve.

Legal reserves cannot be distributed to shareholders, but can be used to cover accumulated losses. On 03/31/2021 the Company had already set up legal reserves up to the amount of these limits.

(b) Revaluation reserves

The revaluation reserve is entirely associated with the revaluation of the company's tangible fixed assets.

(c.) Dividends

During 2020, in accordance with the resolution of the Ordinary General Meeting of Shareholders, the Company decided to distribute dividends from the result of the financial year ended 31 December 2019. The company declared dividends in the amount of 1,500,000 lei (representing 0.0667 lei/share) and paid during 2020 to shareholders the amount of 1,366,826 lei representing dividends distributed in the current and previous years. As of March 31, 2021, the balance of payment dividends is 1,171,357 lei

13. Loans**a) Credit line**

On December 31, 2020, the Company has a credit agreement for working capital, concluded with ING Bank Romania - contract no. 11438 / 09.11.2011, with a maturity of one year, is renewed in November of each year. The subject matter of the agreement is a credit facility in the amount of EUR 7,002,500 , of which the Company has repaid during 2021 the amount of EUR 187,500 in 3 equal monthly instalments and thus the

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amount of the credit facility as at 31.03.2021 is EUR 6,815,000, of which available in the form of an overdraft in the amount of EUR 6,500,000. The loan was accessed to provide working capital to cover the financial needs of the Company's current needs and potential commitments in the form of letters of guarantee with a maximum maturity of 12 months.

For the granted facility, the Company will pay interest at the rates specified below:

- for the amounts in euro used from the granted facility, the annual interest rate is EURIBOR / LIBOR / ROBOR 1M plus a margin of 0.90% per year;

As of March 31, 2021, the Company registers a balance of the credit line in the amount of 31,951,400 lei (December 31, 2020: 32.564.113 lei).

b). Leasing contracts

During 2018, the Company undertook the acquisition of a vehicle for passenger transport, on lease. Leasing contract no. 30154891 was concluded on 16.02.2018, financier of Unicredit Leasing Corporation IFN, financed value 18,110.40 EUR, payable in 60 monthly installments. Balance on 31.03.2021, EUR 7,292.27.

During 2019, the Company has committed to the purchase of three vehicles for passenger transport, under lease.

Leasing contracts no. 234267,234268,234269 were concluded on 08.01.2019, Porsche Leasing financier, financed value 38,443.31 EUR, payable in 60 monthly installments. Balance on 31.03.2021, EUR 24,766.39.

Also during 2019, the Company has committed to the purchase of a CLOOS Robotic Welding System, in leasing. The leasing contract no.120882 was signed on 22.05.2019, the financier BRD Sogelease, the financed amount 179.660,70 eur, payable in 60 monthly instalments. During 2020, due to the COVID 19 pandemic, the payment of the leasing instalments for contract 120882 has been postponed for a period of 6 months, the final maturity remains unchanged. Balance on 31.03.2021, EUR 150,127.69.

The main mortgages in favor of ING BANK, related to loans are:

- Land with an area of 13,460 sqm and constructions with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and constructions with a built-up area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and constructions with a built-up area of 572.93 sqm, having the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, cad.C1 top: 8118/1/5: SIDUT monobloc hall.

14. Business liabilities and other liabilities

As of March 31, 2021 and December 31, 2020, trade and other receivables are presented as follows:

	March 31, 2021	December 31, 2020
Trade payables	22,906,929	12,212,236
Debts towards budgets	2,908,883	2,627,261
Debts towards staff	2,459,291	2,323,553
Silver dividend	1,171,357	1,176,599
Other loans and similar debts	78,112	75,398
Total	29,524,572	18,415,047

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Trade payables in the amount of 22,906,929 lei (31 March 2021 December 2020: 12,212,236 lei) are in accordance with the contracts concluded with suppliers.

As of March 31, 2021 and December 31, 2020, the debts to the budgets mainly include contributions related to salaries.

15. Income from contracts with customers

	March 31, 2021	March 31, 2020
Income from contracts with customers relating to delivered goods for which full transfer of title to the customer has been made (ct 701)	28,864,109	33,162,794
TOTAL	28,864,109	33,162,794

In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues in execution phases proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in phases), to the client, the control over the goods fulfilling an obligation of execution, thus recognizing revenues in time, at each execution phase. The company executes goods on a project basis, only at the request of customers, based on firm orders. The evaluation of the revenues from the contracts with the clients, on execution phases, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company recognizes an income, based on the total income to be obtained related to the weighted contract with the evolution of the corrected actual cost (without negative deviations). execution of the contract.

16a. Other revenue related to turnover

The position includes:

	March 31, 2021	March 31, 2020
Rental income	2.367	2.641
Income from various activities	788.301	629.078
Revenues from the sale of residual products	1,119,282	413.744
Revenue from services rendered	440.249	331.099
Total	2,350,199	1,376,562

16b. Other incomes

The position includes:

	March 31, 2021	March 31, 2020
Revenues from investment grants	402.863	408.425
Income from operating subsidies (GEO 132/2020)	46.895	19.808
Income from disposed of fixed assets	-	-
Other incomes	24.706	179.103
Total	474.464	607.336

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(All amounts are expressed in LEI, unless otherwise indicated)

17. Staff costs

The average number of employees on March 31, 2021 and December 31, 2020 was as follows:

	March 31, 2021	%	March 31, 2020	%
Blue collar personnel	421	64%	473	63%
White collar personnel and Administration Staff	238	36%	281	37%
Total	659	100%	754	100%

Staff costs were as follows:

	March 31, 2021	March 31, 2020
Staff salary expenses	9,373,601	10,774,983
Expenses with meal vouchers	553.005	627.765
Insurance and social protection expenditure	360.477	448.895
Total	10,287,083	11,851,607

The amounts are presented gross, without the influence of the subsidy related to GEO 132/2020 in the total amount of 46,895 lei, position highlighted under 16b. Other incomes.

18. Transport expenses.

This position includes:

	March 31, 2021	March 31, 2020
Expenditure on transport of raw materials	320,010	264.665
Expenses for transporting finished products	934,422	1,046,894
Transport expenses	177,336	140,625
Other operating expenditure	-	-
Total	1,431,768	1,452,184

19a. Other expenses related to income

	March 31, 2021	March 31, 2020
Maintenance and repair expenses	305,285	254,239
Rent expenses	91.910	93,201
Insurance expenses	90.579	102,785
Staff training expenses	42437	-
Collaborating expenses	273,877	722.289
Expenses regarding commissions and fees	183.436	647.047
Protocol expenses	4.363	11.392
Expenses with travel, secondments and transfers	2.878	25.516
Postal charges and telecommunications charges	86.365	90.633
Expenses with banking and similar services	27.376	27.120
Other Expenditure on services performed by third parties	544.555	620.093
Expenses with other taxes and fees	292.895	273.452
Total	1,945,956	2,867,767

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19b. Other expenses

	March 31, 2021	March 31, 2020
Total	12.698	109.920

20. Income tax

The Company's current profit tax as of March 31, 2021 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of March 31, 2021 and as of March 31, 2020 is detailed as follows:

	March 31, 2021	March 31, 2020
Current income tax expense	218,073	64.740
Deferred income tax expense/(Income)	-	-
Total	218.073	64.740

21. Provisions for risks and expenses

As of March 31, 2021, the Company has registered provisions for risks and expenses in the amount of 1,568,934 lei (1,625,210 lei as of December 31, 2020). Their summary is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance on January 01, 2021	0	119.507	0	1,505,703	1,625,210
Formed during the period	0	0		0	0
Formed during the period	0	0	0	0	0
Value adjustments fixed assets receivables (ct 2968)	0				0
Formed during the period	0	0	0	(56.276)	(56.276)
Balance as of March 31, 2021	0	119.507	0	1,449,427	1,568,934

Long-term	0	119.507	0	0	119.507
short term	0	0	0	1,449,427	1,449,427

- **Pension provisions in the amount of 119,507 lei (December 31, 2020: 119.507 lei).**

According to the collective bargaining agreement, the Company offers cash benefits based on length of service at retirement for employees. The provisioned amount was calculated taking into account the amount expected to be granted upon retirement based on the length of service in the company, the period of time until retirement for each employee adjusted by the average rate of fluctuation of the Company's staff over the last 5 years, i.e. 22.54%.

- **Pension provisions in the amount of 1,449,427 lei (December 31, 2020: 1,505,703 lei) include:**
 - The provision related to the buy-back of pension insurance policies in the amount of 987,459 lei, are the pension rights of COMELF employees, granted under the law and the Collective Labour Agreement, to be paid to employees (short term).

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- The amount of 461,968 includes a provision for potential commercial penalties, according to commercial contracts.

22. Tax deferred debts

The deferred tax liabilities at 31 March 2021 and 31 March 2020 arise from the items detailed in the table below:

	March 31, 2021	March 31, 2020
Claims on deferred tax	-	-
Deferred tax liabilities on reserves from reinvested earnings	(922.602)	(922.602)
Deferred tax liabilities relating to revaluation differences on tangible fixed assets.	(8,427,297)	(8,763,225)
Deferred tax, net	(9,349,899)	(9,685,827)

23. Deferred income

1) In 2010, the Company signed with the Ministry of Economy, Trade and Business Environment ("the Ministry") the financing contract no. 3131/230303, the object of which is the granting of non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing of wind turbine casings, turbines and compressor units, process chambers within the manufacturing lines of photovoltaic cells on CNC equipment of the latest generation, using CNC boring machine with continuous indexable processing head, in SC Comelf SA". The total cost of the project was 1,991,488 lei, of which state aid was 836,760 lei. The State aid equivalent was recognised by the Company as a government grant and amortised over a period of approximately 11 years.

The objectives of granting state aid were represented by the modernization of existing products, the realization of new products, the increase of productivity, the reduction of energy consumption, the reduction of material consumption, the optimization of the decision, the protection of the environment, the assurance of quality, objectives fulfilled by the Company.

In 2021, the Company resumed in revenue the amount of 17,602 lei (2020: 17,602 lei), representing the amortization of subsidies.

2) The company received a government subsidy in 2013 in the amount of 16,848,613 lei within 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 SC COMELF SA".

The government grant was conditioned by the Beneficiary's contribution of 27,635,774 lei, of which the eligible amount was 16,848,613 lei, the difference being the ineligible amount, including VAT within the project, during the project implementation period of 24 months from 04.02.2013.

In 2021, the Company resumed in revenue the amount of 364,118 lei (2020: 367,276 lei), representing the amortization of subsidies.

3) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application of utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. In October 2019, the "Utilities and Production Consumption Monitoring System and Energy Management Software License" was put into operation, and grant revenues of 21,143 lei (2020: 21,143 lei) were recorded under this project as of 31 March.

The accounting policies adopted are presented in Note 3.

24. 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:

	March 31, 2021	March 31, 2020
Profit attributable to ordinary shareholders	1,208,457	547.060
Weighted average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.05	0.02

Diluted earnings per share are equal to basic earnings per share, as the Company has not recorded any potential ordinary shares.

25. Net financial expenses

The financial elements are the following:

	March 31, 2021	March 31, 2020
Interest income	12.824	2.649
Income from exchange rate differences	22.663	281.936
Other items of financial income	326.224	222.982
Total financial income	361.711	507.567
Interest expenses	(78.410)	(76.866)
Expenses from exchange rate differences	(369.427)	(565.011)
Other items of financial expenditure, of which:	(102.957)	(320.806)
Total financial expenses	(550.794)	(962.683)

26. Commitments and contingent liabilities**(a) Environmental contingencies**

Environmental regulations are under development in Romania and the Company has not recorded any obligations as of March 31, 2021, for any anticipated costs, including legal and consulting fees, site surveys, design and implementation of remediation plans, related to environmental elements.

The Company's management does not consider the expenses associated with possible environmental problems to be significant.

(b) Transfer price

According to Order 442/2016, the category of large taxpayers that exceed the following value thresholds in transactions with related parties:

- 200,000 euros, in case of interest collected / paid for financial services, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 250,000 euros, in case of transactions regarding the provision of services received / provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350,000 euro, in case of transactions regarding acquisitions / sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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they are obliged to draw up the transfer pricing file and make it available to the tax authorities upon request within 10 days from the date of the request by the competent tax authority.
Comelf SA has prepared the transfer pricing file for 2020, and will make an update for 2021.

27. Transactions and balances with affiliated parties

The affiliated parties and a summary description of their activities and relationships with the Company are as follows:

The transactions with the companies within the group are carried out on the basis of the framework commercial contracts in which the rights and obligations of each party are stipulated, specifying the type of contract:

- commission contract, consulting contract.

The rights and obligations of the parties are well delimited by the contractual clauses, the eventual litigations being within the competence of the International Arbitration Court attached to the Chamber of Commerce and Industry of Romania.

Transactions between the parties will be based on the principle of uncontrolled competition.

Based on the framework contract, firm orders are issued, the purpose of which is monitored, following the full observance of the contact clauses.

Affiliated party	Activity	Description of affiliation type
Uzinsider SA	Consulting services	Uzinsider SA is a majority shareholder
Uzinsider Techo SA	Acquisition of steel sheets and sections	
Uzinsider General Contractor SA	Sale of power plant products	
Promex SA	Collaboration on turnkey jobs	
24 Ianuarie SA	Collaboration in the manufacture of subassemblies	
Uzinsider Engineering SA	Collaboration in the manufacture of subassemblies	
	Providing services	

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

a) Receivables and payables with related parties

As of March 31, 2021 and March 31, 2020, the receivables from the affiliated parties are as follows:

Receivables at	March 31, 2021	March 31, 2020
Uzinsider Techo SA	6,095,612	11,116,176
Uzinsider General Contractor SA	237.418	-
Promex SA	30.754	414.733
24 Ianuarie SA	-	-
Total	6,363,784	11,530,909

As of March 31, 2021 and March 31, 2020, the debts to the affiliated parties are as follows:

Debts to	March 31, 2021	March 31, 2020
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Uzinsider SA	162.068	162.068
Uzinsider Techo SA	456.126	983.331
Uzinsider General Contractor SA	725.592	708.164
Promex SA	-	20.038
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	1,343,786	1,873,601

b) Transactions with related parties

The sales of goods and services to the affiliated parties are carried out at prices similar to those in the contracts concluded with external beneficiaries, as follows:

Sales in the year ended at:	March 31, 2021	March 31, 2020
Uzinsider Techo SA	2,624,462	7,548,999
Uzinsider General Contractor SA	-	-
Promex SA	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	2,624,462	7,548,999

The acquisitions from the affiliated parties were made at the acquisition value according to the contracts, as follows:

Sales in the year ended at:	March 31, 2021	March 31, 2020
Uzinsider SA	204.288	204.288
Uzinsider Techo SA	151.444	690.010
Uzinsider Engineering Galati	-	-
Uzinsider General Contractor SA	1,382,516	1,191,593
Promex SA	-	10.447
24 Ianuarie SA	-	-
Total	1,738,248	2,096,338

As there were no overruns of the contact terms, no impairment losses were recognised on these transactions during the year.

The general terms and conditions provided in the relations concluded with the affiliated parties are the following: payment terms 60-90 days, payment methods with payment orders and compensation, no guarantees, and no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2021 will be made from own sources of financing, grants (with bridge credit coverage until the receipt of the grant) and are estimated at 1.1 million .Euro.

29. Operating segment reporting

The manufacturing activity of the Company takes place within the factories organized as business units:

- Stainless Steel Products Factory ("FPI")
- Factory for Earth-Moving Machinery and Parts, Bag-Filters and Electrostatic Precipitators ("FUET")
- Factory for Earth-Moving Machines and Components ("TERRA")

The Company's activity involves exposure to a number of inherent risks. These include economic conditions, changes in legislation or tax rules. A variety of measures are taken to manage these risks. The Company operates a risk reporting system designed to identify current and potential liabilities and facilitate timely action. Insurance and taxation are also managed at the Company level.

The Company regularly carries out actions to identify and monitor ongoing litigations and law suits. The essential decisions are taken by the Board of Directors. The operating segments are managed independently, as each of them represents a strategic unit with different products:

- FPI -the most important products are: stainless steel (equipment for gas turbine power plants, components for wind power plants, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, turbine saddles, compressors, generators, metal belt conveyors, components for transport, assembly and equipping of wind power plants, components for transcontainer handling machines);
- FUET - the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt cutters, components for excavators, engine housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA - the most important products are: 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 heavy-duty dump trucks.

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Reporting by operating segments

	FPI		FUET		TERRA		Center		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
External income of the segment	9,999,825	11,904,068	15,959,660	16,850,999	6,873,738	6,181,569	2,024,627	1,117,728	34,857,850	36,054,364
Total segment revenues	9,999,825	11,904,068	15,959,660	16,850,999	6,873,738	6,181,569	2,024,627	1,117,728	34,857,850	36,054,364
Net financial expenses	6.016	-179.486	-84.429	-130.244	-45.729	-43.182	-64.941	-102.204	-189.083	-455.116
Depreciation and amortization	452.290	451.819	743.236	760.706	493.919	498.886	176.508	192.428	1,865,953	1,903,839
Current income tax expense	-	-	-129.523	-117.719	-	-17.707	-88.550	70.686	-218.073	-64.740
The net result for the period	-249.626	94.781	687.994	612.755	-215.040	-598.993	985.129	438.517	1,208,457	547.060
Segment assets	44,840,230	46,272,819	76,228,867	74,305,114	35,728,910	36,796,385	-3,376,753	659.973	153,421,254	158,034,291
Investments in associated entities							0	0	0	0
Segment debts	32,511,546	33,114,242	43,001,502	43,744,075	24,904,773	25,956,551	-21,050,046	-17,410,923	79,367,775	85,403,945

All amounts shown as totals correspond to the amounts shown in the financial statements, without the need for reconciliation.

The total income of the segment corresponds to the item income plus other income, and the other items with similar positions in the financial statements

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30. Events subsequent to the date of the statement of financial position:

There are no events after the date of the statement of financial position.

31. Approval of financial statements

The financial statements were published on the website on 05/13/2021.

Cenusa Gheorghe
General Manager

Tatar Dana
Financial Manager