

Preliminary report as at 31.12.2022

Issued on: February 27, 2023

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)

- Presentation of significant events that occurred during the relevant time period and the impact they have on the company's financial position.

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, and in such context, its price increased accelerated, reaching a doubling 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. 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 the March-April 2022 interval, the price of the basic raw material (metal) increased by 187%;

Expanding the investment in the photovoltaic power generation system to 2.5 Mwp, which in 2022 generated an output of 1421 Mwh. For the year 2023, estimates are for a production of 2700 Mwh;

We have invested in a radiant tube heating system, with pellets as a resource, which will ensure at least preserving the current level for heating costs;

The main indicators, thousands of lei	2022:	2021:	REB 2022	Δ 2022/2021%	Δ 2022/BVC%
Total operating income, of which:	172,636	142,124	183,915	+21.47	(6,13)
Turnover	173,218	132,606	182,033	+30.63	(4,84)
Income from projects (+- unfinished prod.)	169,854	139,234	181,507	+21.99	(6,42)
Material expenses	89,340	67,566	95,516	+32.22	(6,48)
Utility expenses	4,965	4,290	6,210	+15.73	(20)
Employee expenses	45,447	40,792	50,959	+11.41	(10,81)
Gross profit/(loss)	4,604	4,683	5,719	(1,70)	(19,50)
EBITDA	14,316	13,060	14,918	+9.62	(4,00)
Interest-bearing Loans	41,063	34,921	42,305	+17.59	(2,94)
Average number of staff	636	647	648	(1,70)	(1,85)

**Financial figures are unaudited and present the individual results of Comelf SA, prepared in accordance with International Financial Reporting Standards (IFRS);*

- ❖ COMELF SA's **operating revenues** increased in 2022 compared to 2021 by 21.47%, mainly influenced by the increase in revenues from core business.
- ❖ **Turnover** recorded a higher increase in 2022 compared to 2021, due to the increase in the selling price of products, mostly influenced by the price of raw materials. In 2022, the physical volume sold was at the same level as in 2021, so the increase in turnover was mainly due to the sales price and the structure of the products sold.
- ❖ **Gross profit:** slightly down in 2022 compared to 2021, mainly influenced by:
 - the evolution of the price of raw materials and materials in general, for which it has not been possible to fully translate into prices. In the immediate aftermath of the war in Ukraine, when there was both a price risk and, above all, a risk of material shortages, in March-April 2022, significant orders were placed for high-priced materials, based on estimated volumes from traditional customers, which, subsequently, in the light of the falling purchase price, were not accepted by these customers to be covered by the price of the products ordered during the new, falling price conditions;
 - the evolution of utility prices (electricity, natural gas, technical gas) in 2022, compared with previous year;
 - interest expense because of the increase in bank exposure by EUR 1,585 thousand, as EURIBOR 3M went from a negative to a positive margin in August 2022. The increase in bank exposure was due to the need for working capital to support advance payments for materials at double values in the period March - June 2022 and the financing of the expansion of electricity production capacity with photovoltaic panels (value 1050 thousand EUR). At the end of 2022, the first quarterly instalment of EUR 200 thousand was repaid.

The company's assets as at 31.12.2022 show that:

- (i) the net value of fixed assets increased slightly by 138 thousand lei due to investments made in 2022 amounting to 7,282 thousand lei.
- (ii) Current assets increased by 14% as at 31.12.2022 compared to 31.12. 2021 influenced, on the one hand, by the increase in the amount of trade receivables (by 14.71%), on the back of the increase in turnover but also of receivables invoiced in recent months which have longer terms of collection, the increase in the stock of raw materials and materials by 28%, as a result of purchases for orders to be executed in the first quarter of 2023, against the decrease in production in progress by 14.79% , as a result of deliveries in December 2022. The company's cash and cash equivalents almost doubled at the end of 2022 compared to the end of the previous year because of optimizing the cash conversion cycle in the second half of 2022, especially in the last quarter.
- (iii) Shareholders' equity increased to 78,245 thousand lei as at 31.12.2022 compared to 31.12.2021 because of the accumulation of the net result of 2022 on the one hand and on the other hand, from the net result of 2021, 1,500,000 lei was allocated for the payment of dividends which resulted in a decrease in shareholders' equity. The solvency of the company is at 52% as at 31.12.2022 compared to 54% as at 31.12.2021, because of the increase in bank exposure to support current and investment activities; Net current assets are positive and increasing which highlights a good support of the payment of the company's short-term debts from the valorisation of current assets.
- (iv) Payables to suppliers increased 13% on the back of material purchases in the latter part of 2022.
- (v) The company's interest-bearing loans are higher by 6,142 thousand lei as at 31.12.2022 because of the increase in bank exposure, on the one hand, and the repayment of some lease instalments during 2022, on the other.
- (vi) The working capital as at 31.12.2022 is 40,569 thousand lei (31.12.2021: 34,191 thousand lei), of which 6,926 thousand lei will be repaid in 7 equal quarterly instalments (200 thousand euro).

The preliminary yearly financial statements as of December 31st ,2022 will be uploaded on our website www.comelf.ro on February 27th , 2023,as well as in the link below.

General Manager,
eng. Cenusă Gheorghe

Financial Manager,
ec. Dana Tatar

STATEMENT OF FINANCIAL SITUATION on 31th December 2022

In Lei

Nr.		31-12-2021	31-12-2022
Crt.	DENUMIREA POZITIEI	IFRS	IFRS
1	<i>Actives</i>		
2	Development cost	34,863	59,864
3	Intangible assets	464,585	455,394
4	Tangible assets	76,420,859	76,033,258
5	Advances and intangible assets under construction	-	-
6	Total Fixed assets	76,920,307	76,548,516
7	Advance payments for tangible assets	485,196	995,184
8	Stocks	11,682,634	14,938,437
9	Account receivables from construction contracts	55,557,013	56,778,201
10	Commercial account receivables and of other types	4,096,772	4,338,219
11	Current tax account receivables	-	-
12	Cash and cash equivalents	7,563,505	14,319,879
13	Total Current Actives	79,385,120	91,369,920
14	Total Actives	156,305,427	167,918,436
15	Capital	13,036,325	13,036,325
16	Adjustments of the capital	8,812,271	8,812,271
17	Other elements of equity	(8,175,351)	(4,848,382)
18	Reserves	57,488,066	55,740,557
19	Reported result	(6,242)	1,361,539
20	Year result	4,285,589	4,142,212
21	Total shareholder's equity	75,440,658	78,244,522
22	<i>Debts</i>		
23	Long term bank loans	-	3,957,920
24	Other loans and debts-leasing	8,762,025	5,491,383
25	Debts for postponed tax	493,544	267,805
26	Provisions for risks and expenses	105,086	161,930
27	Debts for postponed income	4,661,145	6,195,712
28	Total long term debts	14,021,800	16,074,750
29	Overdrafts	34,191,371	36,610,760
30	The current share for the long term loan	-	-
31	Defferend tax liabilities	235,702	226,045
32	The current other loans and liabilities - leasing	335,928	279,601
33	Commercial and other types of debts	29,332,297	34,271,900
34	Provisions for risks and expenses	1,036,478	982,798
35	Debts for postponed income	1,711,193	1,228,060
36	Total current debts	66,842,969	73,599,164
37	Total Debts	80,864,769	89,673,914
38	Total shareholder's equity and debts	156,305,427	167,918,436

Cenusa Gheorghe
 General Manager

Tatar Dana
 Economic Manager

COMELF S.A. BISTRITA
 Str.Industriei Nr.4
 RO 568656

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	31.12.2021	31.12.2022
1	Revenue from contracts with customers	130,562,973	157,347,129
2	Income from selling goods	975	188,775
3	Other income connected to turnover	8,669,833	12,318,303
4	Other income	2,890,016	2,781,913
5	Total operating income	142,123,797	172,636,120
	<i>of that: turnover</i>	132,605,553	173,218,840
6	Raw materials and consumables expenses	67,566,125	88,745,387
7	Goods expenses	301	136,633
8	Staff expenses	42,429,663	47,482,527
9	Rent expenses	373,203	295,911
10	Expenses with premiums asigurate	361,942	363,976
11	Transport costs	5,645,220	6,422,795
12	Amortization and depreciation of fixed assets costs	7,527,361	7,652,753
13	Adjustments for depreciation of current assets, net	(44,035)	-
14	Provisions costs for risks and expenses , net	(375,241)	489,655
15	Other operating expenses	12,687,798	14,873,286
16	Total expenses	136,172,337	166,462,923
17	Profit from exploitation	5,951,460	6,173,197
18	Financial income	819,333	2,207,640
19	Financial expenses	(2,088,174)	(3,776,851)
20	Financial loss	(1,268,841)	(1,569,211)
21	Total revenue	142,943,130	174,843,760
22	Total expenses	138,260,511	170,239,774
23	Profit before tax profit	4,682,619	4,603,986
24	Tax profit	397,030	461,774
25	Net income	4,285,589	4,142,212
26	Other elements of global results		
27	Revaluation of tangible assets		
28	Other comprehensive income , after tax		
29	Total profit of loss account and other elements of global result	4,285,589	4,142,212
30	Earnings per share		
31	Earnings per basic share	0.19	0.18
31	Diluted earnings per share	0.19	0.18

Cenusa Gheorghe
 General Manager

Tatar Dana
 Economic Manager