

Report of the administrators of COMELF SA according to ASF Regulation 5/2018, Appendix 14

Issued on : 23.08.2021

Company Name: COMELF SA

Registered Office: no. 4, Industriei street, Bistrita

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

VAT Identification Number: 568656

Reference number with the Trade Register : J06 / 02/1991

The share capital subscribed and paid on 30.06.2021: 13,036,325.34 lei

The main characteristics of the securities issued by the issuer :

Dematerialized registered shares numbering 22,476,423 with a value nominal value of 0.58 lei / share

The regulated market on which the issued securities are traded:

Bucharest Stock Exchange

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders prepared this report for January-June 2021, on the balance sheet, profit and loss account, statement of changes in equity, statement of cash flows, policy accounting and explanatory notes included in the individual half-yearly financial statements prepared on 30.06.2021.

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

Equity:	73,260,626 RON
Turnover:	64,764,814 RON
Net profit for the year:	1,948,597 RON

I.1 Important events held in January-June 2021

- On 15.04.2021, the OGMS took place, approving the distribution, from the net profit for the year 2020, of the amount of 1,500,000 lei for the payment of dividends to the company's shareholders and the amount of 1,202,863 lei to be used for other reserves. The date of effective payment of dividends was set for 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, subject to a subsequent rectification, in the context of the current health and economic situation;
- During January-June 2021, the price of the main raw material (metal) increased by 123%;

For the next 6 months of the financial year 2021 the significant risk is related to the evolution of the price of raw materials and utilities, with direct and immediate impact on the selling price of products manufactured by the company and which, without careful monitoring and management can generate temporary imbalances in the company's operation.

I.2 Transactions between affiliated parties during January-June 2021

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. The commercial relations with the affiliated parties are carried out based on sales agreements, commission contracts and assistance agreements.

Affiliated party	Activity	Description of the type of relationship
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder of COMELF
Uzinsider Techo SA	Intermediation services	
	Sale of products (filter unit / turbine parts / diffusers)	Shareholders-common individuals
Uzinsider General Contractor SA	Acquisition of electricity	Joint ownership
	Collaborations on turnkey jobs	
Promex SA	Collaboration in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies
24 Ianuarie SA	Collaboration in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies

- The sales of goods and services to the affiliated parties are made at the prices from the contracts concluded for each order of the external customers.
- The acquisitions from the affiliated parties were made at the acquisition value (in line with the market price) according to the contracts;

Sales at:	June 30, 2021	Acquisitions from:	June 30, 2021
Uzinsider SA	-	Uzinsider SA	408576
Uzinsider Techo SA	9318691	Uzinsider Techo SA	488698
Uzinsider General Contractor SA	1042028	Uzinsider General Contractor SA	2801613
Promex SA	0	Promex SA	0
24 Ianuarie SA	0	24 Ianuarie SA	0
Total	10360719	Total	3698887

The transactions with the affiliated parties performed in the first 6 months of 2021 are the usual ones, there are no other special transactions, different from those made in the previous years.

II. Review of the Company's activity:

a) Description of the basic activity of the Company:

The company operates based on the Companies Law no. 31/1990 (with subsequent amendments and additions), 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 Association updated in June 2017, the object of activity of the Company is "**Manufacture of machinery and equipment for earthworks, power plants and environmental protection, lifting and transport equipment, including subassemblies thereof.**"

COMELF is a production company operating in the field of machine building industry and has as object of activity the manufacture of equipment for power plants and environmental protection, steel structures in the field of renewable energy (source: water, wind and sun), earthmoving machines and equipment or subassemblies equipment for lifting and transport machinery, including components thereof. The manufacturing activities take place in 6 production halls, with a total area of 80,824 sqm, provided with

equipment, installations, machine tools for machining operations, laboratories and utility networks for the development of production processes.

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

b). Economic and financial situation

Presentation of an outline of the current economic and financial situation compared to the same period last year:

a) COMELF SA balance sheet items:

RON	June 30, 2021	December 31, 2020
ASSETS		
Active non-current	78167932	80968736
Total Current Assets, of which:	72462248	61399579
Stocks of raw materials and other materials	12357109	7585070
Commercial and similar receivables,	55091631	43238610
Cash and short-term deposits	5426561	10840220
Total assets	150853196	142395837
Equity and debts		
Total Equity, of which:	71793401	72927063
Share capital	13036325	13036325
Share capital adjustments	8812271	8812271
Other equity items	-	-
Reserves	50194525	49873472
Reported result	(731,092)	(1,497,868)
The result of the FY	1948597	2702863
Total Long-term debts, of which:	13722047	14798729
Long-term bank loans	-	-
Leasing liabilities	602029	717648
Provisions for risks and expenses	119507	119507
Deferred tax liabilities	8929989	9097953
Subsidies for long-term investment	4070522	4863621
Total Current liabilities, of which:	63870523	54670045
22,815,223 Trade payables	28690381	18415047
Interest-bearing bank loans	32020300	21564113
Leasing liabilities	231007	225172
Provisions for risks and expenses	981453	1505703
Subsidies for short-term investment	1611454	1624082
Deferred tax liabilities	335928	335928
Total equity and debt	150853196	142395837

b) COMELF SA profit and loss account:

RON	June 30, 2021	June 30, 2020
Income	66945896	64001334
Operating result	2831828	2100480
Financial result	(624,771)	(730,411)
Profit before tax	2207057	1370069
Income tax expense	258460	159955
Profit for the financial year	1948597	1210114
Number of shares	22476423	22476423
Result per share	0.087	0.054

COMELF SA **Revenue** were RON 67 million in H1 / 2021 compared to RON 64 million in H1 / 2020, an increase by 5%, having as main cause the increase of the selling price of the products, in the context of the increase of the raw materials price;

COMELF SA **Expenses** increased, compared to the first half of 2021, in a smaller proportion than the increase in revenues, influenced only by the increase in the cost of raw materials, at an accelerated pace. The other expenses registered a decrease, which managed to compensate the increase of the raw material costs, on the background of a prudent management of all the company's commitments concerning costs.

The company's gross result was favorably influenced by:

- the company's costs, other than those with raw materials, which registered a decrease, so that it was possible to maintain a balance between revenues and operational costs, with the aim of a satisfactory profitability;
- the increase of the incomes, on account of the increase of the sale price, in order to recover as much as possible the cost with the raw materials;

2. Review of the company's activity

2.1. Presentation and assessment of trends, elements, events or uncertainties that affect or could affect the company's liquidity, compared to the same period last year.

During the reviewed period Comelf SA was never unable to comply with its financial obligations and we estimate that there will be no events or factors that could affect the company's liquidity until the end of the financial year.

2.2 Presentation and analysis of the effects on the financial situation of the company of all capital expenditures, current or anticipated, compared to the same period last year.

Capital expenditures for the first half of 2021 were **0, 9 thousand RON** (first semester 2020 = 0.6 million RON). The financing of capital expenditures was made from in-house sources.

2.3. Presentation and analysis of events, transactions, economic changes that significantly affect the income from the core business. Statement of the extent to which the revenues of each identified item have been affected. Comparison with the corresponding period last year.

The economic-financial operations related to 1st Semester/2021 were registered correctly, based on dully prepared documents. The obligations provided by law have been fulfilled, regarding the correct and up-to-date organization and management of the accounting, regarding the observance of the accounting principles, regarding the observance of the accounting rules and methods provided by the regulations in force.

The obligations towards the state and local budget, towards the special funds were correctly established and the transfers were made in accordance with the legal requirements.

It is also worth mentioning that the income, expenses and the individual financial result related to the first six months of 2021 are faithfully reflected in the profit and loss account.

3. Changes affecting the capital and management of the company

3.1. Description of cases in which the company was unable to meet its financial obligations during the interval:
Not applicable.

3.2. Description of any change in the rights of holders of securities issued by the company:
Not applicable.

4. Significant transactions

For issuers of shares, information on the major transactions concluded by the issuer with the persons with whom it acts in common or in which these persons were involved during the relevant period of time:

Not applicable

5. ANNEXES

This report includes also copies of the following documents:

- the balance sheet, on 30.06.2021;
- declaration of the General Manager of Comelf SA regarding the assumption of responsibility for the preparation of the financial-accounting statements related to the semester 1/2021;
- shareholding structure, on 30.06.2021

6. REMARK: The half-yearly financial statements prepared for the 6-month period ended June 30, 2021 have not been audited or reviewed by an independent auditor, and are not a legal or statutory requirement.

Annexes:

Shareholding structure at the reference date June 30, 2021:

	Number of shares	% owned
Uzinsider SA	18189999	80.9292%
Other shareholders	4286424	19.0708%
Total	22476423	100%

Management structures:

The date of *June 30, 2021*, The management of COMELF SA was made out of the following:

- Members of the Company's Board of Directors:

Savu Constantin chairman

Babici Emanuel member

Mustăță Costica member

Maistru Ion member

Pârvan Cristian member

- Members of the Executive Management of the Company:

Cenușă Gheorghe General Manager

Pop Viorel Mircea Deputy General & Commercial Manager

Oprea Paul Cristian Deputy General Technical & Production Manager

Tatar Dana Financial Manager

Serban Marcela DABM Manager

Jurje Valer Quality Manager

Barbuceanu Codrut-Florentin Factory executive manager

Viski Vasile Factory Executive Manager

Câmpian Cosmin Factory Executive Manager

Management statement

According to the best available information, we confirm that the individual financial statements for the 1st semester/2021, prepared in accordance with International Financial Reporting Standards, provide a correct and consistent picture of the assets, liabilities, financial position and profit and loss account and loss of Comelf SA, as required by the applicable accounting standards.

We also confirm that the operational performance statement and the information presented in this report provide a correct and consistent picture of the main events that took place during the first six months of 2021 and their impact on the financial statements.

BD Chairman - eng. Savu Constantin

General Manager-Eng. Cenușă Gheorghe

Financial Manager-ec. Tatar Dana

The unrevised financial statements as of 30.06.2021, together with the Report of the Board of Directors are posted on the company's website www.comelf.ro under the heading "Up-to-date information".

The respective financial statements and reports were sent to BVB and ASF, and can be consulted as well following the link below.