

## The report of the directors of COMELF SA according to ASF Regulation 5/2018, Annex 14

Issued on: August 23, 2022

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

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

VAT code: 568656

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

**Subscribed and paid-in share capital** as of 6/30/2022: 13,036,325.34 lei

**The main characteristics of the securities issued by the company:**

Dematerialized registered shares in the number of 22,476,423 with

a nominal value of 0.58 lei/share

**Regulated market in which the issued securities are traded:**

Bucharest Stock Exchange

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders, has prepared this report on the balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policy and explanatory notes, for the period January-June 2022, included in the individual half-yearly financial statements as at 30.06.2022.

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

<b>Equity</b>	RON 75,794,495
<b>Turnover:</b>	RON 82,843,022
<b>Net result of the year-profit:</b>	RON 1,968,240

### I.1 Important events taking place between January and June 2022

- On 27.04.2022, the AGM approved the distribution of the profit of net profit for the year 2021, of the amount of 1,500,000 lei for the payment of dividends to the shareholders of the company, the difference of 2,785,589 lei remained undistributed. The date of the effective payment of dividends was set on 15.07.2022;
- On 27.04.2022, the AGM approved the REB for the current year, the investment program for 2022, the company's organization chart and the maximum credit limit for the current year;
- In the March-April 2022 interval, the price of the basic raw material (metal) increased by 187%;

For the next 6 months of the 2022 financial year, the significant risk is related to the availability of utility resources, with a direct and immediate impact on the selling price of the products manufactured by the company and which, without careful monitoring and management, may generate temporary imbalances in the company's activity.

## I.2 Transactions between related parties in the period January-June 2022

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, the type of contract is also specified.

Business relations with affiliated parties are based on sale-purchase contracts, commission contracts and consultancy contracts.

<b>Affiliated party</b>	<b>Activity</b>	<b>Description of the type of business relation</b>
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder of COMELF
Uzinsider Techo SA	Brokerage services Sale of products (filter unit/turbine parts/diffusers)	Common shareholders-natural persons, common administrators
Uzinsider General Contractor SA	Acquisition of electricity Sale of products	Common shareholding, common administrators
Promex SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies, joint administrators
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies, joint administrators

- The sales of goods and services to the affiliated parties are carried out at the prices of the contracts concluded for each order of the external costumers;
- Purchases from related parties were made at the purchase value (in line with the market price) according to the contracts;

<b>Sales at:</b>	<b>June 30, 2022</b>	<b>Purchases from:</b>	<b>June 30, 2022</b>
Uzinsider SA	-	Uzinsider SA	408576
Uzinsider Techo SA	6372281	Uzinsider Techo SA	393724
Uzinsider General Contractor SA	72353	Uzinsider General Contractor SA	4952521
Promex SA	0	Promex SA	0
24 Ianuarie SA	11750	24 Ianuarie SA	0
<b>Total</b>	<b>6456384</b>	<b>Total</b>	<b>5754821</b>

Transactions with related parties carried out in the first 6 months of 2022 are the traditional ones, there are no other special transactions, different from those carried out in previous years.

## II. Review of the Company's activity:

### a) Description of the basic activity of the Company:

The company operates based on the Commercial Companies Law no. 31/1990 (with subsequent amendments and additions), the Capital Market Law no. 297/2004 and Law 24/2017 regarding issuers of financial instruments and market operations. According to article 6 of the Constitutive Act updated in July 2022, the object of activity of the Company is "**Manufacturing machines and equipment for earthworks, for power plants and environmental protection, equipment for lifting and transporting, including their subassemblies.**"

COMELF is a production company in the field of machine building industry and its object of activity is the manufacture of equipment for power plants and environmental protection, metal structures in the field of renewable energy (source: water, wind and sun), earthmoving machines and equipment or sub-assemblies equipment for lifting and transport equipment, including components therefor. Manufacturing is carried out in 6 production halls, with a total area of 80,824 sqm, equipped with machinery, installations, machine tools for mechanical processing, laboratories and utility networks for the production processes. COMELF S.A. does not own shares in other companies and does not have any branches.

## b). The economic-financial situation

Presentation of an analysis of the current economic-financial situation compared to the same period last year:

### a) Balance sheet elements of COMELF SA:

RON	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Non-current Assets</b>	<b>77955542</b>	<b>76920307</b>
<b>Total Current Assets, of which:</b>	<b>91365008</b>	<b>79385120</b>
Stocks of raw materials and materials	16794459	11682634
Commercial and similar receivables	63552345	59653783
Cash and short-term deposits	10878474	7563505
<b>Total Assets</b>	<b>169320550</b>	<b>156305427</b>
<b>Equity and debt</b>		
<b>Total share capital, of which:</b>	<b>75794495</b>	<b>75440658</b>
Registered capital	13036325	13036325
Share capital adjustments	8812271	8812271
Other equity items	-	-
Reserves	48430905	49312715
Reported result	3546754	(6,242)
The result of the period	1968240	4285589
<b>Total Long-term liabilities, of which:</b>	<b>18276077</b>	<b>14021800</b>
Long-term bank loans	4943000	-
Lease liabilities	381823	493544
Provisions for risks and expenses	105086	105086
Debts on deferred taxes	8594061	8762025
Subsidies for investments_long-term portion	4252107	4661145
<b>Total Current Liabilities, of which:</b>	<b>75249978</b>	<b>66842969</b>
Trade payables	35807134	29332297
Interest-bearing bank loans	36578200	34191371
Lease liabilities	234324	235702
Provisions for risks and expenses	1008653	1036478
Subsidies for investments_short-term portion	1285739	1711193
Debts on deferred taxes	335928	335928
<b>Total equity and Liabilities</b>	<b>169320550</b>	<b>156305427</b>

b) COMELF SA profit and loss account:

RON	June 30, 2022	June 30, 2021
<b>Income</b>	<b>83349065</b>	<b>66945896</b>
<b>Operational result</b>	<b>2867359</b>	<b>2831828</b>
<b>EBITDA</b>	<b>6683957</b>	<b>6041842</b>
<b>Financial result</b>	<b>(619,019)</b>	<b>(624,771)</b>
<b>Profit before tax</b>	<b>2248340</b>	<b>2207057</b>
Income tax expense	280100	258460
<b>Profit for the financial year</b>	<b>1968240</b>	<b>1948597</b>
Number of shares	22476423	22476423
<b>Earnings per share</b>	<b>0.088</b>	<b>0.087</b>

COMELF SA's **revenues** were RON 83 million in H1/2022 compared to RON 67 million in H1/2021, an increase of 24%, mainly due to the increase in the selling price of products, amidst the accelerated increase in raw material prices starting from March 2022;

COMELF SA's **expenses** increased, compared to the first half of 2021, in a higher proportion (+25%) than the increase in revenues, influenced by the increase in the cost of raw materials, at an accelerated pace, the increase in the prices of utilities and other materials, the increase in salaries due to staff fluctuations and inflation, and the cost of services due to the contracting, due to lack of staff, of some cutting/machining and welding work with third-party companies. Other costs have fallen slightly or remained at the same level.

The company's **gross result** was at the same level as in H2 2021, underpinned by the value volumes achieved, which more optimally covered fixed costs.

## 2. Review of the Company's activity:

**2.1.** Presentation and analysis of trends, items, events, or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year.

Comelf SA was at no time unable to meet its financial obligations during the period under review and we estimate that there will be no events or factors affecting the liquidity of the company until the end of the financial year.

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

Capital expenditure for H1 2022 was RON 4.4 million (H1 2021 = RON 0.9 million). Capital expenditure was financed from own sources.

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

The economic-financial operations related to first half of 2022 were correctly registered, based on legally prepared documents. The obligations stipulated by the law have been fulfilled, regarding the correct and up-to-date organization and management of accounting, regarding compliance with accounting principles, accounting rules and methods provided by the regulations in force.

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

It is also worth mentioning that the income, expenses and individual financial result related to the first six months of 2022 are faithfully reflected in the profit and loss account (income statement).

### 3. Changes affecting company capital and management

**3.1.** Description of cases where the company was unable to meet its financial obligations during the period in question:

Not applicable.

**3.2.** Description of any change in the rights of holders of securities issued by the company:

Not applicable.

### 4. Significant transactions

In the case of issuers of shares, information on major transactions entered into by the issuer with persons with whom it acts in concert or in which such persons have been involved during the relevant time period:

Not applicable

### 5. ANNEXES

A copy for the following documents is attached to this report:

- the balance sheet, as of 30.06.2022;
- the declaration of the General Manager of Comelf SA regarding the assumption of responsibility for the preparation of the financial and accounting statements related to the 1st half-year/2022;
- the shareholding structure, as at 30.06.2022

**6. REMARK:** The half-yearly financial statements for the six months ended 30 June 2022 have not been audited or reviewed by an independent auditor, as this is not a legal or statutory requirement.

#### **Annexes:**

#### **Shareholding structure as of 30 June 2022:**

	<b>Number of shares</b>	<b>% ownership</b>
Uzinsider SA	18,189,999	80.9292%
Other shareholders	4,286,424	19.0708%
<b>Total</b>	<b>22,476,423</b>	<b>100%</b>

#### **Management structures:**

On June 30 2022, the Management of COMELF S.A. had the following composition:

- Members of the Company's Board of Directors:

Savu Constantin	Chairman
Babici Emanuel	member
Mustata Costica	member
Sofroni Vlad	provisional 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 Cristian	Deputy General Manager Technical and Production
Tatar Dana	Financial Manager
Serban Marcela	Raw Material Procurement Manager

Jurje Valeriu  
Barbuceanu - Florentin  
Viski Vasile  
Campian Cosmin

Quality Manager  
Factory Executive Manager  
Factory Executive Manager  
Factory Executive Manager

## **Management statement**

According to the best information available, we confirm that the individual financial statements, for the half year 1/2022, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit and loss account of Comelf SA, as required by applicable accounting standards.

We also confirm that the operating performance situation and the information presented in this report give a true and fair view of the main events that occurred during the first six months of 2022 and their impact on the financial statements.

Chairman of the Board of Directors-eng. Savu Constantin

General Manager-eng. Cenușă Gheorghe

Financial Manager-ec. Tatar Dana

The unaudited financial statements as at 30.06.2022, together with the Report of the Board of Directors are posted on the company's website [www.comelf.ro](http://www.comelf.ro) under the heading "Information Update". .

*The financial statements and the respective reports were also sent to BSE and FSA, and can be consulted as well following the link below.*

**INTERIM FINANCIAL STATEMENTS IFRS ON 30<sup>th</sup> JUNE 2022**

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

<b>Financial statements</b>	<b>1</b>
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**COMELF S.A.**

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2022 IN ACCORDANCE WITH IFRS  
*(All amounts are expressed in lei, unless otherwise indicated)*

**STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2022**

	Nota	<u>June 30, 2022</u>	<u>31 December, 2021</u>
<b>Assets</b>			
		44,591	34,863
Intangible assets	5	461,070	464,585
Tangible assets	5	77,449,881	76,420,859
Financial assets available for sale	6	-	-
<b>Total non-current assets</b>		<b>77,955,542</b>	<b>76,920,307</b>
Advance payments for tangible assets		139,730	485,196
Stocks	7	16,794,459	11,682,634
Receivables from contracts with customers	8	55,708,784	55,557,013
Trade receivables and other receivables	9	7,843,561	4,096,772
Current tax receivables		-	-
Cash and cash equivalents	11	10,878,474	7,563,505
<b>Total Current Assets</b>		<b>91,365,008</b>	<b>79,385,120</b>
<b>Total Assets</b>		<b>169,320,550</b>	<b>156,305,427</b>
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	48,430,905	49,312,715
Reported outcome	12	3,546,754	(6,242)
Financial year outcome	25	1,968,240	4,285,589
<b>Total Equity</b>		<b>75,794,495</b>	<b>75,440,658</b>
<b>Debts</b>			
Long-term bank loans	13	4,943,000	-
Other loans and debts-leasing	13	381,823	493,544
Defferend tax liabilities	22	8,594,061	8,762,025
Provisions for risks and expenses	21	105,086	105,086
Defferend income liabilities	23	4,252,107	4,661,145
<b>Total long-term debts</b>		<b>18,276,077</b>	<b>14,021,800</b>
Overdrafts	13	36,578,200	34,191,371
Defferend tax liabilities	22	335,928	335,928
The current other loans and liabilities - leasing	11	234,324	235,702
Commercial debts and other debts	14	35,807,134	29,332,297
Provisions for risks and expenses	21	1,008,653	1,036,478
Defferend tax liabilities	23	1,285,739	1,711,193
<b>Total current debts</b>		<b>75,249,978</b>	<b>66,842,969</b>
<b>Total Debts</b>		<b>93,526,055</b>	<b>80,864,769</b>
<b>Total equity and debts</b>		<b>169,320,550</b>	<b>156,305,427</b>

Cenusa Gheorghe  
 General Manager

Tatar Dana  
 Financial Manager



**COMELF S.A.**

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2022 IN ACCORDANCE WITH IFRS  
*(All amounts are expressed in lei, unless otherwise indicated)*

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

	Nota	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<i>Continuous operations</i>			
<b>Revenues</b>			
Revenue from contracts with customers	15	75,819,803	61,347,810
Revenues from sales of goods		178,025	975
Other elements related to the turnover		6,318,836	4,083,638
<b>Total revenues</b>		<b>82,316,664</b>	<b>65,432,423</b>
<b>Other revenues</b>	16	896,042	956,635
<b>Expenses</b>			
Raw material costs and other expenses		(42,132,158)	(30,386,661)
Electricity and water costs		(2,738,266)	(1,998,100)
Commodity expenses		(130,050)	(301)
Employment charges	17	(23,795,177)	(20,676,402)
Transport costs	18	(2,950,347)	(2,769,858)
Other expenses related to revenues	19	(4,607,608)	(4,024,633)
Cost depreciaton charge	5	(3,844,423)	(3,734,264)
Financial costs , net	25	(619,019)	(624,771)
Ajustments related to cirrent assets depreciation ,net	8	-	-
Provision costs for risks and expenses, net	21	27,825	524,250
<b>Other expenses</b>	19	(175,143)	(491,261)
<b>Total expenses</b>		<b>(80,964,366)</b>	<b>(64,182,001)</b>
<b>Pre-tax profit</b>		<b>2,248,340</b>	<b>2,207,057</b>
Profit tax	20	(280,100)	(258,460)
Profit from continuous operations		1,968,240	1,948,597
Profit from discontinuous operations		-	-
<b>PROFIT OF THE PERIOD</b>		<b>1,968,240</b>	<b>1,948,597</b>
<b>Other comprehensive income</b>			
<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	-	-
<b>Total profit and loss account and other comprehensive income</b>		<b>1,968,240</b>	<b>1,948,597</b>
<b>Outcome per share</b>			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.09	0.09
Diluted outcome per share (lei per share)	24	0.09	0.09
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.09	0.09
Diluted outcome per share (lei per share)	24	0.09	0.09

Cenusa Gheorghe  
General Manager

Tatar Dana  
Financial Manager

**COMELF S.A.**

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2022 IN ACCORDANCE WITH IFRS

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

<b>STATEMENT OF CHANGE OF EQUITY</b>	<b>Capital Social</b>	<b>Adjustments of share capital</b>	<b>Differences and reserves from revaluation</b>	<b>Reserves legal</b>	<b>Other reserves</b>	<b>The Result withheld</b>	<b>Total equity</b>
<b>Balance on January 01, 2022</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>30,844,391</b>	<b>2,607,265</b>	<b>15,861,059</b>	<b>4,279,347</b>	<b>75,440,658</b>
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						1,968,240	1,968,240
<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			(1,049,774)			1,049,774	0
Other equity items			167,964			(167,964)	0
Legal reserves established					0	0	0
<b>Total profit or loss account and other elements of the overall result</b>	<b>0</b>	<b>0</b>	<b>(881,810)</b>	<b>0</b>	<b>0</b>	<b>2,850,050</b>	<b>1,968,240</b>
Other elements retained result - correction of accounting errors	0	0	0	0		(114,403)	(114,403)
<b>Other elements retained result - correction of accounting errors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(114,403)</b>	<b>(114,403)</b>
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	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,500,000)</b>	<b>(1,500,000)</b>
<b>Balance on June 30, 2022</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>29,962,581</b>	<b>2,607,265</b>	<b>15,861,059</b>	<b>5,514,994</b>	<b>75,794,495</b>

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**COMELF S.A.**

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2022 IN ACCORDANCE WITH IFRS

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

<b>STATEMENT OF CHANGE OF EQUITY</b>	<b>Capital Registered</b>	<b>Adjustments of share capital</b>	<b>Differences and reserves from revaluation</b>	<b>Reserves legal</b>	<b>Other reserves</b>	<b>The Result withheld</b>	<b>Total equity</b>
<b>Balance on January 1, 2021</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>32,608,011</b>	<b>2,607,265</b>	<b>14,658,196</b>	<b>1,204,995</b>	<b>72,927,063</b>
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4,285,589	4,285,589
<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)			1,763,620	(335,928)
Other equity items			335.928				335.928
Legal reserves established					1,202,863	(1,202,863)	0
<b>Total profit or loss account and other elements of the overall result</b>	<b>0</b>	<b>0</b>	<b>(1,763,620)</b>	<b>0</b>	<b>1,202,863</b>	<b>4,846,346</b>	<b>4,285,589</b>
Other items carried forward - correction of accounting errors			0	0	0	(271,994)	(271,994)
<b>Other result items carried forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(271,994)</b>	<b>(271,994)</b>
<b>Transactions with shareholders, registered directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Contributions from and distributions to shareholders/employees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,500,000)</b>	<b>(1,500,000)</b>
Total transactions with shareholders	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,500,000)</b>	<b>(1,500,000)</b>
<b>Balance on December 31, 2021</b>	<b>13,036,325</b>	<b>8,812,271</b>	<b>30,844,391</b>	<b>2,607,265</b>	<b>15,861,059</b>	<b>4,279,347</b>	<b>75,440,658</b>

**COMELF S.A.**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)**CASH FLOW STATEMENT**

	<b>30 Junie 2022</b>	<b>31 decembrie 2021</b>
Pre - tax profit	<b>1,968,240</b>	<b>4,285,589</b>
Depreciation of fixed assets	3,844,423	7,527,361
<b>Cash operational brut</b>	<b>5,812,663</b>	<b>11,812,950</b>
<b>Workong Capital Variation</b>		
Variation receivables	426,156	12,965,986
Variation stocks	5,111,825	4,334,363
Variation in other current assents	3,547,091	1,544,623
Variation Income/Expenses in advances	199,698	45,902
Variation suppliers	1,870,456	11,578,744
Variation customer advances	274,385	-1,858,664
Variation employees and assimilated	2,828,673	-582,390
<b>Net operating Cash</b>	<b>1,501,407</b>	<b>2,059,766</b>
<b>Cash flow dfrom net investment</b>	<b>4,534,192</b>	<b>3,964,128</b>
<b>Debts change</b>		
Variation of short-term loans	2,386,829	1,627,258
Variation of long-term loans	4,943,000	0
Variation of associated debts	1,494,644	(628,606)
Variation of other liabilities	-	-
Variation of capitalluri	(2,476,719)	(2,371,005)
<b>Cash flow from financing</b>	<b>6,347,754</b>	<b>(1,372,353)</b>
<b>Total chas variation between</b>	<b>3,314,969</b>	<b>-3,276,715</b>
Initial Cash	7,563,505	10,840,220
<b>Net Cash at end of period</b>	<b>10,878,474</b>	<b>7,563,505</b>

Cenusa Gheorghe  
General ManagerTatar Dana  
Financial Manager

**COMELF S.A.**

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
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**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 main activity of the Company is the manufacture of engines and turbines (except for those for airplanes, automobiles and motorcycles). The company also has as object of activity the manufacture of installations, subassemblies and components for power plants and environmental protection, equipment for earthmoving equipment, lifting and transport equipment, including their subassemblies, metal constructions. Manufacture of armament 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 Accounting Standard - Interim Financial Reporting;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on June 30, 2022 are read together with the financial statements prepared for December 31, 2021 according to the same financial reporting framework.

The financial statements as at June 30, 2022 are not audited.

**3. Significant accounting policies**

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

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

**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:

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)

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- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- the risk related to the economic environment;
- 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. 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 buffer interval for the period in which we are repositioning ourselves with respect to suppliers and customers.

In the current economic context marked by political and economic instability, generated by the conflict in Ukraine, there is also a significant risk related to the price of utilities, especially electricity and gas, for which the company has identified several solutions to cover the risk, i.e. investments in a photovoltaic system that covers our own energy consumption in proportion to 45% and an in-house heating system with radiant tubes, based on energy produced from pellets.

*(ii) Interest rate risk*

As of June 30, 2022, most of the Company's assets and liabilities are not interest-bearing, with the exception of contracted loans and leasing contracts. As a result, the Company is not significantly affected by the risk of interest rate fluctuations. The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

*(iii) 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 of the current assets are expressed in foreign currency (56%) and the Company's current liabilities are expressed in foreign currency (41%) and in the national currency (59%) and therefore exchange rate fluctuations do not significantly influence the Company's activity. Exposure to exchange rate fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS

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

On June 30, 2022 and December 31, 2021, tangible and intangible assets evolved as follows:

	Expenditure on research and development	Intangible assets	Lands	Buildings	Technical installations and machinery	Other installations and furniture	Tangible assets in progress	Total	Down-payments Fixed Assets	Total fixed assets
	203	205	211	212	213	214	231		4093	
<b>Balance on January 01, 2022</b>	<b>34.863</b>	<b>1,248,485</b>	<b>21,247,075</b>	<b>40,590,779</b>	<b>94,579,714</b>	<b>443.346</b>	<b>417.237</b>	<b>158,561,499</b>	<b>485.196</b>	<b>159,046,695</b>
Acquisitions	9.728	54.347	0	0	369.891	16.094	3,921,828	4,371,888	2,039,258	6,411,146
Domestic production outputs	0	0	0	0	0	0	509.058	509.058	0	509.058
Outflow (discarded assets)	0	0	0	0	-76.300	0	0	0	-2,384,724	-2,384,724
Internal transfers	0	0	0	0	0	0	0	-76.300	0	-76.300
Internal transfers	0	0	0	0	0	0	0	0	0	0
<b>Balance on June 30, 2022</b>	<b>44.591</b>	<b>1,302,832</b>	<b>21,247,075</b>	<b>40,590,779</b>	<b>94,873,305</b>	<b>459.440</b>	<b>4,848,123</b>	<b>155,800,750</b>	<b>139.730</b>	<b>163,505,875</b>
<b>Accumulated depreciation</b>										
<b>Balance on January 01, 2022</b>	<b>0</b>	<b>783.900</b>	<b>0</b>	<b>16,749,634</b>	<b>63,849,803</b>	<b>257.855</b>	<b>0</b>	<b>81,641,192</b>	<b>0</b>	<b>81,641,192</b>
Depreciation expense per year	0	57.862	0	1,323,574	2,450,521	12.465	0	3,844,422	0	3,844,422
Internal transfer	0	0	0	0	0	0	0	0	0	0



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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS

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

Cumulative depreciation of outflows	0	0	0	0	-75.011	0	0	-75.011	0	-75.011
<b>Balance on June 30, 2022</b>	<b>0</b>	<b>841.762</b>	<b>0</b>	<b>18,073,208</b>	<b>61,730,080</b>	<b>245.767</b>	<b>0</b>	<b>85,410,603</b>	<b>0</b>	<b>85,410,603</b>
<b>Balance on January 01, 2021</b>	<b>7.973</b>	<b>1,225,184</b>	<b>21,247,075</b>	<b>40,259,156</b>	<b>91,859,494</b>	<b>466.796</b>	<b>1,139,686</b>	<b>156,205,364</b>	<b>68.886</b>	<b>156,205,364</b>
Acquisitions	26.780	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	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
<b>Balance as of December 31st, 2021</b>	<b>34.863</b>	<b>1,248,485</b>	<b>21,247,075</b>	<b>40,590,779</b>	<b>94,579,714</b>	<b>443.346</b>	<b>417.237</b>	<b>158,561,499</b>	<b>485.196</b>	<b>159,046,695</b>
<b>Accumulated depreciation</b>										
<b>Balance on January 01, 2021</b>	<b>0</b>	<b>656.741</b>	<b>0</b>	<b>14,134,616</b>	<b>60,257,029</b>	<b>257.128</b>	<b>0</b>	<b>75,305,514</b>	<b>0</b>	<b>75,305,514</b>
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
<b>Balance on December 31, 2021</b>	<b>0</b>	<b>783.900</b>	<b>0</b>	<b>16,749,634</b>	<b>63,849,803</b>	<b>257.855</b>	<b>0</b>	<b>81,641,192</b>	<b>0</b>	<b>81,641,192</b>
<b>Net book value</b>										
<b>On June 30, 2022</b>	<b>44.591</b>	<b>461.070</b>	<b>21,247,075</b>	<b>22,517,571</b>	<b>28,647,992</b>	<b>189.120</b>	<b>4,848,123</b>	<b>77,955,542</b>	<b>139.730</b>	<b>78,095,272</b>
<b>On December 31, 2021</b>	<b>34.863</b>	<b>464.585</b>	<b>21,247,075</b>	<b>23,841,145</b>	<b>30,729,911</b>	<b>185.491</b>	<b>417.237</b>	<b>76,920,307</b>	<b>485.196</b>	<b>77,405,503</b>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)

**6. Financial assets available for sale**

On June 30, 2022 and December 31, 2021, Comelf SA does not hold any financial assets available for sale.

**7. Inventories**

On June 30, 2022 and December 31, 2021, the stocks record the following balances:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Raw materials	16,313,079	11,009,245
Auxiliary materials	40.015	85.188
Fuel	22.086	50.902
Inventory items	381.517	412.865
Other	38.094	124.766
Adjustments for depreciation of raw materials	-332	-332
<b>Total</b>	<b>16,794,459</b>	<b>11,682,634</b>

The company did not register any value adjustments for the depreciation of inventories on June 30, 2022. No inventories were pledged for the contracted loans.

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

**8. Receivables from contracts with customers**

As of June 30, 2022 and December 31, 2021, the receivables from commercial contracts are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Invoiced receivables from contracts with customers	34,884,848	34,206,720
Unbilled receivables from contracts with customers	23,039,774	23,566,131
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
<b>Total</b>	<b>55,708,784</b>	<b>55,557,013</b>

Receivables from contracts with clients are shown net of down-payments received in the amount of 1,225,553 lei (December 31, 2021: 951.168 lei).

**9. Trade receivables and other receivables**

On June 30, 2022 and December 31, 2021, trade and other receivables are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Receivables from sales of goods	-	-
VAT to be recovered	5,010,494	1,266,930
Down-payments made to domestic suppliers (excluding those for fixed assets)	964.796	142.850
Down-payments made to external suppliers	577.283	93.588
Down-payments made to fixed assets suppliers	139.730	485.196
Grants receivable	-	1,496,089
Different debtors	759.333	660.111
Other receivables	1,542,642	1,448,191

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	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Value adjustments	-1,010,987	-1,010,987
<b>Total</b>	<b>7,983,291</b>	<b>4,581,968</b>

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 2022 was as follows:

	<b>Balance on 01 January 2022</b>	<b>increases</b>	<b>Decreases</b>	<b>Balance on June 30, 2022</b>
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
<b>Total</b>	<b>3,226,825</b>	<b>-</b>	<b>-</b>	<b>3,226,825</b>

The adjustment in the amount of 1,010,987 lei represents an 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 constitutes an adjustment of fixed assets (performance bond provisions)

The reasons why the entity considered current and fixed assets as impaired are mainly related to receipts and / or non-compliances closures pending with customers.

**11. Cash and cash equivalents**

On June 30, 2022 and December 31, 2021, cash and cash equivalents are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Amounts available in bank accounts in local currency	562.864	516.996
Amounts available in bank accounts in foreign currency	10,305,305	7,039,238
Cash	9.240	6.206
Gift Certificates	1.065	1.065
<b>Total</b>	<b>10,878,474</b>	<b>7,563,505</b>

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 REB and the cash flow, prepared on the whole company and for each subunit separately. The company manages liquidity risk by maintaining adequate reserve amounts, by operating capital loan limit and by daily monitoring of cash flows.

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

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

As of June 30, 2022, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

As at 30 June 2022 and 31 December 2021, the Company's shareholding structure is as follows:

	June 30, 2022			December 31, 2021		
	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%
<b>Total</b>	<b>22,476,423</b>	<b>13,036,325</b>	<b>100%</b>	<b>22,476,423</b>	<b>13,036,325</b>	<b>100%</b>

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:

	June 30, 2022	December 31, 2021
Social capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	8,812,271	8,812,271
<b>Social capital portrayed</b>	<b>21,848,596</b>	<b>21,848,596</b>

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).

**Capital management**

The company manages its capital in order to ensure the continuity of the activity in financial equilibrium. The capital structure for the next period in 2022 remains unchanged and no significant changes are foreseen regarding the proportion of the capital in total assets.

**(a) Legal reserves**

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

Legal reserves cannot be distributed to shareholders, but can be used to cover cumulative losses.

**(b) Revaluation reserves**

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

**(c.) Dividends**

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)

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During 2022, 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, 2021. The company distributed gross dividends in the amount of 1,500,000 lei (representing 0.0667 lei/share). The company paid until June 30, 2022 to the shareholders the amount of 5,356 lei representing dividends distributed from previous years. As of 30 June 2022 the balance of dividends payable is 2,042,637 lei.

**13. Loans****a) Account overdraft**

As at 30 June 2022, the Company has a working capital loan agreement with ING Bank Romania - contract no. 11438/09.11.2011, for financing current activity, which is reviewed annually. The subject matter of the agreement is a credit facility in the amount of EUR 8,400,000 in the form of an overdraft facility to provide working capital for operating activities and to issue potential commitments in the form of letters of guarantee. In 2022, the initial credit facility in the amount of EUR 7,155,000 was reduced by the amount of EUR 340,000, as a result of the receipt of the grant from the Financing Authority. In April 2022, the existing credit facility was supplemented by the amount of EUR 1,585,000, respectively from EUR 6,815,000 to EUR 8,400,000, to cover payments to raw material suppliers in the period March - August 2022. The need for financing arose as a result of the conflict in Ukraine, as from March 2022, the price of raw materials almost doubled abruptly and, in addition, the payment for such commodities was required to be made in advance, on delivery or maximum 30 days, thus overlapping for the usual maturities and against the background of maintaining collection deadlines for customers, lead to the need for additional working capital. Starting with December 2022, the Company will repay the amount of EUR 1,600,000, in equal quarterly installments, under normal market conditions. The annual interest rate is equal to the Reference Rate + 1.15% bank margin;

On June 30, 2022, the Company records an overdraft balance in the amount of 41,521,200 lei (December 31, 2021: 34,191,371 lei).

**b). Leasing contracts**

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

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 committed to the purchase of a CLOOS Robotic Welding System on lease. The leasing contract nr.120882 was signed on 22.05.2019, the lender BRD Sogelease financed the amount 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 floor area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality;
- Land with an area of 20,620 sqm and buildings with a built-up floor area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality;
- Land with an area of 581 sqm and buildings with a built-up floor area of 572.93 sqm, bearing the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and topographic no. 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality;
- Land and buildings with an area of 16820 sqm registered in CF 55054 topo 8118/1/5 of Bistrita locality ;

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)

Total assessed value: EUR 12,660,000.

- Mortgaged technological equipment;

**14. Trade and other payables**

As of June 30, 2022 and December 31, 2021, trade payables and other payables are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Trade payables	25,661,436	23,790,980
Debts to budgets	5,362,519	2,325,826
Debts to staff	2,649,994	2,534,581
Silver dividend	2,042,637	547.993
Other loans and similar debts	90.548	132.917
<b>Total</b>	<b>35,807,134</b>	<b>29,332,297</b>

Trade payables as at 30 June 2022 in the amount of 25,661,436 lei (31December 2021: 23,790,980 lei) are in accordance with the contracts concluded with the suppliers.

On June 30, 2022 and December 31, 2021, the debts to the budgets include, mainly, contributions related to salaries, for which compensation was requested with VAT to be recovered from the State Budget. The company has no outstanding debts to the state budget and the social security budget;

**15. Revenues from contracts with customers**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	76,346,161	60,680,200
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)	-526.358	667.610
<b>TOTAL</b>	<b>75,819,803</b>	<b>61,347,810</b>

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS  
(All amounts are expressed in LEI, unless otherwise indicated)

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:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Rental income	111.210	10.444
Income from various activities (rebilling utilities)	3,184,577	1,632,041
Revenues from the sale of residual products	1,862,311	1,794,445
Revenue from services rendered	1,160,738	646.708
<b>Total</b>	<b>6,318,836</b>	<b>4,083,638</b>

**16b. Other incomes**

The position includes:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Income from investment grants	852.397	805.727
Income from the production of tangible assets	-	27.055
Income from operating subsidies	40.388	25.138
Income from disposed of fixed assets	3.257	75.776
Other incomes	-	22.939
<b>Total</b>	<b>896.042</b>	<b>956.635</b>

Income from the production of tangible fixed assets as at 30 June 2022 has been offset against the related expenses according to the provisions of Order 2844/2016 as follows: expenses with raw materials and other material expenses in the amount of 509,058 lei. Therefore, the amount recorded in item 16b Other income in the amount of 896,042 lei does not contain income from the production of fixed assets in the amount of 509,058 lei.

**17. Staff costs**

The average number of employees on June 30, 2022 and June 30, 2021 was as follows:

	<b>June 30, 2022</b>	<b>%</b>	<b>June 30, 2021</b>	<b>%</b>
Direct productive staff	410	63%	414	63%
Management and administration staff	238	37%	238	37%
<b>Total</b>	<b>648</b>	<b>100%</b>	<b>652</b>	<b>100%</b>

Staff costs were as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Staff salary expenses	21,363.310	18,663,366
Expenses with meal vouchers	1,448,240	1,198,790
Expenses regarding insurance and social protection	983.627	814.246
<b>Total</b>	<b>23,795,177</b>	<b>20,676,402</b>

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The amounts awarded to key management personnel, Board members and directors, were as follows (gross amounts) and are included in the amounts shown above. Staff costs are shown gross. Gross expenses with staff are recorded.

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Salary expenses - managers/directors	1,212,845	1,040,096
B.D. allowance	117,480	125.780
<b>Total</b>	<b>1,330,325</b>	<b>1,165,876</b>

The company did not grant loans or advance-payments to the members of the administrative, management or supervisory bodies on June 30, 2022 and June 30, 2021.

On 30 June 2022, the Management of COMELF S.A. had the following composition:

- Members of the Company's Board of Directors:

Savu Constantin	Chairman
Babici Emanuel	member
Mustata Costica	member
Sofroni Vlad	provisional 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	Financial Manager
Serban Marcela	Raw-Material Procurement Manager
Jurje Valeriu	Quality Manager
Barbuceanu Florentin	Factory Executive Director
Viski Vasile	Factory Executive Director
Campian Cosmin	Factory Executive Director

As of *June 30, 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	Financial Manager
Serban Marcela	Raw-Material Procurement Manager
Jurje Valeriu	Quality Manager
Barbuceanu Florentin	Factory Executive Director
Viski Vasile	Factory Executive Director
Campian Cosmin	Factory Executive Director



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**18. Shipping costs.**

This position includes:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Expenses for the transport of raw materials	562.370	509.197
Expenses for transporting finished products	2,027,108	1,918,793
Expenses for transporting employees	360.869	341.868
Other transport costs	-	-
<b>Total</b>	<b>2,950,347</b>	<b>2,769,858</b>

**19a. Other expenses related to income**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Maintenance and repair expenses	627.016	581.409
Rent expenses	180.047	177.670
Insurance expenses	179.860	177.688
Expenses with personnel training	60.023	65.261
Outsourcing expenses	1,144,149	666.110
Expenses regarding commissions and fees	438.539	447.262
Protocol expenses	27.376	13.506
Expenses with travel, secondments and transfers	40.055	6.005
Postal charges and telecommunications charges	251.400	178.376
Expenses with banking and similar services	55.496	55.060
Other expenses with services provided by third parties	1,056,147	1,090,249
Expenses with other taxes and fees	547.500	566.037
<b>Total</b>	<b>4,607,608</b>	<b>4,024,633</b>

**19b. Other expenses**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Total</b>	<b>175.143</b>	<b>491.260</b>

The item "Outsourcing Expenses" includes direct expenses related to the production process (processing, services).

**20. Income tax**

The Company's current profit tax as of June 30, 2022 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense on June 30, 2022 and June 30, 2021 is detailed as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Current income tax expense	283.234	258.460
<b>Total</b>	<b>283.284</b>	<b>258.460</b>

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**21. Provisions for risks and expenses**

As of June 30, 2022, the Company has registered provisions for risks and expenses in the amount of 1,113,740 lei (1,141,564 lei as of December 31, 2021). Their summarized situation is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
<b>Balance on January 01, 2021</b>	<b>0</b>	<b>105.086</b>	<b>0</b>	<b>1,036,478</b>	<b>1,141,564</b>
Established during the interval	0	0		0	0
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0
Resumed during the interval	0	0	0	(27,824)	(27,824)
<b>Balance as of June 30, 2021</b>	<b>0</b>	<b>105.086</b>	<b>0</b>	<b>1,008,654</b>	<b>1,113,740</b>
Long-term	0	105.086	0	0	105.086
short term	0	0	0	1,008,654	1,008,654

- **Pension provisions in the amount of 105,086 lei (December 31, 2021: 105.086 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 to retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, respectively 23.55%.

- **Other provisions in the amount of 1,008,654 lei (December 31, 2021: 1,036,478 lei) include:**
  - The provision related to the redemption of pension insurance policies for the amount of 850.361 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.

**22. Deferred tax liabilities**

Deferred tax liabilities as of June 30, 2022 and June 30, 2021 are generated by the items detailed in the following table:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Deferred tax receivables	-	-
Deferred tax liabilities related to reserves made up of reinvested earnings	(1,049,774)	(1,049,774)
Deferred tax liabilities related to revaluation differences of tangible assets.	(7,880,215)	(8,216,143)
<b>Deferred tax, net</b>	<b>(8,929,989)</b>	<b>(9,265,917)</b>

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**23. Deferred income**

1) In 2010, the Company signed with the Ministry of Economy, Trade and Business Environment ("the Ministry") the financing contract no. 1704/30.08. 2010, the object of which is the granting of non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for machining wind turbine casings, turbines and compressor units, process chambers within the manufacturing lines of photovoltaic cells on the latest generation CNC equipment, using CNC boring machine with continuous indexable processing head, in SC Comelf SA". The total cost of the project was 1,991,488 lei, of which 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.

On June 30, 2022, the Company resumed in revenue the amount of 24,776 lei (June 30, 2021: 35,203 lei), representing amortization of subsidies, which as at 31.05.2022 has been fully amortized.

2) The company received a government subsidy in 2013, in the amount of 16,550,541 lei within the project "Fundamental modification of manufacturing flows and the introduction of new technologies with the aim of increasing productivity and competitiveness on the internal and external market of SC COMELF SA".

The total approved value of the project was 44,334,265 lei, of which 27,635,774 lei represented the contribution from the Beneficiary. The project implementation period was 24 months from 04.02.2013.

As at 30 June 2022, the Company has reversed to income the amount of 726,458 lei (30 June 2021: 728,239 lei), representing the amortization of subsidies.

3) The company signed in 2018 (03.05.2018) a financing contract in the framework of POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application for utilities consumption", the total approved value of the financing contract was 1,072,188.43 lei, of which the non-reimbursable financing was 900,988.68 lei. The value of the received subsidy was 892,572 lei.

At 30 June 2022, the Company has reversed to income the amount of 42,285 lei (30 June 2021: 42,285 lei), representing the amortization of subsidies.

4) The company signed in 2020 (11.06.2020) a funding contract under the EEA and Norway Grants 2014 - 2021, with the objective to receive a grant from Innovation Norway for the implementation of "An investment in a smarter and more efficient future", the total value of the funding contract was EUR 632,500, of which the grant was up to EUR 350,000. In November 2021, a "unit for the production of renewable energy from photovoltaics with a capacity of 1,200 Mwp/year" was commissioned. The total value of the investment as of 31.12.2021 was 2,998,953 lei, of which the value of the grant received in March 2022 is 1,513,994.

On June 30, 2022, the Company resumed the amount of 58,878 lei, representing amortization of subsidies.

The accounting policies adopted are presented in Note 3.

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**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:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Profit attributable to ordinary shareholders	1,968,240	1,948,597
Balanced average number of ordinary shares	22,476,423	22,476,423
<b>Basic earnings per share</b>	<b>0.09</b>	<b>0.09</b>

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

**25. Net financial expenses**

The financial elements are the following:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Interest income	41	19.800
Income from exchange rate differences	45.528	57.561
Other items of financial income	90.790	479.477
<b>Total financial income</b>	<b>136.359</b>	<b>556.838</b>
Interest expenses	(183,978)	(157,068)
Expenses with exchange rate differences	(289,284)	(638,153)
Other items of financial expenditure, of which:	(282,116)	(386,388)
<b>Total financial expenses</b>	<b>(755,378)</b>	<b>(1,181,609)</b>

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on June 30, 2022 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 the case of transactions concerning purchases/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.

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Comelf SA has prepared the file of transfer prices for 2021.

**27. Transactions and balances with affiliated parties**

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 contract, consultancy contract, electricity purchase contract, sale-purchase 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.

<b>Affiliated party</b>	<b>Activity</b>	<b>Description of the type of business relation</b>
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Sale of products Brokerage services	
Uzinsider General Contractor SA	Acquisition of electricity	
Promex SA	Collaborations on turnkey objectives Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	

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 of June 30, 2022 and June 30, 2021, receivables from related parties are as follows:

<b>Receivables from</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Uzinsider Techo SA	4,726,839	9,741,605
Uzinsider General Contractor SA	28.825	1,100,080
Promex SA	0	0
24 Ianuarie SA	13.983	0
<b>Total</b>	<b>4,769,647</b>	<b>10,841,685</b>

As at 30 June 2022 and 30 June 2021, payables to related parties are as follows:

<b>Debts to</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Uzinsider SA	243.103	162.068
Uzinsider Techo SA	525.2634	836.751
Uzinsider General Contractor SA	1,690,812	692.675

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Promex SA	3	3
24 Januarie SA	0	0
<b>Total</b>	<b>2,216,078</b>	<b>1,691,497</b>

**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:

<b>Sales in the year ended at:</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Uzinsider Techo SA	6,372,281	9,318,691
Uzinsider General Contractor SA	72.353	1,042,028
Promex SA	0	0
24 Januarie SA	11.750	0
<b>Total</b>	<b>6,456,384</b>	<b>10,370,523</b>

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

<b>Acquisitions in the year ended at:</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Uzinsider SA	408.576	408.576
Uzinsider Techo SA	393.724	488.698
Uzinsider General Contractor SA	4,952,521	2,801,613
Promex SA	0	0
24 Januarie SA	0	0
<b>Total</b>	<b>5,754,821</b>	<b>3,698,887</b>

As there were no delays as to the contact 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 60-150 days, payment methods with payment order and compensations, no guarantees are constituted, and there are no penalties for non-payment.

**28. Capital commitments**

Procurement commitments for the period 2022 are limited to own sources of financing and are estimated at 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 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS

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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 trans-container 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)***Reporting by operating segments**

	FPI		FUET		TERRA		Center		Total	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2020	June 30, 2022	June 30, 2020
External revenues of the segment	23,536,342	19,397,129	34,924,804	30,593,826	19,506,118	14,076,056	5,754,500	2,322,047	83,721,764	66,389,058
<b>Total segment revenues</b>	<b>23,536,342</b>	<b>19,397,129</b>	<b>34,924,804</b>	<b>30,593,826</b>	<b>19,506,118</b>	<b>14,076,056</b>	<b>5,754,500</b>	<b>2,322,047</b>	<b>83,721,764</b>	<b>66,389,058</b>
Net financial costs	-113.099	-154.414	-240.993	-216.659	-115.053	-118.551	-149.874	-135.147	-619.019	-624.771
Depreciation and amortization	881.475	904.981	1,499,871	1,487,289	993.651	988.421	469.426	353.573	3,844,423	3,734,264
Income tax expense	-13.760	0	-80.362	-233.694	0	0	-185.978	-24.766	-258.460	-258.460
The net result for the interval	71.728	-646.518	416.594	1,238,344	-167.437	-437.823	1,647,355	1,794,594	1,968,240	1,948,597
Segment assets	41,265,808	42,520,922	55,306,446	58,836,511	32,248,176	28,741,711	40,500,120	20,754,052	169,320,550	150,853,196
Investments in associated entities				0		0		0		0
Segment debts	10,014,817	21,048,887	12,009,467	26,666,767	5,257,756	15,057,552	66,244,015	14,819,364	93,526,055	77,592,570

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 positions in the financial statements



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In the total operating revenues of the segment in the amount of 83,721,764 lei (as of June 30, 2022) and 66,389,058 lei (as of June 30, 2021) the major types of products and services are as follows:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Equipment for power-generation industry and components	31,388,170	43,316,937
Equipment for earthworks and components	37,819,786	15,420,072
Lifting and handling equipment	3,760,324	4,160,629
Technological equipment (metallurgy)	0	373.335
Manufacture of rolling stock	4,814,590	2,852,325
Other types	5,938,894	265.760
<b>TOTAL</b>	<b>83,721,764</b>	<b>66,389,058</b>

The main customers that have a share of turnover greater than 10% of related revenues and the business segment where these revenues are included are the following: KOMATSU 14, GENERAL ELECTRIC (including indirect sales through Uzinsider Techno) 11 % . % .

**30. Approval of financial statements**

The financial statements were approved by the BD on 28.07.2022.

**31. Management statement**

We confirm that, to the best of our knowledge, the unaudited financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company in accordance with applicable accounting standards.

Cenusa Gheorghe  
General Manager

Tatar Dana  
Financial Manager