

COMELF SA

INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

FINANCIAL STATEMENTS IFRS ON 31th DECEMBER 2021

**COMELF SA
RO 568656
J06/2/1991
Str.Industriei nr.4
420063, Bistrita
Romania**

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INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2021

	Nota	2021	2020
Assets			
Development cost		34,863	7,973
Intangible assets	5	464,585	568,443
Tangible assets	5	76,420,859	80,323,434
Financial assets available for sale	6	-	-
Total non-current assets		76,920,307	80,899,850
Advance payments for tangible assets		485,196	68,886
Stocks	7	11,682,634	7,348,271
Receivables from contracts with customers	8	55,557,013	40,732,363
Trade receivables and other receivables	9	4,096,772	2,506,247
Current tax receivables		-	-
Cash and cash equivalents	11	7,563,505	10,840,220
Total Current Assets		79,385,120	61,495,987
Total Assets		156,305,427	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	49,312,715	49,873,472
Reported outcome	12	(6,242)	(1,497,868)
Financial year outcome	25	4,285,589	2,702,863
Total Equity		75,440,658	72,927,063
Debts			
Long-term bank loans	13	-	-
Other loans and debts-leasing	13	493,544	717,648
Deferrend tax liabilities	22	8,762,025	9,097,953
Provisions for risks and expenses	21	105,086	119,507
Deferrend income liabilities	23	4,661,145	4,863,621
Total long-term debts		14,021,800	14,798,729
Overdrafts	13	34,191,371	32,564,113
The current part related to long-term loans	13	-	-
Deferrend tax liabilities	22	335,928	335,928
The current other loans and liabilities - leasing	11	235,702	225,172
Commercial debts and other debts	14	29,332,297	18,415,047
Provisions for risks and expenses	21	1,036,478	1,505,703
Deferrend tax liabilities	23	1,711,193	1,624,082
Total current debts		66,842,969	54,670,045
Total Debts		80,864,769	69,468,774
Total equity and debts		156,305,427	142,395,837

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

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

	Nota	<u>2021</u>	<u>2020</u>
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	130,562,973	109,454,624
Revenues from sales of goods		975	10,336
Other elements related to the turnover		8,669,833	5,316,581
Total revenues		139,233,781	114,781,541
<i>of which turnover</i>	3	<i>132,605,553</i>	<i>116,009,628</i>
Other revenues	16	2,815,923	4,489,264
Expenses			
Raw material costs and other expenses		(67,492,032)	(46,544,470)
Electricity and water costs		(4,289,634)	(3,928,773)
Commodity expenses		(301)	(9,854)
Employment charges	17	(42,429,663)	(42,131,508)
Transport costs	18	(5,645,220)	(5,472,533)
Other expenses related to revenues	19	(8,433,205)	(8,976,105)
Cost depreciaton charge	5	(7,527,361)	(7,542,004)
Financial costs , net	25	(1,268,841)	(1,487,244)
Ajustments related to cirent assets depreciation ,net	8	44,035	-
Provision costs for risks and expenses, net	21	375,241	73,797
Other expenses	19	(700,104)	(293,728)
Total expenses		(137,367,085)	(116,312,422)
Pre-tax profit		4,682,619	2,958,383
Profit tax	20	(397,030)	(255,520)
Profit from continuous operations		4,285,589	2,702,863
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		4,285,589	2,702,863
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		4,285,589	2,702,863
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.19	0.12
Diluted outcome per share (lei per share)	24	0.19	0.12
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.19	0.12
Diluted outcome per share (lei per share)	24	0.19	0.12
Cenusa Gheorghe, General Manager		Tatar Dana ,, Financial Manager	

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INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2021 IN ACCORDANCE WITH IFRS

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

STATEMENT OF CHANGE OF EQUITY	Capital Social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance on January 01, 2021	13036325	8,812,271	32,608,011	2,607,265	14658196	1204995	72927063
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4,285,589	4285589
<i>Other elements of the overall result</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 achieved transferred to the retained result-current year			(2,099,548)			1,763,620	(335.928)
Other equity items			335.928		1202863	(1,202,863)	335.928
Legal reserves established				0		0	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,620)	0	1202863	4846346	4.2855, .589
Other elements retained result - correction of accounting errors	0	0	0	0		(271.994)	(271.994)
Other elements retained result - correction of accounting errors	0	0	0	0	0	(271.994)	(271.994)
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>Profit or loss account and other elements of the overall result</i>							
Balance on December 31, 2021	13,036,325	8812271	30844391	2607265	15861059	4279347	75440658

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INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2021 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)**Continued on next page*

STATEMENT OF CHANGE OF EQUITY	Capital social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance on January 01, 2020	13,036,325	8812271	34371631	2607265	13534082	(266.892)	72094692
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						2,702,863	2702863
<i>4. Other elements of the overall result</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 achieved, transferred to the retained result			(2,099,548)			1763620	(335.928)
Other equity items			335.928		1124114	(1,124,114)	335.928
Legal reserves established				0	0	0	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,620)	0	1124114	3342369	2702863
Other items carried forward - correction of accounting errors			0	0	0	(370.482)	(370.482)
Other result items carried forward	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)
Balance on December 31, 2020	13,036,325	8812271	32608011	2607265	14658196	1204995)	72927063

COMELF SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)***CASH FLOW STATEMENT**

	31-12-2021	31-12-2020
Pre - tax profit	4,285,589	2,702,863
Depreciation of fixed assets	7,527,361	7,542,004
Cash operational brut	11,812,950	10,244,867
Workong Capital Variation		
Variation receivables	12,965,986	-9,206,571
Variation stocks	4,334,363	1,444,381
Variation in other current assents	1,544,623	443,219
Variation Income/Expenses in advances	45,902	-89,374
Variation suppliers	11,578,744	-8,911,469
Variation customer advances	-1,858,664	1,856,494
Variation employees and assimilated	-582,390	212,610
Net operating Cash	2,059,766	10,810,847
Cash flow dfrom net investment	3,964,128	958,789
Debts change		
Variation of short-term loans	1,627,258	-2,085,812
Variation of long-term loans	0	-896,119
Variation of associated debts	-628,606	133,173
Variation of other liabilities	-	-
Variation of capitalluri	-2,371,005	-3,691,325
Cash flow from financing	-1,372,353	-6,540,083
Total chas variation between	-3,276,715	3,311,975
Initial Cash	10,840,220	7,528,245
Net Cash at end of period	7,563,505	10,840,220

Cenusa Gheorghe
General ManagerTatar Dana
Financial Manager

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS

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

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COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**1. Reporting entity**

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 Bistrita, 4 Industriei Street, Bistrita Nasaud County, Romania.

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

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

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the financial year ended December 31, 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, sub-assemblies and components for power plants and environmental protection, earthmoving equipment, lifting and transport equipment, including their sub-assemblies, steel structures, weapons and ammunition, road transport vehicles and military combat vehicles.

2. Basics for preparation**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 no. 2844 of 2016, for the approval of Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which replaces the Order no. 1286/2012. International Financial Reporting Standards represent the standards adopted according to the procedure provided by Regulation (EC) no. 1,606 / 2002 of the European Parliament and of the Council of 19 July 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 were authorised for issue by the Board of Directors on March 25 th, 2022.

b. Basis for evaluation

The financial statements have been prepared on a historical cost basis, with the exceptions mentioned in these Explanatory Notes.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

c. Functional and presentation currency

These financial statements are presented in lei, which is also the Company's functional currency. All financial information is presented in lei, rounded, without decimals.

d. Use of professional estimates and reasoning

The preparation of the financial statements in accordance with IFRS involves the use by management of professional reasoning, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. Actual results may differ from estimated values.

e. Changes in accounting policies

General presentation

The financial year ended December 31, 2012 is the first year in which the Company has adopted International Financial Reporting Standards in accordance with IFRS 1, which entered into force on July 1, 2009.

(i) The Company applies the following International Financial Reporting Standards with the implied changes to the accounting policies of the Company in the financial year 2021 for comparability of information with the financial year 2020.

IAS 1	Presentation of financial statements	Fundamental accounting principles, the structure and content of the financial statements, the required items and the notion of a fair image.
IAS 2	Inventories	Definition of the accounting treatment applicable to stocks in the historical cost system: valuation (first in - first out, weighted average cost and net realisable value) and the scope of allowable costs.
IAS 7	Cash flow statements	Analysis of cash changes, classified into three categories: operating flows, investment flows, financing flows.
IAS 8	Accounting policies, changes in accounting estimates and errors	Defining the classification, disclosures and accounting treatment of certain income statement items. Definition of materiality.
IAS 10	Events after the balance sheet date	Provisions regarding the taking into account of the elements after the closure: definitions, terms and conditions of application, particular cases (dividends).
IAS 12	Income tax	Definition of the accounting processing of income taxes and detailed provisions regarding deferred taxes.
IAS 16	Tangible fixed assets	The principles and date of accounting for assets, the determination of their carrying amount and the principles relating to the accounting for depreciation.

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IAS 19	Employee benefits	Principles of accounting and disclosure of employee benefits: short-term and long-term benefits, post-employment benefits, equity benefits and termination benefits.
IAS 20	Accounting for government grants and reporting of government assistance	Principles of accounting and disclosure of direct or indirect public aid (clear identification, notion of fair value, linkage to subsidised assets, etc.).
IAS 21	The effects of exchange rate fluctuations	Defining the accounting processing of activities abroad, transactions in foreign currencies and the conversion of the financial statements of a foreign entity.
IAS 23	Borrowing costs	Definition of accounting processing of borrowing costs: the notion of qualified assets, the ways of incorporating borrowing costs into the value of qualified assets.
IAS 24	Disclosure of related party information	Detailed information on relationships and transactions with related parties (legal and natural persons), which have a significant control or influence over one of the group companies or management.
IAS 26	Accounting and reporting of pension plans	Defining the principles of evaluation and information regarding retirement schemes (funds), distinguishing between defined contribution schemes and defined benefit schemes.
IAS 27	Consolidated and individual financial statements	Principles relating to the presentation of consolidated accounts, definition of the consolidation obligation and notion of control, convergence of accounting rules within the group, other principles.
IAS 31	Interests in joint ventures	Accounting principles and policies for the joint venture, operations carried out or assets or participations held in a joint venture.
IAS 32	Financial instruments: presentation	Presentation rules (classification of debts / equity, expenses or income / equity).
IAS 33	Earnings per share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of assets	Key definitions (recoverable amount, fair value less costs to sell, value in use, cash-generating units), timing of impairment testing, accounting for impairment, case of goodwill.
IAS 37	Provisions, contingent liabilities	Definition of provisions and estimation methods,

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	and contingent assets	particular cases analyzed (among which the issue of restructuring).
IAS 38	Intangible assets	Definition and accounting treatment of intangible assets, recognition and measurement policies on the treatment of research and development expenditure, etc.
IAS 39	Financial instruments: presentation recognition and evaluation
IAS 40	Real estate investments	Choosing between two valuation methods: fair value or amortized cost, transfers between different asset classes, etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	Procedures to be followed for the publication of financial statements under IAS/IFRS, optional exceptions and mandatory exceptions from retrospective application of IAS/IFRS.
IFRS 5	Fixed assets held for sale and discontinued operations	Defining an asset intended for trading and abandonment of activity, evaluation of these elements.
IFRS 7	Financial instruments: information to be provided	Financial information related to financial instruments mainly refers to: (i) information on the significance of financial instruments; (ii) information on the nature and extent of the risks posed by financial instruments; (iii) reform of the interest rate benchmark.
IFRS 9	Financial instruments	Establishes principles for financial reporting of financial assets and financial liabilities, for assessing the value, timing and uncertainty of an entity's future cash flows for the purpose of presenting relevant and useful information.
IFRS 13	Fair value measurement	Applying fair value in the case of non-financial assets, presenting information related to the fair value.
IFRS 15	Revenues from contracts with customers	The principles applicable by a company to determine the nature, amount, timing and uncertainty of revenue and cash flows generated by a contract with a customer;

3. Significant accounting policies

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

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

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

As of 31.12.2021, the company has positive current assets of RON 12,542,151 (RON 6,285,942 in 2020) and a net profit of RON 4,285,589 (RON 2,702,863 as of 31.12.2020). The company's activity depends on bank financing.

For 2022, the proposed income and expenditure budget would generate positive cash flows with a liquidity-enhancing effect, thus enabling the company to meet its commitments to the financing bank.

The effects of the conflict in Ukraine and the COVID 19 endemic, on a global level, with direct implications in the economic activity of companies and with social impact, may generate changes, which are analyzed and which may modify the accounting values of assets and liabilities in the financial year 2022. Further considerations are presented in note 30-Subsequent events.

Foreign currency transactions

Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the statement of financial position are converted into functional currency at the exchange rate on that day.

Gains or losses on their settlement and conversion using the exchange rate at the end of the financial year for monetary assets and liabilities denominated in foreign currency other elements of the overall result are recognized in the statement of profit or loss.

The exchange rates of the main foreign currencies were:

Currency	Friday, December 31, 2021	Thursday, December 31, 2020
Euro (EUR)	1: LEU 4.9481	1: LEU 4.8694
US Dollar (USD)	1: LEU 4.3707	1: LEU 3.9660

Accounting for the effect of hyperinflation

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"), the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the measuring unit current at the statement of financial position date (non-monetary items are restated using a general price index at the date of acquisition or contribution).

According to IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004. Therefore, the provisions of IAS 29 have been adopted in the preparation of the financial statements starting with 2012, for the periods prior to December 31, 2003.

Thus, amounts expressed in the current unit of measure for periods prior to December 31, 2003 are treated as the basis for the carrying amounts reported in the financial statements and do not represent appraised values, replacement cost, or any other measure of the current value of assets or the prices at which transactions would occur at that time.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

For the purpose of preparing the financial statements, the Company adjusts the following non-monetary items to be expressed in the current unit of measurement for periods prior to December 31, 2003:

- Registered capital
- reserves
- property, plant and equipment other than land and buildings

The lands and buildings are presented at the revalued value as of December 31, 2015.

The most recent revaluation was performed by the Company on December 31, 2018, in order to establish the amount of local taxes and fees, in accordance with GEV 500. Revalued values are not reflected in the Financial Statements.

Inventories

Inventories are measured at cost in accordance with IAS 2 and the cost formula used is a weighted average cost. This method does not apply to work in progress and finished goods for which the provisions of IFRS 15 "Revenue from Contracts with Customers" apply.

Work in progress is included in the item Receivables from contracts with customers as the company applies IFRS 15 "Revenue from contracts with customers". Under this standard, revenue from contracts with customers is measured based on the company's receipts and efforts to meet performance obligations in relation to the total expected receipts to meet the performance obligation. In determining revenue from contracts with customers, the entity continually assesses the level of actual costs against the initial, pre-manufacturing estimated costs and recognises revenue only at the level of costs that contribute to the entity's progress and that have been reflected in the contract price, weighted by the quantity and physical stage of completion of the contract.

Cash and cash equivalents

Cash and cash equivalents include: cash, current accounts and short-term bank deposits.

Financial assets and liabilities*(i) Classification*

The company classifies the financial instruments held in the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market, other than those that the Company intends to sell immediately or in the near future.

Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are not classified as loans and receivables.

For available-for-sale financial assets for which an active market exists or can be measured using valuation methods, subsequent to initial recognition, equity instruments are measured at fair value and changes in fair value, other than impairment losses, are recognised directly in equity.

When the asset is derecognised, the cumulative gain or loss is transferred to the profit or loss account.

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

(ii) Recognition

Assets and liabilities are recognized on the date on which the Company becomes a contractual party under the terms of that instrument. Financial assets and liabilities are measured at the time of initial recognition at fair value plus directly attributable trading costs, except for investments in shares whose fair value could not be reliably determined and which are initially recognized at cost.

(iii) Valuation at amortized cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, less principal payments, plus or minus the accumulated depreciation up to that time using the method. effective interest, less impairment losses.

(iv) Fair value measurement

Fair value is the amount at which an asset can be traded or a debt settled, between interested and knowledgeable parties, in a transaction carried out under objective conditions at the valuation date.

(v) Identifying and evaluating impairment*Financial assets measured at amortized cost*

The Company reviews at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (“loss-generating event”) and the loss-generating event or events. have an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there are objective indications that there has been a impairment loss on financial assets measured at amortized cost, then the loss is measured as the difference between the carrying amount of the asset and the present value of future cash flows using the effective interest rate of the financial asset in the beginning.

The carrying amount of an asset is reduced by the Company through the use of a provision account. Impairment losses are recognized in the income statement and other comprehensive income.

If in a subsequent period an event that occurred after the recognition of the impairment results in a reduction in the impairment loss, the previously recognized impairment loss is reversed by adjusting the provision account. The reduction of the impairment loss is recognized in the profit or loss account and other elements of the overall result.

Available-for-sale financial assets

In the case of available-for-sale financial assets, when a decrease in the fair value of a available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity will be resumed from equity accounts and recognized in the statement of comprehensive income even if the financial asset has not yet been derecognized.

The amount of the accumulated loss that is resumed from equity accounts in the statement of comprehensive income will be the difference between the acquisition cost (net of principal repayments and amortization) and current fair value, less any impairment loss of that financial asset previously recognized in the statement of comprehensive income.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

Impairment losses on assets recognized in the income statement and other comprehensive income related to investments classified as available for sale may not be reversed in the income statement. If, in a subsequent period, the fair value of an impaired investment increases, the increase in value will be recognized directly in other comprehensive income.

Given the intrinsic limitations of the methodologies applied and the significant uncertainty of the valuation of assets on international and local markets, the Company's estimates may be significantly revised after the date of approval of the financial statements.

(vi) Derecognition

The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive contractual cash flows related from that financial asset in a transaction in which it has significantly transferred all the risks and benefits of ownership.

The company derecognizes a financial debt when the contractual obligations have been concluded or when the contractual obligations are canceled or expire.

On derecognition of a financial asset in its entirety, the difference between:

- its carrying amount and
- the amount consisting of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Other Financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

Tangible and intangible assets**(i) Recognition and evaluation**

Property, plant and equipment recognised as assets are initially measured at cost by the Company. The cost of an item of property, plant and equipment consists of the purchase price, including irrecoverable taxes, after deducting any price discounts of a commercial nature and any costs that may be directly attributable to bringing the asset to its location and in the condition required for its use for the purpose desired by the management, such as: employee expenses resulting directly from the construction or acquisition of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

The value of the Company's tangible and intangible assets as of December 31, 2021 and December 31, 2020 is detailed in note 5.

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

- Land
- Buildings
- Items of equipment, technical installations and machinery;
- Means of transport;
- Other tangible fixed assets.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

Fair value is based on market price quotations, adjusted where appropriate to reflect differences in the nature, location or conditions of the asset.

All fixed assets in the company's assets were used for the purpose of achieving the main object of activity, i.e. production contracted with customers for 2021 or for the purpose of achieving the secondary object of activity (for a small proportion of assets). They are recorded at fair value, classified in level 2 in the fair value hierarchy.

During 2021 there were no transfers between the categories of value hierarchy.

The re-evaluations were performed by specialized evaluators, ANEVAR members. The frequency of revaluations is dictated by the dynamics of the markets to which the land and buildings owned by the Company belong. Assets consisting of land and buildings that represent collateral under financing contracts are revalued annually, without these existing values being adjusted according to the results of these revaluations.

The other categories of tangible assets are highlighted at cost, less accumulated depreciation and the provision for impairment.

Expenses for the maintenance and repair of property, plant and equipment are recorded by the Company in the statement of comprehensive income when they arise, and significant improvements made to property, plant and equipment, which increase their value or life, or which significantly increase the ability to generate economic benefits, are capitalized.

(ii) Amortization

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 - 55 years
Equipment	2 - 36 years
Means of transport	4 - 8 years
Furniture and other tangible assets	3 - 18 years

Land is not subject to depreciation.

Intangible assets that meet IFRS recognition criteria are recorded at cost less accumulated depreciation. Depreciation of intangible assets is recorded in the income statement on a straight-line basis over an estimated period of up to 4 years.

Depreciation methods, estimated useful lives and residual values are reviewed by the Company's management at each reporting date.

(iii) Sale / disposal of tangible and intangible assets

Tangible fixed assets that are scrapped or sold are eliminated from the statement of financial position together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation is included in the current profit or loss account. Disposal of tangible assets is made annually, following their inventory and is approved by the Board of Directors.

Impairment of non-financial assets

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to identify any evidence of impairment. If there are such indications, the recoverable amount of those assets is estimated.

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

The recoverable amount of an asset or a cash-generating unit is the higher between its value in use and its fair value less costs to sell that asset or unit. In determining value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date to determine whether they have decreased or no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of depreciation and amortization, if the impairment loss had not been recognized.

Investment grants

The company has registered investment grants. The policies adopted for the recognition and disclosure of investment grants received are as follows: a grant is recognized only when there is reasonable assurance that the entity will comply with the terms attached to the grant and that the grant will be received. The company recognizes these receivables on the date of collection or on a date close to the date of collection, at the same time as the recognition of a deferred income.

Deferred income is recognized as income from grants (Other income) as assets are depreciated. See **Note on other income.**

Registered capital

Ordinary shares are recognized in share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from capital, net of tax effects.

Revaluation reserves

The revaluations were performed so that the carrying amount does not differ substantially from that which would have been determined using fair value on the date of the statement of financial position.

If the result of the revaluation is an increase in net book value, then it is treated as follows: as an increase in the revaluation reserve presented in equity, if there was no previous decrease recognized as an expense related to that asset or as income to offset the expense with the previously recognized decrease in that asset.

If the result of the revaluation is a decrease in the net carrying amount, it is treated as an expense with the full amount of the impairment when no revaluation reserve amount is recorded on that asset (revaluation surplus) or as a decrease in the revaluation reserve, with the minimum between the value of that reserve and the value of the decrease, and any difference left uncovered is recorded as an expense.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when that surplus represents a realized gain. The gain is deemed to be realised when the asset for which the revaluation reserve was set up is derecognised.

Starting with May 1, 2009, as a result of the changes occurred in the fiscal legislation, the revaluation reserves registered after January 1, 2004 become taxable as the respective fixed asset is depreciated.

Legal reserves

In accordance with legal requirements, the Company has fully established legal reserves in the amount of 5% of the gross profit recorded, but not more than 20% of the share capital valid at the date of establishment of the reserve. These reserves are deductible when calculating income tax.

Dividends to be distributed

Dividends are treated as a distribution of profits in the period in which they were declared and approved by the General Meeting of Shareholders.

Provisions for risks and expenses

Provisions are recognized in the statement of financial position when an obligation arises for the Company as a result of a past event and it is probable that future economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. In determining the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to the liability.

Revenues from contracts with customers

Revenue from contracts with customers is recognized periodically and is measured on the basis of the Company's receipts and efforts to meet performance obligations in relation to the total expected receipts to meet the performance obligation. In determining revenue from contracts with customers, the entity continually assesses the level of actual costs against the initial, unrecognized costs and recognizes revenue only at the level of costs that contribute to the entity's progress and that have been reflected in the contract price, weighted by the quantity and physical stage of completion of the contract. The Company transfers to the customer over time (by phase) control over the goods fulfilling a performance obligation, thereby recognising revenue over time at each stage of completion. When recognising revenue over time, the company analyses the terms of the contract relating to the payment obligation, guarantees, remediation costs and any other costs that may affect contract performance and adjusts contract revenue accordingly.

Interest income

Interest income and expenses are recognized in the income statement and other comprehensive income through the effective interest method. The effective interest rate is the rate that accurately updates payments and cash receipts expected in the future over the life of the asset or financial liability (or, where applicable, for a shorter term) to the carrying amount of the asset. or financial debt.

Employee benefits***(i) Short-term benefits***

Obligations with short-term benefits granted to employees are not discounted and are recognized in the income statement and other comprehensive income as the related service is provided.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

Short-term employee benefits include wages, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when the services are provided. The Company recognizes a provision for amounts expected to be paid in respect of accrued and unused leave entitlements, short-term cash bonuses or profit-sharing schemes if the Company has a present legal or constructive obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be measured reliably.

(i) Determined contribution plans

The company makes payments on behalf of its employees to the public pension system, health insurance and the employer's contribution for work in the normal course of business.

The Company is not engaged in any other post-retirement benefit scheme. The company has no obligation to provide subsequent services to former or current employees.

(ii) Long-term employee benefits

The Company's net liability in respect of long-term service benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods. According to the collective labor agreement, the Company is obliged to pay a fixed amount of between RON 800-1600 to its employees upon retirement, depending on their length of service (at least 10 years).

The Company uses an internal actuarial calculation to calculate the amount of retirement benefits and updates the amount of this debt each year, based on the seniority of the Company's employees and the staff turnover rate over the past 5 years. The amount of retirement benefits is recognized as a provision in the statement of financial position.

Adjustments resulting from the annual revision of anniversary provisions are recognized in the income statement.

The provision for retirement benefits is reversed in the income statement when the Company pays the obligation.

Income and loss from exchange rate differences

Foreign currency transactions are recorded in the functional currency (leu), by converting the amount in foreign currency at the official exchange rate communicated by the National Bank of Romania, valid on the date of the transaction.

On the reporting date, monetary items expressed in foreign currency are converted using the closing exchange rate.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at rates different from those at which they were translated on initial recognition (during the period) or in the previous financial statements are recognised as a gain or loss in the income statement and other comprehensive income in the period in which they arise.

Income tax

The profit tax for the year includes the current tax and the deferred tax.

Income tax is recognized in the statement of profit or loss account, other items of comprehensive income or directly in equity, taking into account how the items to which they relate affect one or the other of these items.

The current tax is the tax payable related to the profit realized in the current period, determined based on the percentages applied at the reporting date and all the adjustments related to the previous periods.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

For the period January 1-December 31, 2021, the corporate tax rate was 16%.

Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions that are not business combinations and that affect neither accounting nor taxable profit, and differences arising from investments in subsidiaries, provided they are not reversed in the foreseeable future.

The deferred tax is calculated on the basis of the tax rates that are expected to be applicable to temporary differences upon their resumption, based on the legislation in force at the reporting date. Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax debts and receivables and if they are related to the tax collected by the same tax authority for the same taxable entity or for different tax authorities but wishing to settle claims. and current tax liabilities using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax asset is recognized by the Company only to the extent that it is probable that future profits may be used to cover the tax loss. The receivable is revised at the end of each financial year and is diminished to the extent that the related tax benefit is unlikely to be realized.

Earnings per share

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

Leasing payments

The minimum lease payments under the financial leasing contracts are divided proportionally between the leasing interest expense and the reduction of the leasing debt. The lease interest expense is allocated to each lease term in such a way as to produce a constant interest rate for the remaining lease debt.

Operational-segment reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographic environment (geographic segment) and that is subject to risks and benefits different from those of other segments.

4. Management of significant risks

The Company's management considers that risk management must be performed within a consistent methodological framework and that their management is an important component of the strategy to maximize profitability, achieve an expected level of profit while maintaining an acceptable risk exposure and compliance 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;

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS***(All amounts are expressed in LEI, unless otherwise indicated)*

- operational risk.
- capital adequacy

The general risk management strategy aims at maximizing the Company's profit relative to the level of risk to which it is exposed and minimizing potential adverse variations on the Company's financial performance.

The company has implemented policies and procedures for managing and assessing 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 recording a loss or not obtaining the expected profit, as a result of price fluctuations, interest rates and exchange rates for foreign currency.

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk, with the possibility that the value of the costs for the fulfillment of the projects will be higher than the estimated value, thus the contracts will run at a loss.

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 political and economic instability, generated by the conflict in Ukraine, there is a significant risk related to material availability and its extremely high price, which can generate, in the short term, possible disruptions in operational activity. The company also has a material procurement policy that provides protection for a period of 2-3 months for confirmed orders, which provides us with a balance for the period in which we are repositioning ourselves with respect to suppliers and customers.

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

	Friday, December 31, 2021		Thursday, December 31, 2020	
	Book value	Fair value	Book value	Fair value
Receivables from contracts with customers	55,557,013	55557013	40732363	40732363
Trade receivables and other receivables	2,600,683	2600683	2506247	2506247
Down-payments granted for tangible assets	485.196	485.196	68.886	68.886
Grants receivable	1,496,089	1496089	-	-
Cash and cash equivalents	7,563,505	7563505	10840220	10840220

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS***(All amounts are expressed in LEI, unless otherwise indicated)*

Short-term bank loan	-34,191,371	-34191371	-32564113	-32564113
Current part-lease	-235.702	-235.702	-225.172	-225.172
Deferred tax liabilities (current part)	-335.928	-335.928	-335.928	-335.928
The current part of long-term loans	-	-	-	-
Trade and other payables	-29,332,297	-29332297	-18415047	-18415047
Total	3,607,188	3607188	2607456	2607456

(ii) Interest rate risk

As at 31December 2021 most of the Company's assets and liabilities are non-interest bearing, except for bank loans and leases. 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.

The following tables show the Company's exposure to interest rate risk.

	2021	2020
Fixed rate financial instruments		
<i>Financial assets</i>		
Working capital loan	34,191,371	32546113
Interest rate:	Euribor / Libor / Robor 1M + 0.90%	Euribor / Libor / Robor 1M + 0.90%
Leasing contract UNICREDIT Leasing Corporation IFN	251	603
Interest rate: Euribor 3M + 1.99%		
PORSCHE Leasing contracts	4,685	6,883
Interest rate: PLP18FE 6.09%		
BRD Sogelease Leasing contracts	12,736	16,685
Interest rate: Eur3M +2.40%		

Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit due to 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 (69%) and the Company's financial liabilities are expressed in foreign currency (53%) and in the national currency (47%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

(b) Credit risk

The Company is exposed to credit risk related to financial instruments arising from the possible non-fulfillment of payment obligations that a third party has towards the Company. The company is exposed to credit risk as a result of trade receivables with payment terms of up to 120 days.

The maximum exposure to credit risk of the Company is in the amount of 58,642,892 lei as of December 31, 2021 and in the amount of 43,307,496 lei as of December 31, 2020 and can be analyzed as follows:

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS

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

Receivables from contracts with customers, miscellaneous debtors and trade receivables

The status of receivables at the date of the financial statements (compared to the invoice date) was:

	Gross value as of December 31, 2021	Impairment adjustments	Gross value as of December 31, 2020	Impairment adjustments
Between 0 - 30 days	38,844,006	-	26,657,314	-
Between 31 - 60 days	9578558	-	6,311,288	-
Between 61 - 90 days	9496744	-	5,518,311	-
Between 91 - 180 days	1427081	-	3,403,047	-
Between 181 - 365 days	600.513	-	417.505	-
Over 365 days	3,418,904	3226825	4226856	3226825
Total	63,365,806	3226825	46534321	3226825
Total net:	60,138,981		43,307,496	

Receivables over 180 days old, without provisions, are within the contractual terms. See Note 8, 9 and 10. Out of the total receivables with an overdue maturity of more than 365 days, provisions were made for uncertain amounts.

(c) The risk related to the economic environment

The Romanian economy continues to have 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 management of the Company is concerned to estimate the nature of the changes that will take place in the world political and economic environment and, in particular, in Romania and what will be their effect on the financial situation and the operational and treasury result of the Company.

One of the features of the Romanian economy is the existence of a currency that is not fully convertible abroad and a low degree of liquidity of the capital market.

The current international context makes it possible for certain customers to rethink their purchasing policy and to postpone, for short terms, the manufacturing of products, in order to protect themselves.

The Company's management cannot foresee all the effects of the situation of the economy as a whole that will have an impact on the financial sector in Romania, nor the 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 availability and price of raw materials, for the manufacturing of products with a delivery period starting with June 2022, as well as the financing of their acquisition.

(d) Operational risk.

Operational risk is defined as the risk of incurring losses or not achieving expected profits due to internal factors such as inadequate internal operations, inadequate staff or systems, or external factors such as economic conditions, changes in the capital market, technological developments, fluctuations in raw material prices. The operational risk is inherent in all the Company's activities.

COMELF SA**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS**

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

The policies defined for the management of operational risk have taken into account each type of event that can generate significant risks and the ways in which they manifest themselves, in order to eliminate or mitigate losses of a financial nature or concerning reputation.

(e) Capital adequacy

Management's policy regarding capital adequacy is focused on maintaining a solid capital base, in order to support the continuous development of the Company and achieve investment objectives.

The Company's equity includes share capital, various types of reserves and retained earnings. The company is not subject to legal capital adequacy requirements.

(f) Determining fair value

Certain Company accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for the purpose of evaluating and / or presenting information based on the methods described below. Where applicable, additional information on the assumptions used in determining fair value is disclosed in the specific notes on that asset or liability.

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS

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

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

	Develop ment Exp.	Intangible assets	Lands	Buildings	Technical installati ons and machinery	Other installati ons and furnitur e	Tangible assets in progress	Total	Advance p. for tangible assets	Total fixed assets*
Cost	203	205	211	212	213	214	231		4093	
Balance on January 01, 2021	7.973	1225184	21247075	40259156	91859494	466.796	1139686	156205364	68.886	156274250
inputs	26780	81,783	0	12,290	471,940	0	2,982,182	3,574,975	416,310	3,991,285
Domestic production	0	0	0		0	0	74,093	74,093	0	74,093
Outflow (discarded assets)	0	-58.482	0	0	-1,211,001	-23.450	0	-1,292,933	0	-1,292,933
Internal transfers	110	0	0	319.333	3,459,281	0	-3,778,724	0	0	0
Revaluation of fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of December 31st, 2021	34863	1,248,485	21,247,075	40590779	94579714	443.346	417.237	158561499	485.196	159046695
Balance on January 01, 2021	0	656.741	0	14,134,616	60,257,029	257.128	0	75,305,514	0	75,305,514
Depreciation expense per year	0	127.159	0	2,615,018	4,682,051	24.177	0	7,448,405	0	7,448,405
Cumulative depreciation of outflows	0	0	0	0	-1,089,277	-23.450	0	-1,112,727	0	-1,112,727
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0	0	0
Balance on December 31, 2021	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192	0	81,641,192

* Total fixed assets also includes advance payments

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS

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

**for fixed assets, for
verification with line 26,
balance sheet code S_1040;**

	Develop ment costs	Intangible assets	Lands	Buildings	Technical installat ions and machinery	Other installat ions and furnitur e	Tangible assets in progress	Total	Advance payment for Fixed assets	Total fixed assets*
	203	205	211	212	213	214	231		4093	
Cost										
Balance on January 01, 2020	0	1,096,792	21,247,075	40,046,069	90,781,002	437.605	1,546,636	155,155,179	163.204	155,318,383
inputs	7.973	128.392	0	0	490.791	29.191	366.381	1,022,728	0	1,022,728
Domestic production	0	0	0	0	0	0	30.712	30.712	0	30.712
Outflow (discarded assets)	0	0	0	0	-3.255	0	0	-3.255	-94.318	-97.573
Internal transfers	0	0	0	213.087	590.956	0	-804.043	0	0	0
Revaluation of fixed assets	0	0	0	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	68.886	156,274,250
Accumulated depreciation										
Balance on January 01, 2020	0	489.038	0	11,523,215	55,520,175	234.004	0	67,766,432	0	67,766,432
Depreciation expense per year	0	167.703	0	2,611,401	4,739,776	23.124	0	7,542,004	0	7,542,004
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0	0	0
Depreciation cancellation for revalued fixed assets	0	0	0	0	-2922	0	0	-2.922	0	-2.922
Balance on December 31, 2020	0	656.741	0	14,134,616	60,257,029	257.128	0	75,305,514	0	75,305,514
Net book value										
On December 31, 2021	34863	464.585	21,247,075	23,841,145	30,729,911	185.491	417.237	76,920,307	485.196	77,405,503
On December 31, 2020	7.973	568.443	21,247,075	26,124,540	31,602,465	209.668	1,139,686	80,899,850	68.886	80,968,736

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

The company has in recent years valued land and buildings at fair value. The last revaluation of the buildings that had an effect on the financial statements was performed on December 31, 2015. The company performed the revaluation of property, plant and equipment with independent appraisers.

During 2021, the company made investments amounting to 3,649,068 lei financed from the surplus of the current activity of the period and from bank credit for 50% temporary financing, until the receipt of the investment subsidy with non-reimbursable funds (See Subsidies receivable).

The increases of tangible / intangible assets, in the reference year, are mainly materialized in:

a) 990 kwp photovoltaic plant	2,811,635 lei
b) Surveillance and access system	139.007 lei
c) Production equipment and machinery	265.441 lei
d) Information Technology	186.175 lei
e) Other production investments	246,810 lei

The amortization method was a linear one throughout the financial year, its total amount was 7,527,361 lei. During the same period, the amount of 1,611,454 was resumed in income from investment subsidies. The company holds ownership papers for the land and buildings. The situation of the sureties in the form of mortgages is presented in note 14.

6. Financial assets available for sale

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

7. Inventories

On December 31, 2021 and December 31, 2020, the stocks record the following balances:

	December 31, 2021	Thursday, December 31, 2020
Raw materials	11,009,245	6,804,803
Auxiliary materials	85,188	37.967
Fuel + Machine oil	50,902	12.805
Inventory items	412,865	378.823
Other	124,766	158.240
Adjustments for depreciation of raw materials	-332	-44.367
Total	11,682,634	7,348,271

The company has registered value adjustments for the depreciation of stocks as of December 31, 2021 in the amount of 332 lei.

In 2021, the expenses related to the above positions recognized in the cost of sales amounted to 67,492,032 lei (2020: 46,544,470 lei).

The accounting policies for the valuation of inventories are presented in Note 3.

No stocks were pledged for the contracted loans.

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

8. Receivables from contracts with customers

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

	December 31, 2021	Thursday, December 31, 2020
Invoiced receivables from contracts with customers	34,206,720	25,983,018
Unbilled receivables from contracts with customers	23,566,131	16,965,183
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	55,557,013	40,732,363

Receivables from contracts with customers are presented net by down-payments received in the amount of 951,168 lei (31 December 2019: 2,809,832).

The division by seniority was presented in point 4 "Management of significant risks."

The situation of the seniority of the impaired receivables at the date of the financial statements was:

	December 31, 2021	Thursday, December 31, 2020
Between 181 - 365 days	-	-
Over 365 days	2,215,838	2,215,838
Total	2,215,838	2,215,838

Below is an analysis by seniority of receivables from contracts with customers that are overdue on 31.12.2021 but which are not impaired:

Friday, December 31, 2021

DEBT	Total	On time	Backlog <30 days	Backlog Between 30 - 90 days	Backlog > 90 days
Receivables from contracts with customers	55,557,013	52,300,823	382.169	2,336,412	537.609

The turnover rate of the clients (the recovery period of the receivables), expresses the number of days until the date on which the debtors pay their debts to the company and thus shows the efficiency of the company in collecting its receivables. For the year 2021 (Average balance of customers / Turnover) x 365 days = 82 days, for the year 2020 it is 84 days. In general, the penalties are treated according to the contracts with each client and are solved by case by case negotiation. The procedure for accepting new clients is performed in accordance with the bidding-contracting procedures outlined in the procedures manual. These procedures are reviewed periodically.

9. Trade receivables and other receivables

On December 31, 2021 and December 31, 2020, trade and other receivables are as follows

	December 31, 2021	Thursday, December 31, 2020
Receivables from sales of goods	-	-
VAT to be recovered	1,266,930	1,193,724
Down-payments made to domestic suppliers (excluding those for fixed assets)	142.850	205.266
Down-payments made to external suppliers	93.588	157.649
Down-payments made to fixed assets suppliers	485.196	68.886

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

	December 31, 2021	Thursday, December 31, 2020
Grants receivable	1,496,089	-
Different debtors	660.111	267.017
Other receivables	1,448,191	1,693,578
Value adjustments	-1,010,987	-1,010,987
Total	4,581,968	2,575,133

Below is an analysis by seniority of receivables from contracts with customers that are overdue on 31.12.2021 but which are not impaired:

Friday, December 31, 2021

DEBT	Total	On time	Backlog <30 days	Backlog Between 30 - 90 days	Backlog > 90 days
Trade receivables and other receivables	4,581,968	2,925,453	1,260,766	177.928	217.821

Exposure to credit risk and currency risk, as well as impairment losses related to commercial contracts and other receivables, excluding construction contracts in progress, are presented after the Note on miscellaneous debtors.

10 . Impairment adjustments for current assets

The evolution of value adjustments regarding the depreciation of current assets in 2021 was as follows:

	Balance on January 1, 2021	increases	Decreases	Balance on December 31st, 2021
Value adjustments regarding receivables from contracts with customers	2,215,838	-	-	2,215,838
Value adjustments for miscellaneous 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 value adjustment of 100% of the value of a long-standing receivable that is in dispute.

The value adjustments for the amount of 1,741,322 lei are constituted for a number of 8 clients, out of which one is in dispute for the amount of 949,436 lei.

The adjustment in the amount of 474,516 lei is an adjustment of secured debts over 365 days old, related to a client.

The reasons why the entity considered financial assets to be impaired are mainly related to contractual guarantees or/and non-conformities under discussion with customers.

11. Cash and cash equivalents

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

	December 31, 2021	Thursday, December 31, 2020
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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

Amounts available in bank accounts in local currency	516.996	3,992,814
Amounts available in bank accounts in foreign currency	7,039,238	6,833,694
Cash	6.206	13.712
Other amounts available	1.065	-
Total	7,563,505	10,840,220

Current accounts opened with banks are permanently available to the Company and are not restricted.

Liquidity management

The responsibility for the liquidity risk lies with the Board of Directors and the executive management of Comelf, which establishes the liquidity management through BVC and the cash flow, prepared on the whole company and for each subunit separately.

Friday, December 31, 2021

DEBT	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	55,557,013	28,017,107	21,986,785	5,553,121	0
Trade receivables and other receivables	4,581,968	1,429,364	2,757,469	395.135	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	7,563,505	7,563,505			
TOTAL	67,702,486	37,009,976	24,744,254	5,948,256	-

Friday, December 31, 2021

LIABILITIES	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Trade and other payables	29,332,297	14,880,631	10,564,618	3,887,048	0
Current part - leasing loans	235.702	19.732	58.414	157.556	
Deferred tax liabilities (current part)	335,928	0	83.981	251,947	0
Overdraft (current part)	34,191,371	34,191,371	0	0	0
TOTAL	64,095,298	49,091,734	10,707,013	4,296,551	0

Thursday, December 31, 2020

DEBT	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	40,732,363	23,394,933	13,429,470	3,907,960	0
Trade receivables and other receivables	2,575,133	1,750,792	608.361	215.980	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	10,840,220	10,840,220	0	0	0
TOTAL	54,147,716	35,985,945	14,037,831	4,123,940	0

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

Thursday, December 31, 2020

LIABILITIES	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Trade and other payables	18,415,047	8,588,073	7,593,324	2,233,650	0
Bank loans (other than overdraft)	225,172	19.038	57.397	148.737	0
Deferred tax liabilities (current part)	335,928	0	83.981	251,947	0
Overdraft (extended annually)	32,564,113	31,651,100	913,013	0	0
TOTAL	51,540,260	40,258,211	8,647,715	2,634,334	0

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

In 2021 there were no changes to the value of the share capital (13,036,325.34 LEI) and the number of shares (22,476,423 shares).

As of December 31, 2021 and December 31, 2020, the Company's shareholding structure is:

	2021			2020		
	Number of shares	Total face value	%	Number of shares	Total face 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 right and have a nominal value of 0.58 lei / share.

The restated share capital contains the following components:

	Friday, December 31, 2021	Thursday, December 31, 2020
Social capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	8,812,271	8,812,271
Social capital portrayed	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 (earnings).

b) Reserves and retained result

Below is a breakdown of the lines in the statement of financial position representing reserves and retained earnings.

The lines marked in bold are found both in the statement of financial position and in the statement of capital changes where the variation from 31.12.2021 to 31.12.2020 is explained.

Financial year ended December 31, 2021	Financial year ended December 31, 2020
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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

Legal reserves	2,607,265	2,607,265
Reserves and revaluation differences	<u>30,844,391</u>	<u>32,608,011</u>
Differences from revaluation of fixed assets	39,019,742	41,119,290
Temporary differences in deferred income tax recognized on account of capital	-8,175,351	-8,511,279
Reserves from the revaluation of available-for-sale financial instruments	-	-
Other reserves (account 1068)	15,861,059	14,658,196
Profit carried forward and profit (retained earnings)	<u>4,279,347</u>	<u>1,204,995</u>
The carried forward result representing the surplus realized from revaluation reserves	12,591,497	10,827,877
Retained earnings from the transition to IFRS, less IAS 29	-11,176,457	-11,176,457
The result carried forward represents the undistributed profit or the uncovered loss	0	0
Account 118 Deferred income from the first adoption of IAS 29	113.776	113.776
Profit	4,285,589	2,702,833
Profit distribution	0	0
Total Reserves and retained result	<u>53,592,062</u>	<u>51,078,467</u>

Capital management**(a) Legal reserves**

In accordance with legal requirements, the Company establishes legal reserves in the amount of 5% of the gross profit recorded under IFRS in 2021 but not more than 20% of the share capital valid at the date of establishment of the reserve.

Legal reserves cannot be distributed to shareholders, but can be used to cover cumulative losses. On 31.12.2021, the company already had a legal reserve up to the amount within these limits.

(b) Revaluation reserves

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

(c.) Dividends

During 2021, in accordance with the Decision of the Ordinary General Meeting of Shareholders, the Company decided to distribute dividends from the earnings of the financial year ended December 31, 2020. The Company declared dividends in the amount of 1,500,000 lei (representing 0.0667 lei/share) and paid during 2021 to the shareholders the amount of 2,129,062 lei representing dividends distributed in the current and previous years. As of December 31st, 2021, the balance of dividends to be paid is 547.993 lei

In the last two years, the evolution of gross dividends has been as follows:

	2021	2020
Dividends	1,500,000	1,500,000
lei / share	0.0667	0.0625

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

From the profit of 2021 in the amount of 4,285,589 lei, in accordance with the proposal of the Board of Directors, the amount of 1,500,000 lei will be distributed as dividends. The gross dividend that would be granted in 2021 would be 0.0667 lei / share, the difference of 2,785,589 lei will remain as a result carried forward (undistributed).

13. Loans

a) Credit line

On December 31, 2021, 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 object of the contract is represented by a credit facility in the amount of EUR 7,155,000, as we needed to support, through a short-term credit facility, the equivalent value of the grant to be received from the Implementing Authority, as part of the project with Norwegian funds for 1MWP photo-voltaic plant. (equivalent to EUR 340,000), the amount is to be reimbursed in full at the time of receipt of the grant, but not later than 12.01.2022, initially, after this date the reimbursement due date was postponed until 31.05.2022. 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 facility granted, the Company will pay interest at the rates specified below:

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

As of December 31, 2021, the Company registers a balance of the credit line in the amount of 34,191,371 lei (December 31, 2020: 32,564,113 lei), of which the amount of 1,682,354 lei will be reimbursed in full at the time of receipt of the grant, but not later than 31.05.2022.

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.

During 2019, the Company undertook the purchase of three leased passenger vehicles.

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.

Also during 2019, the Company undertook the acquisition of a robotic system CLOOS welding, in lease. The leasing contract no. 120882 was concluded on 22.05.2019, financier BRD Sogelease, the financed value 179,660.70 eur, payable in 60 monthly installments.

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

- Land with an area of 13,460 sqm and buildings with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings 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 buildings with a built-up area of 572.93 sqm, bearing 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.
- Surety for technological equipment with a net book value on 31.12.2021 of 2,807,298 lei.

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

14. Trade and other payables

As of December 31, 2021 and December 31, 2020, trade payables and other payables are as follows:

	December 31, 2021	Thursday, December 31, 2020
Trade payables	23,790,980	12,212,236
Debts to budgets	2,325,826	2,627,261
Debts to staff	2,534,581	2,323,553
Silver dividend	547.993	1,176,599
Other loans and similar debts	132.917	75.398
Total	29,332,297	18,415,047

The commercial debts in the amount of 29,332,297 lei (December 31st, 2021 2020: 18,415,047 lei) are in accordance with the contracts concluded with the suppliers.

Credit turnover rate - supplier approximates the number of credit days that the company obtains from its suppliers. For the year 2021 (Average balance of customers / Turnover) x 365 days = 48 days, for the year 2020 it is 38 days.

As of December 31st, 2021 and December 31st, 2020, debts to budgets mainly include contributions related to wages.

15. Revenues from contracts with customers

	December 31, 2021	Thursday, December 31, 2020
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	123,934,745	110,682,710
Revenues from contracts with clients, recognized by execution stages, estimated at the level of receivables entered in contracts, in proportion to the actual expenditure related to the planned expenditure, for the same execution phase (balance 711500)	6,628,228	-1,228,086
TOTAL	130,562,973	109,454,624

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 stages 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 stages), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution stage. The company manufactures goods based on designs, only at the request of customers, based on firm orders. The evaluation of the revenues from the contracts with the clients, on execution stages, 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 contract balanced with the evolution of the corrected actual cost (without negative deviations) for the execution of the contract.

16a. Other revenue related to turnover

The position includes:

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

	2021	2020
Rental income	112.211	47.647
Income from various activities	3,919,872	2,733,761
Revenues from the sale of residual products	3,377,389	1,149,408
Revenue from services rendered	1,260,361	1,385,765
Total	8,669,833	5,316,581

16b. Other incomes

The position includes:

	2021	2020
Income from investment grants	1,611,454	1,624,082
Income from operating subsidies	25.138	2,619,340
Income from disposed of fixed assets	370.588	35.685
Other	808.743	210.157
Total	2,815,923	4,489,264

The income from operating subsidies in 2020 includes the amounts received under GEO132/2020, related to technical unemployment for the period of the Covid 19 pandemic.

The income from the production of tangible fixed assets of 2021 was offset against the related expenses as per the provisions of Order 2844/ 2016 as follows: expenses with raw materials and other material expenses amounting to 74,093 lei. Therefore, the value registered in position 16b Other income, in the amount of 2,815,923 lei, does not contain the income from the fixed production in the total amount of 74,093 lei.

The income from the production of tangible fixed assets of 2020 was offset against the related expenses as per the provisions of Order 2844/ 2016 as follows: expenses with raw materials and other material expenses amounting to 16,287 lei, personnel expenses amounting to 13,160 lei, other expenses related to income amounting to 1,265 lei. Therefore, the amount recorded under item 16b Other income, in the amount of 4,489,264 lei does not include the income from fixed assets in the total amount of 30,712 lei.

In the category

The turnover on 31.12.2021 is 132,605,553 lei (31.12.2020: 116,009,628 lei).

17. Staff costs

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

	2021	%	2020	%
Direct productive staff	411	64%	412	62%
Management and administration staff	236	36%	248	38%
Total	647	100%	660	100%

Staff costs were as follows:

	2021	2020
Staff salary expenses	38,148,968	38,321,968
Expenses with meal vouchers	2,643,318	2,231,220
Expenses regarding insurance and social protection	1,637,377	1,591,480
Total	42,429,663	42,144,668

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

As of December 31, 2021, out of the amount of 42,429,663, no salary expenses related to income from the production of fixed assets were deducted, according to the provisions of Order 2844/2016.

On December 31, 2020, out of the total amount of 42,144,668, the salary expenses related to the incomes from the production of fixed assets were deducted, according to the provisions of Order 2844/2016, for the amount of 13,160 lei. See also Note on other income.

The amounts granted to key management staff, board members and directors were as follows (gross amounts) and are included in the amounts presented above. Gross expenses with staff are recorded.

	2021	2020
Salary expenses - managers/directors	1,838,433	1,621,698
B.D. allowance	252.490	251.249
Total	2,090,923	1,872,947

The company did not grant loans or advance payments to the members of the administrative, management or supervisory bodies in 2021 and 2020.

As of *Friday, December 31, 2021*, The management of COMELF SA was composed of the following:

- Members of the Company's Board of Directors:

Savu Constantin Chairman
Babici Emanuel member
Mustata Costica member
Maistru Ion member
Parvan Cristian member

- Members of the Executive Management of the Company:

Cenusa Gheorghe General Manager
Pop Mircea Deputy General Manager Business Operation
Oprea Paul Deputy General Manager - Technical and Production
Tatar Dana Economic Manager
Jurje Valeriu AQM Manager
Barbuceanu Florentin Factory Executive Director
Viski Vasile Factory Executive Director
Campian Cosmin Factory Executive Director

As of *December 31, 2020*, the management of COMELF SA was composed of the following:

- Members of the Company's Board of Directors:

Savu Constantin Chairman
Babici Emanuel member
Mustata Costica member
Maistru Ion member
Parvan Cristian member

- Members of the Executive Management of the Company:

Cenusa Gheorghe General Manager
Pop Mircea Deputy General Manager Business Operation

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

Oprea Paul Deputy General Manager Engineering and Production
Tatar Dana Economic Manager
Jurje Valeriu AQM Manager
Barbuceanu Florentin Factory Executive Director
Viski Vasile Factory Executive Director
Campian Cosmin Factory Executive Director

18. Shipping costs.

This position includes:

	2021	2020
Expenses for the transport of raw materials	931,314	823,089
Expenses for transporting finished products	4,040,688	4,121,989
Expenses for transporting employees	673,218	527,455
Other transport costs	-	-
Total	5,645,220	5,472,533

19a. Other expenses related to income

	2021	2020
Maintenance and repair expenses	1,071,772	1,209,003
Rent expenses	373,204	369,051
Insurance expenses	361,942	398,116
Expenses with personnel training	89,484	65,120
Outsourcing expenses	1,463,568	1,948,774
Expenses regarding commissions and fees	969,932	1,184,533
Protocol expenses	37,362	29,032
Expenses with travel, secondments and transfers	35,760	32,692
Postal charges and telecommunications charges	382,318	383,471
Expenses with banking and similar services	122,534	119,376
Other expenses with services provided by third parties	2,403,995	2,178,710
Expenses with other taxes and fees	1,121,334	1,058,227
Total	8,433,205	8,976,105

From the amount of 8,433,205 lei (December 2021), other expenses for services rendered by third parties related to income from the production of fixed assets have not been deducted, as required by Order 2844/2016.

From the total amount of 8,977,370 lei (December 2020) were deducted other expenses for services rendered by third parties related to income from the production of fixed assets, according to the provisions of Order 2844 / 2016, for the amount of 1,265 lei. See also Note on other income.

19b. Other expenses

	2021	2020
Total	700.104	293.728

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

As at 31.12.2021 the position includes the amount of 398,079 lei, representing commercial penalties; 214,385 lei represent donations and sponsorships; the balance of 87,640 represents other current operating expenses.

As at 31.12.2020 the position includes the amount of 86,886 lei, representing commercial penalties; 148,066 lei represent donations and sponsorships; the balance of 58,997 represents other current operating expenses.

20. Income tax

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

Income tax expense for the year ended December 31st, 2021 and the year ended December 31st, 2020 is detailed as follows:

	2021	2020
Current income tax expense	397.030	255.520
(Income) / deferred income tax expense	-	-
Total	397.030	255.520

Reconciliation of profit before tax to income tax expense in the income statement:

Corporate tax reconciliation	2021	2020
Profit of the period	4,285,589	2,702,863
Income tax expense	397.030	255.520
Profit before tax	4,682,619	2,958,383
Local tax rate of the entity	16%	16%
	749.219	473.341
Profit tax calculated using the entity's local tax rate		
The influence of the deductible legal reserve established during the period	-	-
Influence of reserves set up on account of tax-exempt reinvested earnings	-	-
The influence of non-taxable income	-145.183	-36.429
The influence of income-like items: revaluation differences that become taxable	335.928	335.928
The influence of non-deductible expenses	45.195	37.227
Minus amounts representing sponsorship	-197.032	-161.165
Income tax calculation for the period, of which:	788.127	648.902
Profit tax recorded directly in equity, related to revaluation differences that have become taxable	335.928	335.928
Bonus 2 + 5% (2021) acc. GEO 15382020 10% (2020) from the payment tax acc. GEO 99/2020	-55.169	-57.454
Income tax charged on expenses	397.030	255.520

21. Provisions for risks and expenses

As of December 31, 2021, the Company has registered provisions for risks and expenses in the amount of 1,141,564 lei (1,625,210 lei as of December 31, 2020). Their summarized situation is presented below:

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

	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
Established during the interval	0	0		124.713	124.713
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0
Resumed during the interval	0	(14.421)	0	(593.938)	(608.359)
Balance as of December 31, 2021	0	105.086	0	1,036,478	1,141,564
Long-term	0	105.086	0	0	105.086
short term	0	0	0	1,036,478	1,036,478

- **Pension provisions in the amount of 105,086 lei (December 31, 2020: 119.507 lei).**

According to the collective labor contract, the Company offers cash benefits depending on the length of service upon retirement for employees. The provisioned amount was calculated taking into account the amount provided for retirement based on seniority in the company, the time left until retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, i.e. 23.55%.

- **Other provisions in the amount of 1,036,478 lei (December 31, 2020: 1,505,703 lei) include:**
 - The provision related to the redemption of pension insurance policies for the amount of 878.185 lei, are loyalty pension rights of COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 158,293 includes a provision for potential commercial penalties, according to commercial contracts and customer notifications.

22. Deferred tax liabilities

Deferred tax liabilities as of December 31, 2021 are generated by the items detailed in the following table:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deferred tax receivables	-	-
Deferred tax liabilities related to reserves made up of reinvested earnings	(922.602)	(922.602)
Deferred tax liabilities related to revaluation differences of tangible assets.	(8,175,351)	(8,511,279)
Deferred tax, net	<u>(9,097,953)</u>	<u>(9,433,881)</u>

23. Deferred income

1) In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("Ministry") the financing contract no. 3131/230303 whose object is the granting of non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products"

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administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing wind turbines, turbines and compressor units, process chambers within the photovoltaic cell manufacturing lines on state-of-the-art numerically controlled equipment, which uses a CNC boring machine with a continuously indexable processing head, in SC Comelf SA. " The total cost of the project was 1,991,488 lei, of which the state aid was 836,760 lei. The equivalent value of the state aid was recognized by the Company as a government subsidy and amortized over a period of approximately 11 years. The objectives of granting state aid were represented by modernizing existing products, making new products, increasing productivity, reducing energy consumption, reducing material consumption, optimizing decision making, environmental protection, quality assurance, objectives met by the Company.

In 2021, the Company resumed in revenue the amount of 70.407 lei (2020: 70,407 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 governmental subsidy was conditioned by the contribution from the Beneficiary of the amount of 27,635,774 lei, of which the eligible value 16,848,613 lei, the difference being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

In 2021, the Company resumed in revenue the amount of 1,456,477 lei (2020: 1,469,105 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 revenues from grants under this project were recorded in 2021 in the amount of 84,570 lei (2020:84,570 lei).

4) The company signed in 2020 (11.06.2020) a financing contract within the EEA Grants and Norway 2014 - 2021, with the objective of granting a non-reimbursable financing by Innovation Norway for the implementation of the project "An investment in a better future smart and more efficient ", the total value of the financing contract was 632,500 EUR, of which non-reimbursable financing amounting to up to 350,000 EUR. In November 2021, "a unit for the production of renewable energy from photovoltaics with a capacity of 1,200 MWH / year" was put into operation. The total value of the investment on 31.12.2021 was 2,998,953 lei, of which the value of the subsidy/grant to be received is 1,496,089 lei. No income from subsidies was recorded in 2021.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

	December 31st, 2021	December 31st, 2020
Profit attributable to ordinary shareholders	4,285,589	2,702,833
Balanced average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.19	0.12

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

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25. Net financial expenses

The financial elements are the following:

	December 31st, 2021	December 31st, 2020
Interest income	23.085	34.412
Income from exchange rate differences	144.636	614.365
Other items of financial income	651.612	505.718
Total financial income	819.333	1,154,495
Interest expenses	(320.668)	(288.360)
Expenses with exchange rate differences	(1,062,674)	(1,426,893)
Other items of financial expenditure, of which:	(704.832)	(926.486)
Total financial expenses	(2,088,174)	(2,641,739)

Income and expenses from exchange rate differences refer to the following items in the financial statements: short-term and long-term loans, including leasing: net amount December 2021 of RON 531,768 (December 2020: 652,019 lei), third party accounts: net amount December 2021 of 53,320 lei (December 2020: 150,509 lei), cash: net amount December 2021 of 386,270 lei (December 2020: 420,768 lei), and other smaller amounts for other items.

Other items of income and financial expenses mainly represent discounts granted for advance payments compared to due dates.

26. Contingent liabilities and debts**(a) Environmental contingencies**

Environmental regulations are in development in Romania, and the Company did not register any obligations on December 31, 2021 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remediation plans, on 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 affiliated 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 euro, in the 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.

Such entities have the obligation to draw up the file of transfer prices and to make it available to the fiscal bodies, upon request within 10 days from the date of the request by the authorized fiscal body.

Comelf S.A. has drawn up the transfer pricing file for 2020 and will update it for 2021 by the legal deadline.

27. Transactions and balances with affiliated parties

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The affiliated parties as well as a brief description of their activities and relations with the Company are as follows:

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

- - commission/brokerage contract, consultancy contract, electricity purchase contract, subassembly manufacturing collaboration 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 the type of business relation
Uzinsider SA	Management consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Trade intermediation services for industrial products	
Uzinsider General Contractor SA	Collaborations on turnkey objectives Electricity trade	
Promex SA	Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	
Uzinsider Engineering SA	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.

a) Receivables and payables from related parties

As at 31 December 2021 and 31 December 2020, receivables from related parties are as follows:

Receivables from	December 31st, 2021	December 31st, 2020
Uzinsider Techo SA	7,937,351	4,369,802
Uzinsider General Contractor SA	237.418	450.985
Promex SA	-	30.754
24 Ianuarie SA	-	-
Total	8,174,769	4,851,541

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

Debts to	December 31st, 2021	December 31st, 2020
Uzinsider SA	162.068	162.068
Uzinsider Techo SA	1,266,890	613.260
Uzinsider General Contractor SA	1,100,425	538.469

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Promex SA	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	2,529,383	1,313,797

b) Affiliated party transactions

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:	December 31st, 2021	December 31st, 2020
Uzinsider Techo SA	16,392,427	14,724,867
Uzinsider General Contractor SA	1,052,333	186.157
Promex SA	-	25.844
24 Ianuarie SA	-	7.626
Uzinsider Engineering SA	-	-
Total	17,444,760	14,944,494

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

Acquisitions in the year ended at:	December 31st, 2021	December 31st, 2020
Uzinsider SA	817.152	817.152
Uzinsider Techo SA	1,050,603	1,274,155
Uzinsider Engineering Galati	-	-
Uzinsider General Contractor SA	6,319,053	4,797,480
Promex SA	-	103.339
24 Ianuarie SA	-	8.526
Total	8,186,808	7,000,652

Payment of dividends due to Uzinsider SA Bucharest was made in full during 2021 (Note 12 item c)
As there were no delays as to the contract deadlines, no impairment losses related to these transactions were recognized during the year.

The general terms and conditions provided in the relations concluded with the affiliated parties are the following: payment terms 60-120 days, payment method - payment orders, no guarantees, and no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2022 are limited to own sources of financing and are estimated to amount to 1.9 million Euro.

29. Operational segment reporting

The productive activity of the Company takes place within the factories organized as profit centers:

- Stainless Steel Products Factory ("FPI")
- Earthmoving Machinery and Equipment, Filters and Electrofilters Factory ("FUET")
- Earthmoving Components and Machines Factory ("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. At the level of the

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Company, there is a risk-reporting system designed to identify current and potential obligations and to facilitate timely action. Insurance and taxation are also managed at the Company level.

The Company regularly carries out review activities to identify and monitor ongoing litigations and processes. 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 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 and equipment of wind installations, 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, motor 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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*(All amounts are expressed in LEI, unless otherwise indicated)***Reporting by operating segments**

	FPI		FUET		TERRA		Center		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External revenues of the segment	42,676,787	37,881,907	61,500,920	52,815,861	29,963,396	23,516,429	7,982,694	5,087,320	142,123,797	119,301,517
Total segment revenues	42,676,787	37,881,907	61,500,920	52,815,861	29,963,396	23,516,429	7,982,694	5,087,320	142,123,797	119,301,517
Net financial costs	-292.943	-550.449	-428.903	-427.217	-254.327	-254.041	-292.668	-255.537	-1,268,841	-1,487,244
Depreciation and amortization	1,849,571	1,807,887	2,975,371	3,003,714	1,981,215	1,986,754	743.649	721.204	7,527,361	7,542,004
Income tax expense	-	-	-320.295	-255.520	-	-	-76.735	-	-397.030	-255.520
The net result for the interval	-1,123,397	-1,116,236	2,261,533	3,236,452	-459.532	-526.507	3,606,985	1,109,154	4,285,589	2,702,863
Segment assets	49,835,933	39,536,941	76,214,926	72,539,739	39,935,639	35,573,234	-11,177,160	-5,254,077	154,809,338	142,395,837
Investments in associated entities							0	0	0	0
Segment debts	37,244,106	26,958,632	43,730,530	39,918,326	28,738,861	24,534,057	-30,344,817	-21,942,241	79,368,680	69,468,774

All amounts presented as a total correspond to the amounts presented 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 items in the financial statements.

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In the total operational revenues of the segment in the amount of 142,123,797 lei (fy 2021:) and 119,301,518 lei (fy 2020) the major types of products and services are the following:

	December 31, 2021	December 31, 2021
Equipment for power-generation industry and components	75,419,350	58,934,950
Equipment for earthworks and components	44,140,196	42,948,546
Equipment for environmental protection (Refractory, water, chemical)	---	357.905
Lifting and handling equipment	5,566,020	10,379,232
Technological equipment (metallurgy)	---	715.809
Manufacture of rolling stock	11,841,662	5,607,171
Other types	5,156,569	357.905
TOTAL	142,123,797	119,301,518

The total revenues of the company may be divided according to the geographical area as follows:

	December 31, 2021	December 31, 2021
Income from Romania	30,808,554	22,690,097
Income from outside Romania	111,315,243	96,611,421
TOTAL	142,123,797	119,301,518

Through our contracting policy we have avoided being significantly dependent on a single customer. Our clients are world-renowned companies, and our policy is to develop business relationships with strong companies that provide the basis for a reliable and forward-looking collaboration. The main countries to which these clients belong are: ITALY, GERMANY, SWEDEN, NORWAY, AUSTRIA, NETHERLANDS, SWITZERLAND, ENGLAND, FRANCE.

Our main customers that have a share in turnover higher than 5% of related revenues and the business segment where these revenues are included are the following:

Partner	Income share (> 10%)	Income	The segment in which revenues are included
Komatsu	18.14 %	24,055,264	Equipment for earthworks and components: FUET
Uzinsider Techo SA	12.36 %	16,392,427	Equipment for energy industry, end customer General Electric
Siemens	10.18%	13,496,118	Equipment for power-generation industry and components: FPI- FUET
Tesmec	8.53%	11,505,162	Equipment for earthworks, rolling stock manufacturing and their components: FUET + FCT

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

The conflict in Ukraine began in February 2022, which will affect, for a certain period, the procurement activity at the level of our company, as part of the raw material that is the basis of the metal production in Europe, is supplied from the two countries. in conflict. Already, at European level, the price

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of the metal available in stock has increased and for the one to be manufactured in the next period, as we are lead to understand, until the identification and acquisition of iron ore from other parts of the world. We are in a dynamic process of purchasing, review and in close contact with our customers and suppliers to minimize possible risks, and we are also in the process of identifying new metal suppliers in both the EU and non-EU countries. We appreciate that, together with our business partners, we will identify solutions so that the effects of this conflict do not significantly affect us.

We estimate an additional and temporary need for financial resources that we intend to cover from an increase in bank loans, as a result of the new payment conditions imposed on the metals market (down-payment on placing an order, full payment on delivery or payment on shorter terms than under normal conditions, within the approved credit limits).

31. Approval of financial statements

The financial statements were approved by the Board of Directors and published on our website on 25.03.2022.

Cenusa Gheorghe
General Manager

Tatar Dana
Financial Manager