

Report on the third quarter of 2022

Issued on: November 15, 2022

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

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

VAT code with the Trade Register Office: 568656

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

Subscribed and paid-in share capital: 13.036.325,34 lei

Regulated market in which the issued securities are traded: BSE (Bucharest Stock Exchange)

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

The outbreak of the conflict in Ukraine, in February 2022, had as an immediate consequence, a temporary shortage of metal, the basic raw material for COMELF SA, on the background of which its price has accelerated to double in a very short time. Under these conditions, we had to urgently resume discussions and negotiations with customers who had already placed orders for which raw material was not secured, while identifying suppliers and purchasing raw material, based on acceptance and confirmations from customers. Also, the way of settling materials has completely changed, with most suppliers asking for advance payments when placing orders, followed by very short payment terms. In this context, against the background of doubling prices and short payment terms, while maintaining the collection terms from customers, the company has taken out an additional bank loan of EUR 1,500,000 to support its current activity and ongoing investment programme;

In the period March-April 2022, the price of the basic raw material (metal), increased by 187%; At the time of this report, the price of raw materials has returned close to the level of the months before the outbreak of the war, on average 10-15% higher than in that period;

27.04.2022 the AGOA was held, which approved the distribution of 1.500.000 lei from the net profit for the year 2021 for the payment of dividends to the shareholders of the company. Actual payment date: 15.07.2022; OGMS approved on 27.04.2022, the REB for the year 2022, the investment program for the year 2022, the organization chart of the company and the maximum credit limit for the current year;

Extending the investment in the photovoltaic power generation system up to 2.5 Mwp and the investment in the radiant tube heating system, using pellets as a resource, are two important objectives that will ensure at least conserving a reasonable level for the utility costs and a certain level of independence regarding energy consumption;

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

The main indicators, thousands of lei	01.01.2022- 30.09.2022	01.01.2021- 30.09.2021	%
Total operating income, of which:	131383	102792	+28
Revenues from construction contracts	119699	94504	+27
Profit/(Loss) for the period	3495	3127	+12
EBITDA	10758	9637	+12
Interest-bearing Loans	42169	32940	+28

Average number of staff	641	658	(3)
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**The financial figures are unaudited and outline the individual results of Comelf SA, prepared in accordance with International Financial Reporting Standards (IFRS);*

❖ COMELF SA's operating revenues amounted to 131,383 thousand LEI as of 30.09.2022, up (102,792 thousand LEI as of 30.09.2021) compared to the same period of the previous year. The increase in revenues in the first 9 months of 2022 compared to the same period of the previous year was influenced by the increase in the selling price of products due to: (i) higher raw material prices in 9 months of 2022 compared to 9 months of 2021 (+48%), the price of utilities and other materials; (ii) manufacturing of more complex products, that include special or stainless-steel materials;

❖ **Profit for the period** grew in the first 9 months of 2022 compared to the one achieved in the similar period of the previous year, being favorably influenced by the maintenance of fixed costs (depreciation, local taxes and fees, repetitive services) which, at higher volumes, favorably influence the result;

The company's assets on 30.09.2022 highlight the fact that:

➤ Fixed assets: increasing, on the one hand, influenced by new investments in progress, mainly in the 1.5 Mwp expansion of the photovoltaic system for the production of electricity for own consumption, in accumulated value at 30.09. 2022 of 4,719 thousand lei , of the heating system with pellet burners and pellet production plant, in accumulated value as at 30.09.2022 of 1,115 thousand lei and, on the other hand, by the depreciation of fixed assets put into operation (cumulative effect as at 30.09.2022:5,768 thousand LEI),

➤ Current assets increased by 13% at 30.09.2022 compared to 31.12.2021, due to:

(i) increase in raw material inventories (24%) based on the material structure of orders actually launched in production and the increase in the price of such raw materials;

(ii) Production in progress increased slightly, by 2%;

(iii) Trade receivables increased as at 30.09.2022 by 18%, compared to the end of 2021, due to higher deliveries in the last two months, with higher sales prices;

(iv) Cash and cash equivalents remained at the same level as at the end of the previous year;

➤ Shareholders' equity increased compared to 31.12.2021 by the amount of the net profit for the period 01.01.2022- 30.09.2022, reduced by the dividends distributed for the financial year 2021.

➤ Interest-bearing loans as at 30.09.2022 increased by EUR 1,500 thousand as the working capital credit limit was raised to support new commodity prices and, additionally, to support very short payment terms. The loan will be repaid in equal quarterly installments, starting with December 2022;

➤ Suppliers' debts increased by 7% compared to December 2021 +1,619 thousand lei, an increase generated by purchases of raw materials at higher prices compared to the end of the previous year.

Report for the third quarter of 2022 can be viewed on the company's website www.comelf.ro/Updated information/ , as well as in the link below.

General Manager,
eng. Cenușă Gheorghe

Financial Manager,
ec. Dana Tătar

COMELF SA Third Quarter Report

According to the FSA Regulation no. 5/2018 Annex no. 13

Issued on: 11/15/2022

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

Phone/fax number: 0263234462

VAT code with the Trade Register Office: 568656

Registration number with the Trade Register: J06/2/1991

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

Regulated market in which the issued securities are traded: Bucharest Stock Exchange

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.

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

In the period 01.07.2022-30.09.2022, the company's activity was carried out under normal conditions, with the mention that the price of raw materials started a downward trend.

In addition, however, the price of utilities has started to rise, which is reflected in the price of other materials and, in particular, in the price of gas used for welding. The effect of the increase in utilities prices will be recovered through the price of products, a trend that is well known in Europe, where most of the company's customers operate.

For the next 3 months of the 2022 financial year, the risks are related to global economic uncertainty.

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

B. Economic-financial indicators in the first 9 months of 2022 compared to the same period of the previous year:

Indicator Name	Calculation model	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Current liquidity (general)	Current assets / Current liabilities (the recommended value for this indicator is around 2)	1.26	1.22
<i>The current (general) liquidity at 30.09.2022 is 1.26 and represents the degree of coverage of current debts through current assets held by the company.</i>			
Degree of indebtedness	Borrowed capital / Committed capital	6.33%	0.87%
<i>The indebtedness of the company is 6.33% and represents the share held by borrowed capital-debts over 1 year, in the committed capitals;</i>			
debt collection time - Customers (days)	Average customer balance / Turnover X 270	75	92
Turnover speed of fixed assets	Turnover / Fixed Assets	1.69	1.28

General Manager,
eng. Cenușă Gheorghe

Financial Manager,
ec. Dana Tătar

COMELF S.A.

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

INTERIM FINANCIAL STATEMENTS IFRS ON 30th SEPTEMBER 2022

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

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

STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30, 2022

	Nota	30.09.2022	31.12.2021
Assets			
Development cost		45,667	34,863
Intangible assets	5	437,961	464,585
Tangible assets	5	76,478,212	76,420,859
Financial assets available for sale	6	-	-
Total non-current assets		76,961,840	76,920,307
Advance payments for tangible assets		865,244	485,196
Stocks	7	14,452,485	11,682,634
Receivables from contracts with customers	8	62,593,060	55,557,013
Trade receivables and other receivables	9	4,910,664	4,096,772
Current tax receivables		-	-
Cash and cash equivalents	11	7,392,904	7,563,505
Total Current Assets		90,214,357	79,385,120
Total Assets		167,176,197	156,305,427
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	51,259,152	49,312,715
Reported outcome	12	1,313,198	(6,242)
Financial year outcome	25	3,494,556	4,285,589
Total Equity		77,915,502	75,440,658
Debts			
Long-term bank loans	13	3,958,880	-
Other loans and debts-leasing	13	321,082	493,544
Defferend tax liabilities	22	5,561,283	8,762,025
Provisions for risks and expenses	21	105,086	105,086
Defferend income liabilities	23	6,502,727	4,661,145
Total long-term debts		16,449,058	14,021,800
Overdrafts	13	37,609,360	34,191,371
The current part related to long-term loans	13	-	-
Defferend tax liabilities	22	279,601	335,928
The current other loans and liabilities - leasing	11	231,007	235,702
Commercial debts and other debts	14	32,472,698	29,332,297
Provisions for risks and expenses	21	990,911	1,036,478
Defferend tax liabilities	23	1,228,060	1,711,193
Total current debts		72,811,637	66,842,969
Total Debts		89,260,695	80,864,769
Total equity and debts		167,176,197	156,305,427

Cenusa Gheorghe
 General Manager

Tatar Dana
 Economic Manager

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INTERIM FINANCIAL STATEMENTS AS OF September 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	30.09.2022	30.09.2021
Continuous operations			
Revenues			
Revenue from contracts with customers	15	119,698,978	94,503,733
Revenues from sales of goods		183,525	975
Other elements related to the turnover		9,569,614	6,115,757
Total revenues		129,452,117	100,620,465
Other revenues	16	1,930,398	2,171,828
Expenses			
Raw material costs and other expenses		(68,927,699)	(48,419,417)
Electricity and water costs		(3,366,870)	(2,643,457)
Commodity expenses		(131,339)	(301)
Employment charges	17	(35,568,680)	(31,385,984)
Transport costs	18	(4,710,168)	(4,080,531)
Other expenses related to revenues	19	(7,715,930)	(6,301,308)
Cost depreciaton charge	5	(5,768,086)	(5,602,468)
Financial costs , net	25	(1,045,660)	(951,601)
Ajustments related to cirrent assets depreciation ,net	8	-	44,035
Provision costs for risks and expenses, net	21	45,567	557,364
Other expenses	19	(203,405)	(578,412)
Total expenses		(127,392,270)	(99,362,080)
Pre-tax profit		3,990,245	3,430,213
Profit tax	20	(495,689)	(303,284)
Profit from continuous operations		3,494,556	3,126,929
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		3,494,556	3,126,929
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		3,494,556	3,126,929
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.16	0.14
Diluted outcome per share (lei per share)	24	0.16	0.14

Cenusa Gheorghe,
General Manager

Tatar Dana ,,
Financial Manager

COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF September 30, 2022 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, 2022	13036325	8812271	30844391	2607265	15861059	4279347	75440658
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						3494556	3494556
<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			(1,310,632)	0	0	1100931	(209,701)
Other equity items			3257069		0	0	3257069
Legal reserves established					0	0	0
Total profit or loss account and other elements of the overall result	0	0	1946437	0	0	4595487	6541924
Other elements retained result - correction of accounting errors	0	0	0	0		(2,567,080)	(2,567,080)
Other elements retained result - correction of accounting errors	0	0	0	0	0	(2,567,080)	(2,567,080)
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 September 30, 2022	13036325	8812271	32790828	2607265	15861059	4807754	77915502

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

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

STATEMENT OF CHANGE OF EQUITY	Capital Registered	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance on January 01, 2021	13036325	8812271	32608011	2607265	14658196	1204995	72927063
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4285589	4285589
<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				335.928
Legal reserves established					1202863	(1,202,863)	0
Total profit or loss account and other elements of the overall result	0	0	(1,763,620)	0	1202863	4846346	4285589
Other items carried forward - correction of accounting errors			0	0	0	(271,994)	(271,994)
Other result items carried forward	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)
Balance on December 31, 2021	13036325	8812271	30844391	2607265	15861059	4279347	75440658

COMELF S.A.

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

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

CASH FLOW STATEMENT

	30-09-2022	31-12-2021
Pre - tax profit	3,494,556	4,285,589
Depreciation of fixed assets	5,768,086	7,527,361
Cash operational brut	9,262,642	11,812,950
Workong Capital Variation		
Variation receivables	6,658,131	12,965,986
Variation stocks	2,769,851	4,334,363
Variation in other current assents	682,862	1,544,623
Variation Income/Expenses in advances	131,030	45,902
Variation suppliers	1,619,289	11,578,744
Variation customer advances	(377,916)	(1,858,664)
Variation employees and assimilated	(2,063,892)	(582,390)
Net operating Cash	(1,801,751)	2,059,766
Cash flow dfrom net investment	6,189,667	3,964,128
Debts change		
Variation of short-term loans	2,428,269	1,627,258
Variation of long-term loans	4,948,600	0
Variation of associated debts	150,778	(628,606)
Variation of other liabilities	-	-
Variation of capitalluri	293,170	(2,371,005)
Cash flow from financing	7,820,817	(1,372,353)
Total chas variation between	(170,601)	(3,276,715)
Initial Cash	7,563,505	10,840,220
Net Cash at end of period	7,392,904	7,563,505

Cenusa Gheorghe
General ManagerTatar Dana
Economic Manager

COMELF S.A.

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30th, 2022, 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. Records of shares and shareholders are 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 September 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 September 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.

COMELF S.A.

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

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

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

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

The 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, because 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.

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 September 30, 2022, most of the Company's assets and liabilities are not interest-bearing, except for the contracted loan and leasing contracts. The contracted loan is used in EUR currency and is based on the EURIBOR quotation. 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 (59%) and the Company's current liabilities are expressed in foreign currency (63%) and in the national currency (37%) 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.

COMELF S.A.

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

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

On September 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	
Balance on January 1, 2022	34.863	1248485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
Acquisitions	10.804	55.897	0	9.400	454.693	28.686	4,318,004	4,877,484	2,835,454	7,712,938
Domestic production outputs	0	0	0	0	0	0	933.425	933.425	0	933.425
Outflow (discarded assets)	0	0	0	0	-82.976	0	0	-82.976	0	-82.976
Internal transfers	0	0	0	0	0	0	0	0	0	0
Balance on September 30, 2022	45.667	1,304,382	21,247,075	40,600,179	94,951,431	472.032	5,668,666	164,289,432	139.730	165,154,676
Accumulated depreciation										
Balance on January 01, 2022	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192	0	81,641,192
Depreciation expense per year	0	85.521	0	1,985,418	3,680,538	19.610	0	5,768,087	0	5,768,087
Internal transfer	0	0	0	0	0	0	0	0	0	0
Cumulative depreciation of outflows	0	0	0	0	-81.687	0	0	-81.687	0	-81.687

COMELF S.A.

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

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

Balance on September 30, 2022	0	866.421	0	18,734,052	67,448,654	277.465	0	87,327,592	0	87,327,592
Balance on January 1st, 2021	7.973	1,225,184	21,247,075	40,259,156	91,859,494	466.796	1,139,686	156,205,364	68.886	156,205,364
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
Balance as of December 31st, 2021	34.863	1,248,485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
Accumulated depreciation										
Balance on January 1st, 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
Balance on December 31st, 2021	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192	0	81,641,192
Net book value										
On September 30, 2022	45.667	437.961	21,247,075	21,865,127	27,502,777	194.567	5,668,666	76,961,840	865.244	77,827,084
On December 31st, 2021	34.863	464.585	21,247,075	23,841,145	30,729,911	185.491	417.237	76,920,307	485.196	77,405,503

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

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

6. Financial assets available for sale

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

7. Inventories

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

	September 30, 2022	December 31, 2021
Raw materials	13,594,235	11,009,245
Auxiliary materials	61.253	85.188
Fuel	4.406	50.902
Inventory items	382.951	412.865
Other	406.972	124.766
Adjustments for depreciation of raw materials	-332	-332
Total	14,452,485	11,682,634

The company has not recorded any impairment adjustments for inventories as at 30 September 2022. No inventories have been pledged for loans taken. The inventories mentioned above are insured.

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

8. Receivables from contracts with customers

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

	September 30, 2022	December 31, 2021
Invoiced receivables from contracts with customers	40,762,751	34,206,720
Unbilled receivables from contracts with customers	24,045,147	23,566,131
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	62,592,060	55,557,013

Receivables from contracts with customers are shown net of advances received in the amount of 572,252 lei

(December 31, 2021: 951.168 lei).

9. Trade receivables and other receivables

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

	September 30, 2022	December 31, 2021
VAT to be recovered	2,597,616	1,266,930
Down-payments made to domestic suppliers (excluding those for fixed assets)	888.492	142.850
Down-payments made to external suppliers	94.659	93.588
Down-payments made to fixed assets suppliers	865.244	485.196
Grants receivable	-	1,496,089
Different debtors	820.508	660.111
Other receivables	1,520,376	1,448,191
Value adjustments	-1,010,987	-1,010,987

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

	September 30, 2022	December 31, 2021
Total	5,775,908	4,581,968

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 impairment adjustments on current assets in 2022 was as follows:

	Balance on 01 January 2022	increases	Decreases	Balance on September 30, 2022
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 adjustment of 100% of the value of a long-standing receivable that is in dispute.

The value adjustments in 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 assets to be impaired are mainly related to delays in collections and/or pending non-conformities being discussed with customers.

11. Cash and cash equivalents

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

	September 30, 2022	December 31, 2021
Amounts available in bank accounts in local currency	507.589	516.996
Amounts available in bank accounts in foreign currency	6,878,705	7,039,238
Cash	1.765	6.206
Treasury advances	4.845	-
Gift Certificates	-	1.065
Total	7,392,904	7,563,505

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

Liquidity management

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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.

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

As of September 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 September 30th, 2022 and December 31st, 2021, the Company's shareholding structure is:

	September 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%
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:

	September 30, 2022	December 31, 2021
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).

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

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). Until September 30th, 2022 the company paid to the shareholders the amount of 1,349,222 lei representing dividends distributed from previous years. On 30 September 2022 the balance of dividends payable is 698,771 lei.

13. Loans**a) Account overdraft**

As at 30 September 2022, the Company has a working capital loan agreement with ING Bank Romania - contract no. 11438/09.11.2011, for financing current business, 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 decreased by EUR 340,000 as a result of the receipt of the grant from the Financing Authority, In April 2022, the existing credit facility was increased by EUR 1,585,000, i.e. from EUR 6,815,000 to EUR 8,400,000, to cover payments to raw material suppliers in the interval 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 suddenly and, additionally, their payment was required to be made in advance, on delivery or maximum 30 days, so that, overlapping for the usual maturities and against the background of maintaining collection deadlines for customers, the need for additional working capital arose. Starting 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 (EURIBOR for EUR drawings)+1.15% bank margin;

On September 30, 2022, the Company records an overdraft balance in the amount of 41,568,240 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 has committed to the purchase of three passenger transport vehicles under lease.

Lease contracts no.234267,234268,234269 were concluded on 08.01.2019, financier Porsche Leasing, financed amount 38,443.31 EUR, payable in 60 monthly installments.

Also during 2019, the Company has committed to the purchase of a CLOOS Robotic Welding System, under lease. The leasing contract no.120882 was signed on 22.05.2019, financier BRD Sogelease, financed amount 179,660.70 EURO, 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 ground surface of 17894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita;

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

- 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;

Total assessed value: EUR 12,660,000.

- Mortgaged technological equipment;

14. Trade and other payables

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

	September 30, 2022	December 31, 2021
Trade payables	25,410,269	23,790,980
Debts to budgets	3,652,850	2,325,826
Debts to staff	2,612,763	2,534,581
Silver dividend	698.771	547.993
Other loans and similar debts	98.045	132.917
Total	32,472,698	29,332,297

Trade payables as at 30 September 2022 in the amount of 25,410,269 lei (December 31st, 2021: 23,790,980 lei) are in accordance with the contracts concluded with the suppliers.

On September 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

	September 30, 2022	September 30, 2022
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	119,219,963	91,723,198
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)	479.015	2,780,535
TOTAL	119,698,978	94,503,733

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

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

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 considering 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 considering 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:

	September 30, 2022	September 30, 2021
Rental income	139.647	15.393
Income from various activities (rebilling utilities)	5,325,796	2,506,871
Revenues from the sale of residual products	2,557,740	2,637,381
Revenue from services rendered	1,546,431	956.112
Total	9,569,614	6,115,757

16b. Other incomes

The position includes:

	September 30, 2022	September 30, 2021
Income from investment grants	945.821	1,208,591
Income from the production of tangible assets	933.425	54.395
Income from operating subsidies	46.004	25.138
Income from disposed of fixed assets	5.148	94.332
Other incomes	-	789.372
Total	1,930,398	2,171,828

17. Staff costs

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

	September 30th, 2022	%	September 30, 2021	%
Direct productive staff	404	63%	410	64%
Management and administration staff	237	37%	235	36%
Total	641	100%	645	100%

Staff costs were as follows:

	September 30, 2022	September 30, 2021
Staff salary expenses	32,000.679	28,337,977
Expenses with meal vouchers	2,179,580	1,883,158
Expenses regarding insurance and social protection	1,388,421	1,164,849

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

Total	35,568,680	31,385,984
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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.

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

As of *September 30, 2022*, the management of the company COMELF SA had the following composition:

- Members of the Company's Board of Directors:

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

As of *September 30, 2021*, the management of the company COMELF SA had the following composition:

- 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
Serban Marcela	Raw Material Procurement Manager
Jurje Valeriu	Quality Manager
Barbuceanu Florentin	Factory Executive Manager
Viski Vasile	Factory Executive Manager
Campian Cosmin	Factory Executive Manager

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*(All amounts are expressed in LEI, unless otherwise indicated)***18. Shipping costs.**

This position includes:

	September 30, 2022	September 30, 2021
Expenses for the transport of raw materials	900.715	727.550
Expenses for transporting finished products	3,242,365	2,842,159
Employees' transport costs	567.088	509.822
Total	4,710,168	4,080,531

19a. Other expenses related to income

	September 30, 2022	September 30, 2021
Expenditure on packaging	591.078	-
Maintenance and repair expenses	1,053,726	809.582
Rent expenses	238.765	263.747
Insurance expenses	274.228	267.074
Expenses with personnel training	60.048	79.033
Outsourcing expenses	1,777,945	1,021,481
Expenses regarding commissions and fees	767.915	788.537
Protocol expenses	43.102	23.067
Expenses with travel, secondments, and transfers	45.840	31.063
Postal charges and telecommunications charges	363.256	245.667
Expenses with banking and similar services	93.022	92.475
Other expenses with services provided by third parties	1,569,240	1,839,165
Expenses with other taxes and fees	837.765	840.417
Total	7,715,930	6,301,308

19b. Other expenses

	September 30, 2022	September 30, 2021
Total	203.405	578.412

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 September 30, 2022, is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of September 30, 2022, and September 30, 2021 is detailed as follows:

	September 30, 2022	September 30, 2021
Current income tax expense	495.689	303.284
Total	495.689	303.284

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*(All amounts are expressed in LEI, unless otherwise indicated)***21. Provisions for risks and expenses**

As of September 30, 2022, the Company has registered provisions for risks and expenses in the amount of 1,095,997 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
Balance on January 01, 2021	0	105.086	0	1,036,478	1,141,564
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	(45,567)	(45,567)
Balance as of September 30, 2020	0	105.086	0	990.911	1,095,997
Long-term	0	105.086	0	0	105.086
short term	0	0	0	990.911	990.911

- **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 990.911 lei (December 31, 2021: 1,036,478 lei) include:**
 - The provision related to the redemption of pension insurance policies for the amount of 832.618 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 September 30, 2022 and September 30, 2021 are generated by the items detailed in the following table:

	<u>September 30, 2022</u>	<u>September 30, 2021</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.	(4,918,282)	(8,259,333)
Deferred tax, net	(5,840,884)	(9,181,935)

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

23. Deferred income

1) In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("Ministry") the financing contract no. 1704/ 8/30/2010 which governs the granting of a non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing 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.

On September 30, 2022, the Company resumed in revenue the amount of 24.776 lei (September 30, 2021: 52,805 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.

On September 30, 2022, the Company resumed in revenue the amount of 781.857 lei (September 30, 2021: 1,092,358 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.

On September 30, 2022, the Company resumed in revenue the amount of 63.418 lei (September 30, 2021: 63,428 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 September 30, 2022, the Company resumed the amount of 75,770 lei, representing amortization of subsidies.

The accounting policies adopted are presented in Note 3.

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

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

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:

	September 30, 2022	September 30, 2021
Profit attributable to ordinary shareholders	3,494,556	3,126,929
Balanced average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.16	0.14

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:

	September 30, 2022	September 30, 2021
Interest income	80	20.106
Income from exchange rate differences	950.057	136.720
Other items of financial income	630.279	640.996
Total financial income	1,580,416	797.822
Interest expenses	(310,283)	(239,386)
Expenses with exchange rate differences	(1,378,917)	(936,634)
Other items of financial expenditure, of which:	(936,876)	(573,403)
Total financial expenses	(2,626,076)	(1,748,423)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on September 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30th, 2022, IN ACCORDANCE WITH IFRS

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

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.

Affiliated party	Activity	Description of the type of business relation
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 Collaborations on turnkey objectives	
Promex SA	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 September 30, 2022 and September 30, 2021, related party receivables are as follows:

Receivables from	September 30, 2022	September 30, 2021
Uzinsider Techo SA	7,309,363	8,713,624
Uzinsider General Contractor SA	17.637	0
Promex SA	0	0
24 Ianuarie SA	0	0
Total	7,327,000	8,713,624

At September 30, 2022 and September 30, 2021, liabilities to related parties are as follows:

Debts to	September 30, 2022	September 30, 2021
Uzinsider SA	324.137	243.103
Uzinsider Techo SA	449.209	1,118,784

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Uzinsider General Contractor SA	1,482,546	603.887
Promex SA	3	3
24 Ianuarie SA	0	0
Total	2,255,895	1,965,774

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:	September 30, 2022	September 30, 2021
Uzinsider Techo SA	7,419,848	13,633,554
Uzinsider General Contractor SA	147.343	1,052,333
Promex SA	0	0
24 Ianuarie SA	33.099	0
Total	7,600,290	14,685,887

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

Acquisitions in the year ended at:	September 30, 2022	September 30, 2021
Uzinsider SA	612.864	612.864
Uzinsider Techo SA	664.050	862.728
Uzinsider General Contractor SA	6,832,168	4,158,156
Promex SA	0	0
24 Ianuarie SA	0	0
Total	8,109,082	5,633,748

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 60-150 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. 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.

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

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

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 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 SEPTEMBER 30th, 2022, IN ACCORDANCE WITH IFRS

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

	FPI		FUET		TERRA		CENTRU		TOTAL	
	September 30th 2022	September 30, 2021	September 30th 2022	September 30, 2021	September 30th 2022	September 30, 2021	September 30th 2022	September 30, 2021	September 30th 2022	September 30, 2021
External revenues of the segment	38,782,901	29,937,170	53,722,103	46,203,586	30,372,103	21,152,183	8,505,408	5,499,354	131,382,515	102,792,293
Total segment revenues	38,782,901	29,937,170	53,722,103	46,203,586	30,372,103	21,152,183	8,505,408	5,499,354	83,721,764	102,792,293
Net financial costs	-169.563	-239.010	-351.674	-309.815	-195.770	-177.464	-328.653	-225.312	-1,045,660	-951.301
Depreciation and amortization	1,325,071	1,357,071	2,249,592	2,230,963	1,487,330	1,484,223	706.093	530.211	5,768,086	5,602,468
Income tax expense	-103.747	0	-81.488	-303.284	-74.922	0	-235.532	0	-495.689	-303.284
The net result for the interval	542.300	-1,195,285	419.406	2,177,541	393,526	-538.999	2,139,324	2,683,672	3,494,556	3,126,929
Segment assets	44,640,274	63,431,869	55,238,861	61,329,398	35,371,620	28,437,284	31,925,442	19,528,327	167,176,197	152,726,787
Investments in associated entities										
Segment debts	11,402,207	23,555,244	10,870,177	24,976,507	5,406,905	14,049,443	61,581,406	15,775,819	89,260,695	78,357,013

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

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

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

There are no events subsequent to the date of the financial position.

Approval of financial statements

The financial statements were published on our website on 15.11.2021.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager