The report of the Board of Directors on the individual financial statements of COMELF SA drawn up in accordance with the Order of the Ministry of Public Finance no. 2844/2016

For the financial year: 2022 Company name: COMELF S.A.

Registered Office: no. 4, Industriei Street, Bistrita

Phone / fax number: 0263 234462;

Fax: 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: Bucharest Stock Exchange
The main characteristics of the securities issued by the company: - 22,476,423
dematerialized registered shares with a nominal value of 0.58 lei/share.

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

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

 Equity
 78,244,522 RON

 Total revenue:
 173,663,051 RON

 Profit of the period
 4,142,212 RON

The financial statements have been prepared in accordance with:

- (i) Accounting Act 82/1991 republished in June 2008 (Act 82);
- (ii) The provisions of Order no. 2844/2016;

Since 2012, the company has presented individual financial statements prepared in accordance with the provisions of Order 2844/2016 (previously Order 1286/2012) approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications required by Order 881/2012.

COMELF was audited by the independent auditor G2 Expert. The results of the audit of the Company are presented in the Report of the Independent Auditor G2 Expert.

1. Analysis of the Company's activity:

i. Description of the Company's core business:

The company operates under the Companies Act no. 31/1990 (as amended), the Capital Market Act no. 297/2004 and the Act 24/2017 on 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."

ii. Date of establishment of the Company:

COMELF S.A. is a joint-stock company established in Romania in 1991, based on the structure of the Bistrita Technological Machine Enterprise.

iii. Changes in treasury shares, mergers or significant reorganizations of the Company or its controlled companies during the financial year:

COMELF is a Romanian majority-owned company and since 1995 COMELF has been listed on the Bucharest Stock Exchange, being one of the 12 founding companies. The subscribed and paid-up share capital at the end of the financial year 2022 is 13,036,325.34 LEI. The shareholding structure at the end of the period under review is (Source: *Depozitarul Central as of 31.12.2022*): **Uzinsider SA-**80.9292% of shares and **other individuals and legal entities-**19.0708%.

COMELF is a manufacturing company in the machine-building industry and is active in the manufacture of equipment for power plants and environmental protection, metal structures in the field of renewable energy (source: water, wind and sun), earthmoving machinery and equipment or sub-assemblies thereof, equipment for lifting and transport machinery, including components thereof. The company owns and operates 16 buildings with a total built area of 89,849 sqm, of which the basic production activity is carried out in 6 production halls equipped with machinery, installations, machine tools, laboratories, and utility networks for the production processes.

As at 31.12.2022 COMELF S.A. does not hold any shareholdings in other companies and does not have any Branches.

iv. Description of acquisitions and/or disposals of assets:

The total value of assets as at 31 December 2022 was LEI 167,918,436 LEI 11,686,433 higher than the value recorded at the beginning of the year, the difference coming from the decrease in the company's fixed assets on account of depreciation (7,652,753 LEI) offset by investments in fixed assets in 2022 (7,282,251 LEI) and sale/cashing of assets (84,679 LEI), from the increase in current assets (12,058,224 LEI)) and here, in detail, the receivables from contracts with customers increase slightly on the back of the increase in turnover (1,221,188 LEI), advance for tangible fixed assets (509,988 LEI), inventory values against the background of the purchase of materials required for orders in the first part of 2023, placed by customers but also the increase in the purchase price of raw materials in 2022 (3,254,803 LEI), trade and other receivables also increase as a result of VAT to be recovered for which the offsetting against other obligations to the budget has not been completed, for the period September-December 2022. Cash and cash items increased significantly compared to the beginning of the year by LEI 6,756,374, on the back of cash receipts in the second part of 2022, sales made in the first half of the year at increased prices as influenced by the accelerated increase in the price of raw materials.

v. Main results of the evaluation of the company's activity:

The profit and loss account, i.e. the income and expenditure grouped by source during 2022, is presented as follows:

| Profit and loss account (thousand lei) | Year 2022 | Year 2021 | Differences |
|--|------------------|-----------|-------------|
| Turnover | 173,219 | 132,606 | +40,613 |
| Other operating income, TOTAL, of | | | |
| which: | 1,764 | 9,444 | (7,680) |
| Profit and loss account (thousand lei) | Year 2022 | Year 2021 | Differences |
| Change in stored production (+/-) | (3,365) | 6,628 | (9,993) |
| Income from operating subsidies | - | 25 | (25) |
| Income from investment grants | 1.253 | 1612 | (358) |
| Other operating revenues | 348 | 1179 | (831) |
| Operating income-TOTAL | 171,455 | 142,050 | +29,405 |
| Expenditure on raw materials, | | | |
| consumables, utilities, goods | 93,482 | 71,782 | +21,700 |
| Staff costs | 47,285 | 42,429 | +4,856 |
| Expenditure on provisions, depreciation | | | |
| and amortization adjustments, | | | |
| TOTAL of which: | 8,142 | 7,108 | +1,034 |
| Expenditure on depreciation | 7,653 | 7,527 | +126 |
| Expenditure on provisions for current | | | |
| assets depreciation | - | (44) | +44 |
| Adjustments for provisions for risks and | | | |
| charges | 490 | (375) | +865 |
| Other operating expenses | 16,373 | 14,779 | +1,594 |
| Operating expenses-TOTAL | 165,282 | 136,098 | +29,184 |
| Operating profit-TOTAL | 6,173 | 5,952 | +221 |
| Financial income | 2,208 | 819 | +1,389 |
| Financial expenses | 3,777 | 2,088 | +1,689 |
| Financial result | (1,569) | (1,269) | (300) |
| Total revenue: | 173,663 | 142,869 | +30,794 |
| Overall expenses | 169,059 | 138,186 | +30,873 |
| Profit and loss account (thousand lei) | Year 2022 | Year 2021 | Differences |
| Gross result | 4,604 | 4,683 | (79) |
| Net result | 4,142 | 4,286 | (144) |
| EBITDA | 14,315 | 13,060 | +1,255 |
| EBITDA was determined as follows: | | | |
| Indicators (thousand lei) | 2022 | 2021 | Differences |
| Operating profit | 6,173 | 5,952 | |
| Expenditure on provisions, depreciation | | | |
| and amortization adjustments | 8,142 | 7,108 | |

Changes in assets are as follows:

| Assets (thousand lei) | Year 2022 | Year 2021 | Differences |
|---|-----------|------------------|-------------|
| 1.1. TOTAL fixed assets, of which: | 76.548 | 76.920 | (372) |
| 1.1.1. Tangible fixed assets | 33.394 | 31.333 | +2.061 |
| 1.1.2. Real estate assets | 42.639 | 45.088 | (2.449) |
| 1.1.3. Intangible assets | 455 | 464 | (9) |
| 1.1.4. Research and development | | | |
| expenditure | 60 | 35 | +25 |
| Assets (thousand lei) | Anul 2022 | Anul 2021 | Diferente |
| 1.1.4. Financial fixed assets | - | - | - |
| 1.2. Current assets TOTAL, of which: | 91.370 | 79.385 | +11.985 |
| 1.2.1. Stocks of raw materials and | | | |
| materials | 14.938 | 11.683 | +3.255 |
| Assets (thousand lei) | Anul 2022 | Anul 2021 | Diferente |
| 1.2.2. Finished goods stocks and work in | | | |
| progress | 20.081 | 23.566 | (3.485) |
| 1.2.3. Receivables from contracts with | | | |
| customers | 36.697 | 31.991 | +4.706 |
| 1.2.4. Income tax to be recovered | - | - | - |
| 1.2.5. Other receivables and advances for | | | |
| fixed assets | 5.334 | 4.582 | +752 |
| 1.2.6 Cash and cash equivalents | 14.320 | 7.564 | +6.756 |
| Total Assets | 167.918 | 156.305 | +11.613 |

The liability structure in the company's balance sheet as at 31 December 2022 is as follows:

| 13.036 13.036 | _ |
|------------------|--|
| | |
| 0.012 | - |
| 8.812 | - |
| (8.175) | +3.327 |
| 39.020 | (1.748) |
| 2.607 | - |
| 15.861 | - |
| - | - |
| (6) | +1.368 |
| 4.286 | (144) |
| - | - |
| 75.441 | +2.803 |
| 14.022 | +2.053 |
| 494 | +3.732 |
| 8.762 | (3.271) |
| 105 | +57 |
| 4.661 | +1.535 |
| 66.843 | +6.756 |
| _ | |
| | 14.022 494 8.762 105 4.661 |

| Trade payables | 26.881 | 23.791 | +3.090 |
|--|---------|---------|---------|
| Other debts | 7.391 | 5.541 | +1.850 |
| 1.3.2. Interest-bearing loans and | | | |
| borrowings | 36.837 | 34.427 | +2.410 |
| 1.3.4. Provisions for risks and expenses | 983 | 1.037 | (54) |
| 1.3.5. Debts on deferred income | 1.228 | 1.711 | (483) |
| 1.3.6. Deferred tax liabilities | 280 | 336 | (56) |
| Total debt | 89.674 | 80.865 | +8.809 |
| Total equity and debt | 167.918 | 156.305 | +11.613 |

The Company's equity increased in the financial year 2022 by 2,803,864 lei.

The legal reserve is RON 2,607,265 and represents 20% of the share capital.

The Company's total debts increased by LEI 8,809,145, due to (i) the increase in debts to suppliers by LEI 3,090,102 thousand as a result of the purchase of materials required to process large orders in the first part of 2023, at higher purchase prices than at the end of 2021; (ii) the increase in the working capital credit line by EUR 1,585,000, of which EUR 200,000 was repaid on 31. 12.2022, for the temporary financing of material purchases in the period March-August 2022, in the context of almost double prices and payments in advance or at much reduced terms in the context of the beginning of the war in Ukraine which temporarily created a metal shortage; (iii) the increase of the debts to the state budget and social security budget, in the context of the non-finalization of the compensation with VAT to be recovered by 31.12.2022.

The Company's provisions decreased by 3,164 lei being influenced by:

- -Increase in the provision for employee retirement benefits by 56,844 lei in the context of the fact that the discounted amounts relating to active persons in the company who could meet the conditions required to benefit from this right exceeded the payments made for retired persons (number of persons retired in 2022: 21)
- -Increase of the provision for commercial penalties at the end of 2022 by the amount of 15,179 lei, due to a notification sent by the client regarding potential quality penalties.
- -Decrease in provisions for the surrender of pension insurance policies, following the retirement of 21 persons, for which the corresponding amounts were paid (-68,858 lei).

The evolution of current assets and current liabilities is as follows:

| Indicators (thousand lei) | 2022 | 2021 |
|---------------------------|--------|--------|
| Current assets | 91.370 | 79,385 |
| Current debts | 73,599 | 66,843 |
| Net current assets | 17,771 | 12,542 |

The accounting organization was carried out by the centralized Economic Department, at the level of the company, by profit centers, through which the correct and up-to-date accounting operations were followed and carried out, the accounting principles and the accounting rules and methods provided for in the regulations in force were respected. The financial statements were drawn up on the basis of the trial balance, the summary accounts and compliance with the methodological rules and the rules for drawing up the financial statements, the items entered in the financial statements with the data recorded in the accounts being reconciled with the actual situation of the assets on the basis of the inventories.

The profit and loss account faithfully reflects the income, expenditure and financial results for 2022. The company has carried out an inventory of all its assets, the results of which are recorded in the accounts and implicitly in the financial statements. The unit has organised preventive financial control activity.

The internal audit work was performed in the financial year 2022 by Acon Audit.

General evaluation elements

a). Profit / (Loss):

| Indicators (thousand lei) | Achieved 2022 | Achieved 2021 |
|---------------------------|---------------|---------------|
| Gross profit (loss) | 4,604 | 4,683 |
| Net profit (loss) | 4,142 | 4,286 |

- ♦ Net profit: decreased slightly by 3.36% compared to 2021, mainly influenced by the following:
- (i) changes in the price of raw materials and materials in general for which the sales price did not fully compensate.
- (ii) evolution of utility prices.
- ♦ (iii) interest expense, both as a result of the increase in bank exposure of EUR 1,585 thousand, as EURIBOR 3M went from negative to positive margin from August 2022 to 2.162% at the end of December 2022.

b). Turnover:

| Indicators | Achieved | Budget | Achieved | | |
|----------------|----------|---------|----------|---------------------|----------------------|
| (thousand lei) | 2022 | 2022 | 2021 | $\Delta\%$ vs. 2021 | Δ% vs. Budget |
| Turnover | 173,219 | 140,229 | 132,606 | +30.63% | +23.52% |

♦ Turnover: also recorded a significant increase (+30.63%) in 2022 compared to the previous year, mainly due to the increase in product prices, driven by the significant increase in the price of raw materials and utilities; Physical volumes sold were maintained at 2021 levels, even though the number of staff decreased.

c). Export and intra-Community deliveries:

| Indicators (thousand lei) | Achieved 2022 | Achieved 2021 | Δ% vs. 2021 |
|-----------------------------------|---------------|---------------|-------------|
| Turnover | 173.219 | 132,606 | +30.63% |
| Export or LIC directly- | | | |
| EUR | 29,332 | 22,623 | +29.66% |
| Export or LIC directly-LEI | 144,624 | 111,315 | +29.83% |

In 2022, the volume of revenue from export operations, including direct intra-Community deliveries, increased by 29.83% compared to the previous year.

d). Costs:

| Expenses (thousand lei) | 2022 | 2021 |
|--|--------|--------|
| Raw materials, used consumables and goods | | |
| Expenses for raw materials | 75,801 | 57,833 |
| Consumable expenses | 12,944 | 9,733 |
| Expenditure on goods | - | - |
| TOTAL | 88,745 | 67,566 |
| Expenditure on employee benefits | | |
| Wages | 42,172 | 38,149 |
| Contributions to the state social insurance fund | 2,035 | 1,637 |
| Other payroll taxes and contributions | - | - |
| Meal vouchers | 3,078 | 2,643 |
| Other salary benefits | - | - |
| Expenses (thousand lei) | 47,285 | 42,429 |
| Income from operating subsidies for personnel payments | - | (25) |
| Employee training expenses | 72 | 89 |
| TOTAL | 47,357 | 42,493 |
| Other expenses | | |
| Shipping costs | 6,423 | 5,645 |
| Utility expenses | 2,073 | 4,290 |
| Expenses with services provided by third parties | 4,452 | 3,868 |
| Expenditure on damages, fines, penalties, donations, | | |
| sponsorships and subsidies | 300 | 700 |
| Protocol, advertising and publicity expenses | 57 | 37 |
| Other Overheads | 1,376 | 1,092 |
| Expenses with other taxes and fees | 1,096 | 1,121 |
| Expenses (thousand lei) | 2021 | 2021 |
| Repair costs | 1,384 | 1,072 |
| Travel expenses | 73 | 36 |
| Rent expenses | 296 | 373 |
| Expenditure on postal charges and telecommunications | 503 | 382 |
| Expenses with insurance premiums | 364 | 362 |
| TOTAL | 18,397 | 18,978 |

e). Market share:

As the company's products are diversified, an overall market share cannot be determined.

f). Cash available:

The company had in its accounts as at 31 December 2021 the amount of RON 14,320 thousand.

2. Analysis of the Company's technical level and sales activity

The COMELF product range is structured into five main lines, as follows: (1) Energy industry machinery and components; (2) Earthmoving machinery and components; (3) Environmental protection machinery; (4) Lifting and handling equipment; (5) Technological machinery;

Product sales are carried out at client and project level through the centralized sales department with project managers specialized by product type and client. Comelf products are mainly delivered for export to countries such as: Italy, France, England, Holland, Sweden, Austria, Norway, Germany, Belgium, Switzerland, Hungary, USA.

The Company's production activity is carried out in factories, organized by profit centers:

- Stainless Steel Products Factory ("FPI")
- ❖ Earthmoving Machinery and Equipment, Bag-Filters and Electrostatic-Precipitators Factory
- **♦** ("FUET")
- ❖ Earthmoving Components and Machines Factory ("TERRA")

In the year 2022 the company's activity was carried out without interruption, we have assimilated both new products as well as new customers in the company's portfolio as follows:

| Entity | Customer | Product: |
|--------|------------------------------|---|
| | SIEMENS ENERGY INC - | |
| FPI | SUA | Generator acoustic case (enclosure) |
| | ROCKFIN - Poland | Gas turbine component parts |
| | | (New product: Frame SGT700) |
| FCT | COMADEX - Netherlands | Curved Apron Plate |
| FUET | ELIN Motoren - Austria | Generator bearing shield (bearing shield) |

Share of operating revenue by main operating lines in total revenue for year 2022:



The Company's commercial policy is to avoid significant reliance on a single customer (no more than 35% exposure per client). During 2022 the highest share of sales to a single customer was 15.04% of total turnover, thus:

| Partner | Share of income (> 10%) | Revenues (LEI) | The segment in which revenues are included |
|-----------------------|-------------------------|-------------------|--|
| Komatsu | 15.04 % | 26,055,646 | Earthmoving machinery and components: FUET |
| Uzinsider Techo SA | 11.42% | 19,783,312 | Power industry machinery, end customer General Electric |
| Tesmec Group | 11.35 % | 19,656,074 | Machinery for earthmoving, manufacture of rolling stock and components: FUET + FCT |
| Tekhnint SA | 11,12% | 19,269,730 | Machinery for earthmoving, manufacture of rolling stock and components: FPI + FCT |
| Doosan Norway | 10,18% | 14,355,375 | Earthmoving machinery and components: FCT |

3. Evaluation of technical and material supply activity:

The activity of securing the raw material is aimed at the procurement, in the best conditions, at all times of the material resources necessary for the good performance of the company's production activity.

The material procurement activity is carried out centrally by the MATERIAL PROCUREMENT AND LOGISTICS DIRECTORATE (DABM).

The procurement departments, the warehouse and supplier control sector, the operation-outsourcing and the logistics sector operate within the DABM.

The management of the supply activity is carried out on the basis of the material needs drawn-up by the technical departments, which are prepared for each customer based on the purchase orders issued by the latter.

The purchasing department together with the warehouse sector are tasked with constantly checking material stocks and then issuing purchase orders to keep stocks as much as possible under control in order to avoid financial blockages and avoid overstocking, especially for non-repetitive products.

According to Comelf procedures there is a base of suppliers selected and evaluated based on criteria of quality, price, delivery time.

At the same time, the supplier control department draws up periodic plans for auditing suppliers in order to maintain the supply chain at a high standard in line with the requirements of Comelf customers.

Purchase orders are issued after analyzing the offers received from at least 2 suppliers, selecting the supplier that offers the best conditions at least in terms of product quality, price, delivery time, payment terms, etc.

Safety stocks are defined for common raw materials.

4. Evaluation of issues related to the Company's employees:

The average number of staff decreased during 2022 from 647 average number in 2021 to average number of employees in 2022. The staff structure was as follows:

| | 2022 | 2021 |
|-------------------------------------|------|------|
| Executive directors/managers | 8 | 8 |
| Direct productive staff | 399 | 411 |
| Management and administration staff | 229 | 228 |
| Total | 636 | 647 |

According to the Labour Code, the minimum wage in COMELF cannot be less than the gross minimum wage. Moreover, within the Company, in addition to the basic salary paid for the time worked or the working hours (in the case of directly productive workers paid by individual agreement), the following categories of bonuses are granted: night bonuses, overtime bonuses, bonuses for working on weekly rest days, bonuses for working in a noxious environment, bonuses for the head of micro-squad/squad.

The Company has also implemented a system of rewarding its employees, at the time of retirement, with the equivalent of a fixed amount, which increases according to the number of years worked in the company. The company recorded provisions for such payments. At the end of 2022, the negotiation of the Collective Bargaining Agreement at company level was completed with the employees' union, valid from 28.12.2022.

5. Assessment of the environmental impact of the Company's core business

COMELF's activity has inherent effects on the environment. In order to minimize these effects, there is a preventative approach at company level and a permanent monitoring of all activities by dedicated people specialized in environmental issues. The main objectives of the company's management in terms of environmental protection are to keep fugitive emissions within legal limits, below 20% of the annual consumption of anti-corrosion protection materials, to reduce the amount of waste from the activities carried out in the anti-corrosion protection workshops and to continuously train all employees in the selective collection of waste.

To carry out the production processes, Comelf obtained:

- Water management permit no. BN 76/24.10.2019, issued by Someş-Tisa Water Basin Administration, Bistriţa-Năsăud Water Management System, valid until 24.10.2024;
- Environmental permit for operation no. 30/06.04.2022, issued by MMGA-Environmental Protection Agency BN, with annual extension;
- Certification of the Integrated Quality, Environment, Health and Safety Management System according to ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018;

6. Evaluation of the aspects related to the research-development activities:

Given the specific nature of the company's activity and the fact that the Company's activity is a specialized one, which requires superior technical knowledge, there is a Design Department within the company which, in addition to its specific activity, is also concerned with the preparation of manufacturing on 3D models of new products and solutions, specific to the field in which we operate. Moreover, the market in which we operate and the increasingly

specialized requirements of our customers require us to constantly improve the products in our portfolio. In addition, the company has developed partnerships with Technical Universities in Romania, with which it is constantly exchanging experience in identifying new technical solutions and developing new products. In this regard, there is a research contract in progress with the Technical University of Cluj Napoca for the construction of a product for people with disabilities, to be completed in 2023. Initially the project was expected to be completed in 2021, but due to the pandemic and then the conflict in Ukraine, the completion of the project has been extended by another year.

7. Evaluation of the company's risk management activity:

(a) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations, thereby causing financial losses to the Company. The Company's exposure and the credit ratings of third party contractors are closely monitored by management. There is a policy implemented regarding the assessment of both potential clients and existing clients, assessment according to which the credit limit and the method of settlement are established. However, we believe that the Company is exposed to credit risk as a result of trade receivables with payment terms of up to 120 days, a significant portion of which are uninsured.

(b) Risk regarding cash-available

Ultimate responsibility for liquidity risk management rests with the Executive Managers, in particular Comelf's Economic Manager (Chief Financial Officer), who have built an appropriate liquidity risk management framework with regard to the Company's short, medium and long-term funding and liquidity management requirements. There is a continuous monitoring of the forecasted cash flows (3 months) but also of the actual flows by matching the maturities of financial assets and liabilities. The additional liquidity needs can be covered by the company including by accessing credit facilities, as the company is at a satisfactory debt level.

(c) Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit due to unfavorable exchange rate fluctuations. Most of the Company's financial assets and liabilities are expressed in national currency, the other currencies in which operations are performed being EUR, USD and GBP.

Most current assets are expressed in foreign currency (60%) and the Company's financial liabilities are expressed in foreign currency (39%) and in the national currency (61%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. The exposure to exchange rate fluctuations is mainly due to current currency conversion transactions required for current payments in LEI.

(d) Interest rate risk

As at December 31st, 2022 most of the Company's assets and liabilities are non-interest bearing, except for bank loans and leases. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

(e) 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 and there is a possibility that the value of the costs to complete the projects may be higher than the estimated value and the contracts may run at a loss.

In order to cover the price risk generated by an increase in the price of the basic raw material, metal, the company has a protection clause in its commercial contracts with customers that allows it to update the selling price if the price of the basic raw material increases. In the current economic context marked by political and economic instability, generated by the conflict in Ukraine, there is a significant risk related to material availability and its extremely high price, which can generate, in the short term, possible disruptions in operational activity. The company also has a material procurement policy that provides protection for a period of 2-3 months for confirmed orders, which provides us with a balance for the period in which we are repositioning ourselves with respect to suppliers and customers.

Interest rate risk and currency risk have been detailed above.

(f) The risk related to the economic environment.

The Romanian economy continues to have the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the future development of the political, economic, and social environment. The management of the Company is concerned to estimate the nature of the changes that will take place in the world political and economic environment and, in particular, in Romania and what will be their effect on the financial situation and the operational and treasury result of the Company.

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

The Company's management cannot foresee all the effects of the situation of the economy as a whole that will have an impact on the financial sector in Romania, nor the potential impact on the present financial statements. The management of the Company considers that it has adopted the necessary measures for the sustainability and development of the Company in the current market conditions. The main challenge, at this moment for the Company, is the evolution of the price of raw materials as well as the labor market regarding the training of qualified

personnel in the field in which we operate, necessary for the operational success of the company.

(g) Fair value of financial instruments

As of December 31st, 2022, the company no longer owns financial instruments.

8. Perspective elements regarding the activity of COMELF company:

The probable evolution of the company can be found in the Draft Revenue and Expenditure Budget for 2023, which provides the following:

| > | Turnover: | 192.659 thousands lei; |
|---|---|-------------------------|
| | Total operating income, of which: | 194.024 thousands lei; |
| | Revenues from customer contracts | 183,229 thousand lei; |
| | Revenues from the sale of goods + performance of services | 9,430 thousand lei; |
| | Income from investment subsidies | 1,228 thousand lei; |
| | Financial income (interests; favorable exchange rate differen | nces) 138 thousand lei; |
| | Overall expenses | 186.856 thousands lei; |
| | Gross profit: | 7,168 thousand lei; |

Comelf also proposed an investment budget of EUR 1,278,633 for 2023. These investments are intended for the acquisition of a new integrated software for the management of the company's activity, the increase of the quality and cutting capacity, the welding capacity, the co-financing of a project for energy efficiency by replacing mercury vapor lighting with LED lighting.

The investment program for the year 2023, mentioned above, will be run with own sources and/or through bank loans.

The tangible assets of the Company:

1. COMELF SA had the following production capacities at the end of 2023:

- ❖ Earthmoving Machinery and Equipment Factory (FUET): producing marine equipment, telescopic cranes, excavator components and earthmoving machinery components (booms), engine casings, electric generator casings, turbine casings, industrial gas cleaning equipment, asphalt station filters, gas turbine power plant equipment, wastewater treatment and purification equipment, hydro-power equipment, technological equipment. FUET's activity is carried out in two productive units, one of which has a built-up area of 16,128 sq m and one has a built-up area of 18,827 sq m.
- ❖ Factory for earthmoving machinery and components (FCT) which manufactures 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. Built area 17,322 sqm;
- ❖ Stainless Steel Products Factory (FPI) which manufactures 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); Built area 28,547 sqm;

All these factories are in Bistrita, 4 Industriei Street, Bistrita-Nasaud County.

The company also has its own administrative buildings and material warehouses, all located in Bistrita, 4 Industriei Street.

The total land area owned by the company amounts to 175,346 sqm.

The buildings were built in 1971 but later underwent modernization works to meet current standards. All company buildings are insured.

The machines, equipment and installations used by Comelf in the production activity were purchased, a significant part, in the period 2014-2015, during which the company implemented the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and external market of COMELF" according to the financing contract signed with the Ministry of Economy as managing authority for POS-CCE.

Much of the subsequent investment has gone into maintaining existing machinery and equipment, automating the welding process and increasing energy efficiency.

2. Market of securities issued by the Company

- 2.1. Since 20.11.1995 Comelf is listed on the Bucharest Stock Exchange. The Company's shares are ordinary, registered, dematerialized and indivisible shares.
- 2.2. The undistributed profit related to 2021 will be used in full to pay dividends.
- 2.3. The share capital of the Company did not change in 2022, it amounts to 13,036,325.34 LEI equivalent to 22,476,423 shares, par value 0.58 lei/share.
- 2.4. As at 31.12.2022 COMELF S.A. does not hold any interests in other companies. COMELF SA does not own Subsidiaries.
- 3. Company management

3.1. Board of Directors

Comelf SA is managed on a unitary basis by a Board of Directors consisting of five members elected by the General Meeting of Shareholders by secret ballot. The term of office of the members of the Board of Directors is 4 years and they can be re-elected.

At the date of this report the structure of the Board of Directors is as follows:

Savu Constantin Chairman Babici Emanuel member Mustata Costica member Sofroni Vlad member Parvan Cristian member

Members of the Board of Directors are elected at the General Meeting of Shareholders on the basis of the shareholders vote in accordance with legal requirements. There are therefore no agreements and understandings to report in this regard.

<u>List of persons affiliated to the company:</u>

| Affiliated party | Activity | Description of the type of business relation |
|--|--|--|
| Uzinsider SA | Management consulting services | Uzinsider SA is the majority shareholder |
| Uzinsider Techo SA | Trade intermediation services | |
| Ozinsidei Techo SA | for industrial products | |
| Uzinsider General Contractor SA | Collaborations on turnkey objectives Electricity trade | |
| Promex SA | Collaborations in the manufacture of subassemblies | |
| 24 Ianuarie SA Collaborations in the ma of subassemblies | | |
| Uzinsider Engineering SA | Providing services | |

The other companies are linked to Comelf S.A. through a combination of joint management and/or persons who are also shareholders of the other companies.

3.2. Executive management

Comelf's executive management is appointed by the Board of Directors. Managers run the day-to-day business of the company and have an obligation to ensure the correct flow of corporate information.

• Members of the Executive Management of the Company:

| Cenușă Gheorghe | General Manager |
|----------------------|---|
| Pop Mircea | Deputy General Manager Business Operation |
| Oprea Paul Cristian | Deputy General Manager Technical and Production |
| Tătar Dana | Financial Manager |
| Jurje Valeriu | AQM Manager |
| Campian Cosmin | Factory Executive Manager |
| Barbuceanu Florentin | Factory Executive Manager |
| Viski Vasile | Factory Executive Manager |

Members of executive management are elected by the Board of Directors and there are no agreements, arrangements or family ties between directors and executives that could be reported in this report.

For the members of the Board of Directors and the members of the Executive Management, we state that there are not and have not been any litigations or administrative proceedings in which they have been involved, in the last 5 years, related to their activity within the Company, as well as others concerning the capacity of the respective person to carry out his/her duties within the Company.

3.3. Corporate governance

Regarding the status of compliance with the provisions of the Corporate Governance Code (CGC) of the BVB, at the end of 2022, out of 41 provisions to be complied with, 20 were met and 2 were considered partially met. It should be noted that of the 19 provisions that appear to be non-compliant, one does not concern the company because COMELF is in the standard category and 18 are from Section B that are substantially complied with through the work of the outside internal audit firm. The unfulfilled Section C provision is in fact covered by internal provisions, and the requirements of Section D (Investor Relations) are carried out by an employee assigned for this purpose and by posting information of interest to investors on the company's website under the heading "Informații la zi" ("Information Update"). It was not considered necessary to hold meetings with investors (D9) as they have the necessary information from published current and periodic reports, which provide a high degree of transparency allowing shareholders and potential investors to make informed decisions.

All provisions concerning the convening of general meetings are strictly observed, and the reports on their proceedings, the resolutions adopted, including those concerning the payment of dividends or other special events, are published by Reports to the BVB in Romanian and English and posted on the website www.comelf.ro. In order to support the above, including explanations of the status as at 31.12.2022 of compliance with the new GCC we attach to this report the punctual status, by section, as follows:

Appendix: Status of compliance with the provisions of the BVB's new Corporate Governance Code (CGC) as at 31.12.2022:

| | Provisions to be observed | conformation Yes/No | Explanations |
|--------|---|------------------------|--|
| SECTIO | ON A - Responsibilities | | |
| A.1. | All companies must have an internal Board charter that includes the terms of reference/responsibilities of the Board and key management functions of the company, and that applies, inter alia, the General Principles in Section A. | Yes | The Rules of the Board of Directors have been drawn up in accordance with the CGC of the B.V.B. |
| A.2. | Provisions for the management of conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not attending, unless not attending would prevent the formation of a quorum) and from voting on a resolution on the matter giving rise to that conflict of interest. | Yes | The Council Regulation includes provisions on how to manage the conflict of interest. |
| A.3. | The Board of Directors must consist of at least 5 members. | Yes | |
| A.4. | The majority of the members of the Board of Directors must be non-executive. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a declaration at the time of his/her nomination for election or re-election, as well as at the time of any change in his/her status, indicating the elements on the basis of which he/she is considered to be independent | Yes | COMELF is in the Standard category. No member of the Board of Directors has an executive position in COMELF |
| A.5. | Other relatively permanent professional commitments and duties of a Board member, including executive and non-executive positions on the boards of not-for-profit companies and institutions, must be disclosed to shareholders and potential investors prior to nomination and during his/her term of office. | Yes | |
| A.6. | | Yes | |

| | Any member of the Board must disclose to the Board information concerning any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation relates to any report that may affect the member's position on matters decided by the Board. | | |
|-------|--|-----|--|
| A.7. | The Company must appoint a Secretary of the Board responsible for supporting the work of the Board. | Yes | |
| A.8. | The corporate governance statement will inform whether it has held an evaluation of the Board under the direction of the Chairman or an evaluation of the Board under the direction of the President or the nominating committee and, if so, will summarize the key actions and resulting changes. The company must have a policy/guideline on Board evaluation including the purpose, criteria and frequency of the evaluation process. | No | From 2020 the Society has started to develop a policy/guideline on Board evaluation including the purpose, criteria and frequency of the evaluation process. Not finalised, new estimated deadline 30.06.2023 |
| A.9. | The corporate governance statement must contain information on the Number of Board and committee meetings during the last year, attendance of directors (in person and in absentia) and a report by the Board and committees on their activities. | Yes | In 2022, the Board of Directors met 7 times, with a majority of directors attending each meeting. At the OGMS in April 2023, the Board's report for 2022 is presented. |
| A.10. | The corporate governance statement must include information on the exact number of independent members of the Board of Directors. | No | Number of members of the Board that must be independent is not established by the Articles of Incorporation or the OGMS decision. |
| A.11. | The Board of Premium Companies must establish a Nomination Committee of non-executives, which will lead the procedure for nominations of new members to the Council and make recommendations to the Board. The majority of the members of the nomination committee must be independent. | No | COMELF is in the Standard category. |

| • | SECTION B - Risk management system and internal control |
|---|---|
| ĺ | TPI 1 1 4 4 11'1 1'4 '44 ' 1'1 4 1 4 |

| | The board must establish an audit committee in which at least one member | | |
|------|--|----|---|
| B.1. | must be an independent non-executive director. The majority of members, including the chairperson, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven an appropriate auditing or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of audit committee members must be independent. | No | The internal audit is carried out by an independent company. 2 persons have been nominated as members of the Board of Directors forming the Audit Committee. Neither of these two persons is a financial auditor. |
| B.2. | The chairman of the audit committee must be an independent non-executive director. | No | The internal audit is performed by an independent company. |
| В.3. | As part of its responsibilities, the audit committee must carry out an annual assessment of the internal control system. | No | The internal audit is carried out by an independent company. It provides independent reports to the BoD members on operational procedures and activities. |
| B.4. | The assessment should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reports presented to the Board's audit committee, the timeliness and effectiveness with which executive management addresses deficiencies or weaknesses identified through internal control, and the presentation of relevant reports to the Board. | No | The internal audit is carried out by an independent company. It provides independent reports to the BoD members on the risks identified in the audit work, how executive management complies with, manages and addresses weaknesses and risks identified in the operational work. |
| B.5. | The audit committee must assess conflicts of interest in relation to the company's and its subsidiaries' transactions with Affiliated parties. | No | The internal audit is carried out by an independent company. |
| B.6. | The Audit Committee shall evaluate the effectiveness of the internal control system and the risk management system. | No | The internal audit is carried out by an independent company. |

| B.7. | The Audit Committee shall monitor the application of legal standards and generally accepted internal auditing standards. The audit committee must receive and evaluate the reports of the internal audit team. | No | The internal audit is carried out by an independent company, which reports to the Board members. |
|-------|--|-----|--|
| B.8. | Whenever the Code mentions reports or reviews initiated by the Audit Committee, these should be followed by regular (at least annual) or ad hoc reports to be submitted subsequently to the Council. | No | The internal audit is carried out by an independent company. |
| B.9. | No shareholder may be given preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates. | Yes | |
| B.10. | The Board must adopt a policy to ensure that any transaction of the Company with any of its closely held companies whose value equals or exceeds 5% of the Company's net assets (as per the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors to the extent that such transactions fall within the category of events subject to reporting requirements. | No | The Board of Directors has not adopted a policy in this regard. |
| B.11. | Internal audits must be performed by a structurally separate division (internal audit department) within the company or by employing an independent third party. | Yes | The internal audit is carried out by an independent company. |
| B.12. | In order to ensure that the core functions of the internal audit department are fulfilled, it must report functionally to the Board through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risk, it must report directly to the general manager. | No | The internal audit is performed by an independent company. |

SECTION C - Fair reward and motivation

| C.1. | The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. The remuneration policy should be formulated in such a way as to enable shareholders to understand the principles and rationale behind the remuneration of Board members and the General Manager. It should describe how the process is managed and how compensation decisions are made, detail the components of executive management compensation (such as salaries, annual bonuses, long-term incentives linked to share value, benefits in kind, pensions and others) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria associated with any form of variable remuneration). In addition, the remuneration policy should specify the duration of the Executive Manager's contract and the notice period provided for in the contract, as well as any compensation for unfair dismissal [] . Any material changes to the remuneration policy must be published in good time on the the company's webpage. | Yes | The Remuneration Policy has been developed and published. |
|------|---|-----|---|
|------|---|-----|---|

SECTION D - Adding value through investor relations

| D.1. | The company must organize an Investor Relations service - made known to the general public through the person(s) responsible or as an organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including: | No | The information required by law shall be posted on the website under the heading "Up-to-date information" |
|---------|---|-----|---|
| D.1.1. | Main corporate regulations: articles of association, procedures for general meetings of shareholders; | Yes | Posted on www.comelf.ro |
| D.1.2. | Professional CVs of members of the company's governing bodies, other professional commitments of Board members, including executive and non-executive positions on boards of non-profit companies or institutions; | Yes | Posted on www.comelf.ro |
| D.1.3. | Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code; | Yes | Posted on the website www.comelf.ro and sent to the BVB. |
| D.1.4.4 | Information relating to general meetings of shareholders: agenda and information materials; procedure for the election of Board members; arguments supporting the proposals of candidates for election to the Board, together with their professional CVs; shareholders' questions on agenda items and the company's replies, including resolutions adopted. | Yes | Posted on www.comelf.ro |
| D.1.5. | Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and principles applied to such transactions. | Yes | Posted on www.comelf.ro |

| | This information will be published within a timeframe that allows investors to make investment decisions; | | |
|--------|--|---------|---|
| D.1.6. | Name and contact details of a person who will be able to provide relevant information on request; | No | The GMS notices state who can provide further information, as well as the contact telephone number and email address. |
| D.1.7. | Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports | Partial | Financial statements (quarterly, half-yearly, annual), audit reports and annual reports are posted on the website www.comelf.ro. |
| D.2. | The Company will have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the General Manager and adopted by the Board, in the form of a set of guidelines that the Company intends to follow with respect to the distribution of net income. The principles of the annual income distribution policy to shareholders will be published on the company's website. | No | The company is considering developing a policy in this area. To date, each time after the AGM has approved the payment of dividends, the procedure for their distribution has been posted on the company's website. The company regularly distributes a share of the net profit for the financial year and the payment of dividends is made through the Depozitarul Central (Central Depository). |
| D.3. | The Company will adopt a policy on forecasts, whether they are made public or not. Projections refer to quantified conclusions of studies aimed at establishing the overall impact of a number of factors over a future period (so-called assumptions): by its nature, this projection has a high level of uncertainty, and actual results may differ significantly from the projections initially presented. Forecasting policy to determine the frequency, time period considered and content of forecasts. If published, forecasts can only be included in annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website. | No | The company is considering developing a policy in this area. |

| D.4. | The rules of general meetings of shareholders must not limit the participation of shareholders in general meetings and the exercise of their rights. The changes to the rules will take effect at the earliest from the next shareholders' meeting. | Yes | |
|------|---|-----|--|
| D.5. | The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings. | Yes | |
| D.6. | The Board shall present to the annual general meeting of shareholders a brief assessment of the systems of internal control and significant risk management, as well as opinions on matters to be decided by the general meeting. | Yes | |
| D.7. | Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation by the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise. | Yes | |
| D.8. | The quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year. | Yes | |
| D.9. | A company will hold at least two meetings/teleconferences with analysts and investors each year. Information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings/teleconferences. | No | During 2022, the company did not organize meetings with investors. The Company believes that the information published in the current and periodic reports provides a high degree of transparency that enables shareholders and potential investors to make informed investment decisions. |

| D.10. | If a company supports various forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of society is part of its mission and development strategy, it will publish a policy on its activity in this field. | | The Company has financially supported various cultural, artistic, sports, educational, olympic activities of students. The company is considering developing a policy in this area. |
|-------|--|--|---|
|-------|--|--|---|

FINANCIAL STATEMENTS IFRS ON 31 th DECEMBER 2022

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

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STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2022

| | Nota | 2022 | 2021 |
|---|----------|---------------------------------------|--------------------------------|
| Assets | | E0.004 | 24.002 |
| Development cost | - | 59,864 | 34,863 |
| Intangible assets | 5 5 | 455,394 | 464,585 |
| Tangible assets | 6 | 76,033,258 | 76,420,859 |
| Financial assets available for sale Total non-current assets | - | 76,548,516 | 76,920,307 |
| | - | · · · · · · · · · · · · · · · · · · · | |
| Advance payments for tangible assets | - | 995,184 | 485,196 |
| Stocks | 7 | 14,938,437 | 11,682,634 |
| Receivables from contracts with customers | 8 | 56,778,201 | 55,557,013 |
| Trade receivables and other receivables | 9 | 4,338,219 | 4,096,772 |
| Current tax receivables | 11 | - | 7 502 505 |
| Cash and cash equivalents Total Current Assets | '' - | 14,319,879 91,369,920 | 7,563,505 79,385,120 |
| | = | | |
| Total Assets | - | 167,918,436 | 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 | 50,892,175 | 49,312,715 |
| Reported outcome | 12 | 1,361,539 | (6,242) |
| Financial year outcome | 25 | 4,142,212 | 4,285,589 |
| Total Equity | _ | 78,244,522 | 75,440,658 |
| Debts | | | |
| Long-term bank loans | 13 | 3,957,920 | - |
| Other loans and debts-leasing | 13 | 267,805 | 493,544 |
| Deferrend tax liabilities | 22 | 5,491,383 | 8,762,025 |
| Provisions for risks and expenses | 21 | 161,930 | 105,086 |
| Deferrend income liabilities | 23 | 6,195,712 | 4,661,145 |
| Total long-term debts | _ | 16,074,750 | 14,021,800 |
| Overdrafts | 13 | 36,610,760 | 34,191,371 |
| The current part related to long-term loans | 13 | - | - |
| Deferrend tax liabilities | 22 | 279,601 | 335,928 |
| The current other loans and liabilities - leasing | 11 | 226,045 | 235,702 |
| Commercial debts and other debts | 14 | 34,271,900 | 29,332,297 |
| Provisions for risks and expenses | 21 | 982,798 | 1,036,478 |
| Deferrend tax liabilities | 23 | 1,228,060 | 1,711,193 |
| Total current debts | _ | 73,599,164 | 66,842,969 |
| Total Debts | - | 89,673,914 | 80,864,769 |
| Total equity and debts | - | 167,918,436 | 156,305,427 |

Cenusa Gheorghe Tatar Dana
General Manager Economic Manager

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

| | Nota | 2022 | 2021 |
|---|------|------------------|---------------|
| Continuous operations | | | _ |
| Revenues | | | |
| Revenue from contracts with customers | 15 | 157,347,129 | 130,562,973 |
| Revenues from sales of goods | | 188,775 | 975 |
| Other elements related to the turnover | | 12,318,303 | 8,669,833 |
| Total revenues | | 169,854,207 | 139,233,781 |
| of which turnover | 3 | 173,218,840 | 132,605,553 |
| Other revenues | 16 | 1,601,204 | 2,815,923 |
| Expenses | | | |
| Raw material costs and other expenses | | (87,786,602) | (67,492,032) |
| Electricity and water costs | | (4,964,522) | (4,289,634) |
| Commodity expenses | | (136,633) | (301) |
| Employment charges | 17 | (47,285,196) | (42,429,663) |
| Transport costs | 18 | (6,422,795) | (5,645,220) |
| Other expenses related to revenues | 19 | (10,243,944) | (8,433,205) |
| Cost depreciaton charge | 5 | (7,652,753) | (7,527,361) |
| Financial costs, net | 25 | (1,569,211) | (1,268,841) |
| Ajustments related to cirrent assets depreciation ,net | 8 | - | 44,035 |
| Provision costs for risks and expenses, net | 21 | (489,655) | 375,241 |
| Other expenses | 19 | (300,114) | (700, 104) |
| Total expenses | | (166,851,425) | (137,367,085) |
| Pre-tax profit | | 4,603,986 | 4,682,619 |
| Profit tax | 20 | (461,774) | (397,030) |
| Profit from continuous operations | | 4,142,212 | 4,285,589 |
| Profit from discontinuous operations | | - | _ |
| PROFIT OF THE PERIOD | | 4,142,212 | 4,285,589 |
| Other comprehensive income | | | · · · · · · |
| Items that will not be reclassified to expenses and revenues | | | |
| Value changes of the used assets as a result of revaluation, net of tax | | - | - |
| Items that can be reclassified to expenses and revenues | | | |
| Value changes of securities available for sale | 3 | - | - |
| Total profit and loss account and other comprehensive income | | 4,142,212 | 4,285,589 |
| Outcome per share | | | |
| From continuous and discontinuous operations | | | |
| Outcome per basic share (lei per share) | 24 | 0.18 | 0.19 |
| Diluted outcome per share (lei per share) | 24 | 0.18 | 0.19 |
| Din operatiuni continue | | | |
| Outcome per basic share (lei per share) | 24 | 0.18 | 0.19 |
| Diluted outcome per share (lei per share) | 24 | 0.18 | 0.19 |
| (P | | 0.10 | 0.17 |
| Cenusa Gheorghe, | | Tatar Dana " | |
| General Manager | | Economic Manager | • |

2

COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 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 witheld | Total equity |
|---|-------------------|------------------------------------|--|-------------------|----------------|--------------------|-----------------|
| Balance on January 01, 2022 | 13,036,325 | 8,812,271 | 30,844,391 | 2,607,265 | 15,861,059 | 4,279,347 | 75,440,658 |
| Profit or loss account and other elements of the overall result | | | | | | | |
| Profit or loss | | | | | | 4,142,212 | 4,142,212 |
| Other elements of the overall result | | | | | | | |
| Net change in the fair value of available-for-sale financial assets | | | | | | | |
| Changes in the value of the assets used Movements in the profit or loss account and other elements of the overall result | | | | | | | |
| Differences from the revaluation achieved transferred to the retained result- current year | | | 1,299,859 | | | 1,467,908 | 2,767,767 |
| Other equity items | | | 279.601 | | 0 | (2,785,589) | (2,505,988) |
| Legal reserves established | | | | 0 | | 0 | 0 |
| Total profit or loss account and other elements of the overall result | 0 | 0 | 1,579,460 | 0 | 0 | 2,824,531 | 4,403,991 |
| Other elements retained result - correction of accounting errors | 0 | 0 | 0 | 0 | | (100.127) | (100.127) |
| Other elements retained result - correction of accounting errors | 0 | 0 | 0 | 0 | 0 | (100.127) | (100.127) |
| 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) |
| Profit or loss account and other elements of the overall result | | | | | | | |
| Balance on December 31, 2022 | 13,036,325 | 8,812,271 | 32,423,851 | 2,607,265 | 15,861,059 | 5,503,751 | 78,244,522 |

COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2022 IN ACCORDANCE WITH IFRS

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

Continued on next page

| STATEMENT OF CHANGE OF EQUITY | Capital | Adjustments of share | Differences and reserves from | Reserves | Other | The Result | Total |
|--|------------|----------------------------|-------------------------------------|-----------|------------|-------------|-------------|
| | Registered | capital | revaluation | legal | reserves | witheld | equity |
| Balance on January 01, 2021 | 13,036,325 | 8,812,271 | 32,608,011 | 2,607,265 | 14,658,196 | 1,204,995 | 72,927,063 |
| Profit or loss account and other elements of the overall result | | | | | | | |
| Profit or loss | | | | | | 4,285,589 | 4,285,589 |
| 4. Other elements of the overall result | | | | | | | |
| Net change in the fair value of available-for-sale financial assets | | | | | | | |
| Changes in the value of the assets used | | | | | | | |
| Movements in the profit or loss account and other elements of the overall result Differences from the revaluation achieved, transferred to the retained | | | | | | | |
| result | | | (2,099,548) | | | 1,763,620 | (335.928) |
| Other equity items | | | 335.928 | | 1,202,863 | (1,202,863) | 335.928 |
| Legal reserves established | | | | 0 | 0 | 0 | 0 |
| Total profit or loss account and other elements of the overall result | 0 | 0 | (1,763,620) | 0 | 1,202,863 | 4,846,346 | 4,285,589 |
| 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 as of December 31, 2021 | 13,036,325 | 8,812,271 | 30,844,391 | 2,607,265 | 15,861,059 | 4,279,347 | 75,440,658 |

CASH FLOW STATEMENT

| | 31-12-2022 | 31-12-2021 |
|---------------------------------------|------------|------------|
| Pre - tax profit | 4,142,212 | 4,285,589 |
| Depreciation of fixed assets | 7,652,753 | 7,527,361 |
| Cash operational brut | 11,794,965 | 11,812,950 |
| Workong Capital Variation | | |
| Variation receivables | 724,833 | 12,965,986 |
| Variation stocks | 3,255,803 | 4,334,363 |
| Variation in other current assents | 193,856 | 1,544,623 |
| Variation Income/Expenses in advances | 47,591 | 45,902 |
| Variation suppliers | 3,090,102 | 11,578,744 |
| Variation customer advances | -496,355 | -1,858,664 |
| Variation employees and assimilated | -1,587,833 | -582,390 |
| Net operating Cash | 8,578,796 | 2,059,766 |
| Cash flow dfrom net investment | 7,790,950 | 3,964,128 |
| Debts change | | |
| Variation of short-term loans | 2,419,389 | 1,627,258 |
| Variation of long-term loans | 3,957,920 | 0 |
| Variation of associated debts | -125,031 | -628,606 |
| Variation of other liabilities | - | - |
| Variation of capitalluri | -283,750 | -2,371,005 |
| Cash flow from financing | 5,968,528 | -1,372,353 |
| Total chas variation between | 6,756,374 | -3,276,715 |
| Initial Cash | 7,563,505 | 10,840,220 |
| Net Cash at end of period | 14,319,879 | 7,563,505 |

Cenusa Gheorghe General Manager Tatar Dana Economic Manager

COMELF S.A.

16.

Other incomes

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

OPIS NOTE

| 1. | Reporting entity | 17. | Staff costs |
|-----|---|-----|-------------------------------------|
| 2. | Basics of preparation | 18. | Shipping costs |
| 3. | Significant accounting policies | 19. | Other operating expenses |
| 4. | Significant risk management | 20. | Income tax |
| 5. | Tangible and intangible assets | 21. | Provisions for risks and expenses |
| 6. | Financial assets available for sale | 22. | Deferred tax liabilities |
| 7. | Inventories | 23. | Deferred income |
| 8. | Receivables from contracts with customers | 24. | Earnings per share |
| 9. | Trade receivables and other receivables | 25. | Financial elements |
| 10. | Value adjustments | 26. | Contingent assets and liabilities |
| 11. | Cash and cash equivalents | 27. | Affiliated parties |
| 12. | Equity | 28. | Capital commitments |
| 13. | Loans | 29. | Operational segment reporting |
| 14. | Trade and other payables | 30. | Events after the balance sheet date |
| 15. | Revenues from construction contracts | 31. | Approval of financial statements |
| | | | |

COMELF S.A.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 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 compani'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 individual financial statements in accordance with International Financial Reporting Standards have been prepared for the financial year ended December 31, 2022.

The main activity of the Company is the manufacture of engines and turbines (except for those for airplanes, automobiles and motorcycles). The company also manufactures installations, sub-assemblies and components for power plants and environmental protection, earthmoving equipment, lifting and transport equipment, including their sub-assemblies, steel structures, weapons and ammunition, road transport vehicles and military combat vehicles.

2. Basics for preparation

a. Declaration of conformity

The financial statements have been prepared by the Company in accordance with:

- International Financial Reporting Standards adopted by the European Union ("IFRS");
 These financial statements of the Company are prepared in accordance with the requirements of the Order of the Ministry of Finance no. 2844 of 2016, for the approval of Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which replaces the Order no. 1286/2012. International Financial Reporting Standards represent the standards adopted according to the procedure provided by Regulation (EC) no. 1,606 / 2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards. The transition date to International Financial Reporting Standards was January 1, 2011;
- Law 82 of 1991 on accounting republished and updated.

The financial statements were authorized for issuance by the Board of Directors at 10 March 2023.

b. Basis for evaluation

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

c. Functional and presentation currency

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

d. Use of professional estimates and reasoning

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

e. Changes in accounting policies

General presentation

The financial year ended on December 31, 2012 represents the first year of adoption by the Company of International Financial Reporting Standards according to IFRS 1, which entered into force on July 1, 2009.

(i) The Company applies in the 2022 financial year for the comparability of information with the 2021 financial year the following International Financial Reporting Standards with the implicit changes to the Company's accounting policies.

| IAS 1 | Presentation of financial statements | Fundamental accounting principles, the structure and content of the financial statements, the required items and the notion of a fair image. |
|--------|---|---|
| IAS 2 | Inventories | Definition of the accounting treatment applicable to stocks in the historical cost system: valuation (first in - first out, weighted average cost and net realizable value) and the scope of allowable costs. |
| IAS 7 | Cash flow statements | Analysis of cash changes, classified into three categories: operating flows, investment flows, financing flows. |
| IAS 8 | Accounting policies, changes in accounting estimates and errors | Defining the classification, disclosures and accounting treatment of certain income statement items. Definition of materiality. |
| IAS 10 | Events after the balance sheet date | Provisions regarding the taking into account of the elements after the closure: definitions, terms and conditions of application, particular cases (dividends). |
| IAS 12 | Income tax | Definition of the accounting processing of income taxes and detailed provisions regarding deferred taxes. |
| IAS 16 | Tangible fixed assets | The principles and date of accounting for assets, the determination of their carrying amount and the principles relating to the accounting for depreciation. |
| IAS 19 | Employee benefits | Principles of accounting and disclosure of employee benefits: short-term and long-term benefits, post- |

benefits: short-term and long-term benefits, post-

COMELF S.A.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

| | | employment benefits, equity benefits and termination benefits. |
|------------------|---|---|
| IAS 20 | Accounting for government grants and reporting of government assistance | Principles of accounting and disclosure of direct or indirect public aid (clear identification, notion of fair value, linkage to subsidized assets, etc.). |
| IAS 21 | The effects of exchange rate fluctuations | Defining the accounting processing of activities abroad, transactions in foreign currencies and the conversion of the financial statements of a foreign entity. |
| IAS 23 | Borrowing costs | Definition of accounting processing of borrowing costs: the notion of qualified assets, the ways of incorporating borrowing costs into the value of qualified assets. |
| IAS 24 | Disclosure of related party information | Detailed information on relationships and transactions with related parties (legal and natural persons), which have a significant control or influence over one of the group companies or management. |
| IAS 26 | Accounting and reporting of pension plans | Defining the principles of evaluation and information regarding retirement schemes (funds), distinguishing between defined contribution schemes and defined benefit schemes. |
| IAS 27 | Consolidated and individual financial statements | Principles relating to the presentation of consolidated accounts, definition of the consolidation obligation and notion of control, convergence of accounting rules within the group, other principles. |
| IAS 31 | Interests in joint ventures | Accounting principles and policies for the joint venture, operations carried out or assets or participations held in a joint venture. |
| IAS 32 | Financial instruments: presentation | Presentation rules (classification of debts / equity, expenses or income / equity). |
| IAS 33 IAS 36 | Earnings per share Impairment of assets | Principles of determination and representation of earnings per share. Key definitions (recoverable amount, fair value less costs to sell, value in use, cash-generating units), timing of impairment testing, accounting for impairment, case of goodwill. |
| IAS 37 | Provisions, contingent liabilities and contingent assets | Definition of provisions and estimation methods, particular cases analyzed (among which the issue of restructuring). |
| IAS 38 | Intangible assets | Definition and accounting treatment of intangible |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

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

3. Significant accounting policies

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

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

On 31.12.2022, the company records positive net current assets in the amount of 17,770,756 lei (12,542,151 lei in 2021) and a net profit in the amount of 4,142,212 lei (4,285,589 lei on 31.12.2021).

For 2023, the proposed income and expenditure budget would generate positive cash flows with liquidity enhancing effect, thus the company will be able to meet its commitments to the financing bank, part of the company's operational activity being financed by bank credit.

The effects of the conflict in Ukraine at a global level, with direct implications for the economic activity of companies, may generate changes, which are being analysed and which may change the carrying amounts of assets and liabilities in the financial year 2023. Further considerations are presented in note 30-Subsequent events.

Foreign currency transactions

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

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

The exchange rates of the main foreign currencies were:

| Currency | December 31, 2022 | December 31, 2021 |
|-----------------|----------------------|-------------------|
| Euro (EUR) | 1: LEU 4.9474 | 1: LEU 4.9481 |
| US Dollar (USD) | 1: LEU 4.6346 | 1: LEU 4.3707 |

Accounting for the effect of hyperinflation

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

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

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

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

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

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

Land and buildings are shown at revalued amount as at 31 December 2015, with buildings adjusted for accumulated depreciation up to the end of the financial year 2022.

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

Inventories

Inventories are valued at cost in accordance with IAS 2 and the cost formula used is weighted average cost. This method does not apply to the production in progress and the finished production for which it is applied the provisions of IFRS 15 "Revenue from contracts with customers".

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

Cash and cash equivalents

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

Financial assets and liabilities

(i) Classification

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IERS

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

(ii) Recognition

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

(iii) Valuation at amortized cost

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

(iv) Fair value measurement

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

(v) Identifying and evaluating impairment

Financial assets measured at amortized cost.

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

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

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

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

Available-for-sale financial assets

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

The amount of the accumulated loss that is resumed from equity accounts in the statement of comprehensive income will be the difference between the acquisition cost (net of principal repayments

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

and amortization) and current fair value, less any impairment loss of that financial asset previously recognized in the statement of comprehensive income.

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

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

(vi) Derecognition

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

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

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

- its carrying amount and
- the amount consisting of (i) the consideration of the amount received (including any new asset acquired minus any new liability assumed) and (ii) any cumulative gain or loss that has been recognized in other items of the overall result is recognized in profit or loss.

Other Financial assets and liabilities

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

Tangible and intangible assets

(i) Recognition and evaluation

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

The value of tangible and intangible fixed assets of the Company on December 31, 2022 and December 31, 2021 is detailed in note 5.

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

- Land
- Buildings
- Items of equipment, technical installations and machinery.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

- Means of transport.
- Other tangible fixed assets.

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

All fixed assets in the company's assets were used for the purpose of achieving the main object of activity, i.e. production contracted with customers for 2022 or for the purpose of achieving the secondary object of activity (for a small proportion of assets). They are recorded at fair value, classified in level 2 in the fair value hierarchy.

During 2022 there were no transfers between the categories of value hierarchy.

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

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

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

(ii) Amortization

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

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

Land is not subject to depreciation.

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

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

(iii) Sale / disposal of tangible and intangible assets

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

Impairment of non-financial assets

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

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

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

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

Investment grants

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

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

Registered capital

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

Revaluation reserves

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

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

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IERS

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

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

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

Legal reserves

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

Dividends to be distributed

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

Provisions for risks and expenses

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

Revenues from contracts with customers

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

Interest income

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

Employee benefits

(i) Short-term benefits

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

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

(i) Determined contribution plans

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

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

(ii) Long-term employee benefits

The Company's net liability in respect of long-term service benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods. According to the collective labor agreement, the Company is obliged to pay a fixed amount of between RON 1600-2000 to its employees upon retirement, depending on their length of service (at least 10 years).

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

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

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

Income and loss from exchange rate differences

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

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

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

Income tax

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

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

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

For the period January 1-December 31, 2022, the profit tax rate was 16%. The provisions of GEO 153/2020 were additionally applied.

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

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

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

Earnings per share

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

Leasing payments

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

Operational-segment reporting

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

4. Management of significant risks

The Company's management considers that risk management must be performed within a consistent methodological framework and that their management is an important component of the strategy to maximize profitability, achieve an expected level of profit while maintaining an acceptable risk exposure and compliance with legal regulations. The formalization of the risk management procedures decided by the Company's management is an integral part of the Company's strategic objectives.

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

- market risk (price risk, interest rate risk and currency risk);
- credit risk;

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IERS

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

- 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. In the current economic context marked by political and economic instability, there is a risk related to material availability and their volatile price, which may generate, in the short term, possible disruptions in the operational activity. The company also has a material procurement policy that offers protection for a period of 2-3 months, for confirmed orders, which ensures a balance, for the period in which we reposition ourselves vis-à-vis suppliers and vis-à-vis customers.

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

| | December 3 | 1, 2022 | December | 31, 2021 |
|--|-------------------|-------------|-------------------|-------------|
| | Book value | Fair value | Book value | Fair value |
| Receivables from contracts with customers | 56,778,201 | 56,778,201 | 55,557,013 | 55,557,013 |
| Trade receivables and other receivables | 4,338,219 | 4,338,219 | 2,600,683 | 2,600,683 |
| Down-payments granted for tangible asssets | 995.184 | 995.184 | 485.196 | 485.196 |
| Grants receivable | 0 | 0 | 1,496,089 | 1,496,089 |
| Cash and cash equivalents | 14,319,879 | 14,319,879 | 7,563,505 | 7,563,505 |
| Short-term bank loan | -36,610,760 | -36,610,760 | -34,191,371 | -34,191,371 |
| Current part-lease | -221.831 | -221.831 | -235.702 | -235.702 |
| Deferred tax liabilities (current part) | -279.601 | -279.601 | -335.928 | -335.928 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

| Trade and other payables | -34,276,114 | -34,276,114 | -29,332,297 | -29,332,297 |
|--------------------------|-------------|-------------|-------------|-------------|
| Total | 5,043,177 | 5,043,177 | 3,607,188 | 3,607,188 |

(ii) Interest rate risk

As at 31December 2022 most of the Company's assets and liabilities are non-interest bearing, except for bank loans and leases. As a result, the Company is not significantly affected by the risk of interest rate fluctuations

The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

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

| Fixed rate financial instruments <i>Financial assets</i> | 2022 | 2021 |
|--|--|--------------------------------------|
| Working capital loan | 40,568,680 Euribor / Libor / Robor 1M | 34,191,371 Euribor/Libor/Robor 1M |
| Interest rate: | ++1.15% | + 0.90% |
| Leasing contract UNICREDIT Leasing | | |
| Corporation IFN | 199 | 251 |
| Interest rate: Euribor 3M + 1.99% | | |
| PORSCHE Leasing contracts | 2,234 | 4,685 |
| Interest rate: PLP18FE 6.09% | | |
| BRD Sogelease Leasing contracts | 19,836 | 12,736 |
| Interest rate: Eur3M +2.40% | | |

Currency risk

Currency risk is the risk of recording losses or of not realizing the estimated profit due to unfavorable exchange rate fluctuations. Most of the Company's financial assets and liabilities are expressed in national currency, the other currencies in which operations are performed being EUR, USD and GBP.

Most current assets are expressed in foreign currency (60%) and the Company's financial liabilities are expressed in foreign currency (39%) and in the national currency (61%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due to mainly current currency conversion transactions required for current payments in LEI.

(b) Credit risk

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

The maximum exposure to credit risk of the Company is in the amount of 62,111,604 lei as of December 31, 2022 and in the amount of 60,138,981 lei as of December 31, 2021 and can be analyzed as follows:

Receivables from contracts with customers, miscellaneous debtors and trade receivables

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

COMELF S.A.NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

| | Gross value as of December 31, 2022 | Impairment adjustments | Gross value as of December 31, 2021 | Impairment adjustments |
|--|-------------------------------------|------------------------|---|------------------------|
| Between 0 - 30 days | 35,971,802 | - | 38,844,006 | - |
| Between 31 - 60 days | 12,265,407 | - | 9,578,558 | - |
| Between 61 - 90 days Between 91 - 180 | 10,476,265 | - | 9,496,744 | - |
| days Between 181 - 365 | 2,526,182 | - | 1,427,081 | - |
| days | 584.694 | - | 600.513 | - |
| Over 365 days | 3,514,079 | 3,226,825 | 3,418,904 | 3,226,825 |
| Total | 65,338,429 | 3,226,825 | 63,365,806 | 3,226,825 |
| Total net: | 62,111,604 | | 60,138,981 | |

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

(c) The risk related to the economic environment.

The Romanian economy continues to have the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social environment in the future. The management of the Company is concerned to estimate the nature of the changes that will take place in the world political and economic environment and, in particular, in Romania and what will be their effect on the financial situation and the operational and treasury result of the Company.

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

The Company's management cannot foresee all the effects of the economic situation, considered as a whole, which will have an impact on the financial sector in Romania, nor their potential impact on the present financial statements. The management of the Company considers that it has adopted the necessary measures for the sustainability and development of the Company in the current market conditions. The main challenge, at this moment for the Company, is the evolution of the price of raw materials as well as the labor market regarding the training of qualified personnel in the field in which we operate, necessary for the operational success of the company.

(d) Operational risk.

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

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

(e) Capital adequacy

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS

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

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

(f) Determining fair value

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

5. Tangible and intangible assets

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

| | Exp. on develop ment | Intangib le assets | Lands | Buildings | Technical installation s and machinery | Other installati ons and furnitur e | Tangible assets in progress | Total | Advance p. for tangible assets | Total fixed assets* |
|---|-------------------------------|-----------------------|------------|------------|---|-------------------------------------|-----------------------------|-------------|---|---------------------|
| Cost | 203 | 205 | 211 | 212 | 213 | 214 | 231 | | 4093 | |
| Balance as of January 01, 2022 | 34863 | 1,248,48 5 | 21,247,075 | 40,590,779 | 94,579,714 | 443.346 | 417.237 | 158,561,499 | 485.196 | 159,046,695 |
| inputs | 25.001 | 99.058 | 0 | 37.857 | 616.343 | 60.521 | 5,262,762 | 6,101,542 | 3,019,475 | 9,121,017 |
| Domestic production | 0 | 0 | 0 | | 0 | 0 | 1,180,709 | 1,180,709 | 0 | 1,180,709 |
| Outflow (discarded assets) | 0 | 0 | 0 | 0 | -84.679 | 0 | 0 | -84.679 | -2.509 .487 | -2,594,166 |
| Internal transfers | 0 | 0 | 0 | 161.281 | 293.602 | 0 | -454.883 | 0 | 0 | 0 |
| Revaluation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of December 31st, 2022 | 59.864 | 1,347,54 3 | 21,247,075 | 40,789,917 | 95,404,980 | 503.867 | 6,405,825 | 165,759,071 | 995.184 | 166,754,255 |
| Balance as of 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 | 108.249 | 0 | 2,648,589 | 4,868,185 | 27.730 | 0 | 7,652,752 | 0 | 7,652,753 |
| Cumulative depreciation of outflows | 0 | 0 | 0 | 0 | -83.390 | 0 | 0 | -83.390 | 0 | -83.390 |
| Depreciation cancellation for revalued fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of December 31, 2022 | 0 | 892.149 | 0 | 19,398,223 | 68,634,598 | 285.585 | 0 | 89,210,555 | 0 | 89,210,555 |

COMELF S.A.NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

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

| balance sheet code 5_1040, | Exp. on develop ment | Intangi ble Assets | Lands | Buildings | Technical installation s and machinery | Other installations and furniture | assets in | Total | Real estate advances. | Total fixed assets* |
|---|----------------------|--------------------------|------------|------------|--|-----------------------------------|------------|-------------|-----------------------------|---------------------|
| Cost | 203 | 205 | 211 | 212 | 213 | 214 | 231 | | 4093 | |
| Balance as of January 01, 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 | 156,274,250 |
| inputs | 26780 | 81.783 | 0 | 12.290 | 471.940 | 0 | 2,982,182 | 3,574,975 | 416.310 | 3,991,285 |
| Domestic production | 0 | 0 | 0 | | 0 | 0 | 74.093 | 74.093 | 0 | 74.093 |
| Outflow (discarded assets) | 0 | -58.482 | 0 | 0 | -1,211,001 | -23.450 | 0 | -1,292,933 | 0 | -1,292,933 |
| Internal transfers | 110 | 0 | 0 | 319.333 | 3,459,281 | 0 | -3,778,724 | 0 | 0 | 0 |
| Revaluation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of Dec. 31st, 2021 | 34863 | 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 as of January 01, 2021 | 0 | 656.741 | 0 | 14,134,616 | 60,257,029 | 257.128 | 0 | 75,305,514 | 0 | 75,305,514 |
| Depreciation expense per year | 0 | 127.159 | 0 | 2,615,018 | 4,682,051 | 24.177 | 0 | 7,448,405 | 0 | 7,448,405 |
| Cumulative depreciation of outflows | 0 | 0 | 0 | 0 | -1,089,277 | -23.450 | 0 | -1,112,727 | 0 | -1,112,727 |
| Depreciation cancellation for revalued fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of December 31, 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 December 31, 2022 | 59.864 | 455.394 | 21,247,075 | 21,391,694 | 26,770,382 | 212.282 | 6,405,825 | 76,548,516 | 995.184 | 77,543,700 |
| 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 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

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

During 2022 the Company made investments in the amount of 7,282,250 lei financed from the surplus of the current activity of the period and from non-reimbursable funds.

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

| a) 1500 kwp photovoltaic plant | 5,142,337 lei |
|---|---------------|
| b) Arrangement of access lane milling + routing + asphalt | 161.281 lei |
| c) other production and logistics equipment and machinery | 452.352 lei |
| d) Pellet production technological installation + Heating | |
| installation (on burners, with pellets) | 544.426 lei |
| e) IT technique + IT systems, including surveillance system | |
| Buildings | 353.299 lei |
| f) Temporary accommodation space for non-EU staff + | |
| furnishing + furniture | 212.830 lei |
| g) Cutting machines modernization | 286.113 lei |
| h) other investments | 129.612 lei |

The amortization method was a linear one throughout the financial year, its total amount was 7,652,753 lei. During the same period, the amount of 1,252,836 was resumed in income from investment subsidies. The company holds ownership papers for the land and buildings. The situation of the sureties in the form of mortgages is presented in note 14.

6. Financial assets available for sale

As of December 31, 2022, and December 31, 2021, Comelf SA no longer holds financial assets available for sale.

7. Inventories

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

| _ | 31decembrie 2022 | December 31, 2021 |
|---|------------------|--------------------------|
| Raw materials | 14,180,582 | 11,009,245 |
| Auxiliary materials | 38.450 | 85.188 |
| Fuel + Machine oil | 4.802 | 50.902 |
| Inventory items | 388.314 | 412.865 |
| Other | 326.621 | 124.766 |
| Adjustments for depreciation of raw materials | -332 | -332 |
| Total | 14,938,437 | 11,682,634 |

The company has registered value adjustments for the depreciation of stocks as of December 31, 2022, in the amount of 332 lei.

In 2022, the expenses related to the above positions recognized in the cost of sales amounted to 88,380,936 lei (2021: 67,492,032 lei).

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

No stocks were pledged for the contracted loans.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

8. Receivables from contracts with customers

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

| | 31decembrie 2022 | December 31, 2021 |
|--|---------------------|----------------------|
| Invoiced receivables from contracts with customers | 38,913,538 | 34,206,720 |
| Unbilled receivables from contracts with customers | 20,080,501 | 23,566,131 |
| Value adjustments regarding receivables from invoiced construction contracts | (2,215,838) | (2,215,838) |
| Total | 56,778,201 | 55,557,013 |

Receivables from customer contracts are shown net of advances received in the amount of 454,813 lei (31 December 2021: 951,168).

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

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

| | 31decembrie 2022 | December 31, 2021 | |
|------------------------|------------------|--------------------------|--|
| Between 181 - 365 days | - | - | |
| Over 365 days | 2,215,838 | 2,215,838 | |
| Total | 2,215,838 | 2,215,838 | |

Below is an analysis by age of receivables from contracts with clients that are past due on 31.12.2022 but are not impaired:

December 31, 2021

| DEBT | Total | On time | Backlog <30 days | Backlog Between 30 - 90 days | Backlog > 90 days |
|---|------------|------------|---------------------|---------------------------------------|----------------------|
| Receivables from contracts with customers | 56,778,201 | 53,972,218 | 121.556 | 2,233,423 | 451.004 |

The turnover rate of the clients (the recovery period of the receivables) expresses the number of days until the date on which the debtors pay their debts to the company and thus shows the efficiency of the company in collecting its receivables. For the year 2022 (Average balance of customers / Turnover) x 365 days = 77 days, for the year 2021 it is 82 days. In general, the penalties are treated according to the contracts with each client and are solved by case-by-case negotiation. The procedure for accepting new clients is performed in accordance with the bidding-contracting procedures outlined in the procedure's manual. These procedures are reviewed periodically.

9. Trade receivables and other receivables

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

| | 31decembrie 2022 | December 31, 2021 |
|---|------------------|--------------------------|
| Receivables from sales of goods | - | - |
| VAT to be recovered | 2,567,367 | 1,266,930 |
| Down-payments made to domestic suppliers. | 137.297 | 142.850 |
| (Excluding those for fixed assets) | | |
| Down-payments made to external suppliers | 464.261 | 93.588 |
| Down-payments made to fixed assets | | |
| suppliers | 995.184 | 485.196 |
| Grants receivable | - | 1,496,089 |
| Different debitors | 802.486 | 660.111 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

| | 31decembrie 2022 | December 31, 2021 |
|-------------------|------------------|--------------------------|
| Other receivables | 1,377,795 | 1,448,191 |
| Value adjustments | -1,010,987 | -1,010,987 |
| Total | 5,333,403 | 4,581,968 |

Below is an analysis by age of trade receivables and other receivables that are past due on 31.12.2022 but which are not depreciated:

December 31, 2021

| DEBT | Total | On time | Backlog <30 days | Backlog Between 30 - 90 days | Backlog > 90 days |
|---|-----------|-----------|---------------------|---------------------------------------|----------------------|
| Trade receivables and other receivables | 5,333,403 | 2,590,581 | 2,189,104 | 93.588 | 460.130 |

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 December 31st, 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 in the amount of 100% of the value of a receivable with a long history, which was collected in January 2023.

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

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

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

11. Cash and cash equivalents

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

| | 31decembrie 2022 | December 31, 2021 |
|--|------------------|--------------------------|
| Amounts available in bank accounts in local currency | 665.242 | 516.996 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

| Total | 14,319,879 | 7,563,505 |
|--|------------|-----------|
| Other amounts available | - | 1.065 |
| Cash | 3.671 | 6.206 |
| Amounts available in bank accounts in foreign currency | 13,650,966 | 7,039,238 |
| | | |

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

Liquidity management

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

December 31, 2022

| DEBT | Total | <1 Month | 1 - 3 months | 3 months - 1 year | > 1 year |
|---|------------|------------|-----------------|----------------------|----------|
| Receivables from contracts with customers | 56,778,201 | 31,411,574 | 20,267,854 | 5,098,773 | 0 |
| Trade receivables and other receivables | 5,333,304 | 2,590,581 | 2,189,104 | 395.135 | 0 |
| Current tax receivables | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 14,319,879 | 14,319,879 | | | |
| TOTAL | 76,431,384 | 48,322,034 | 22,456,958 | 5,652,491 | - |

December 31, 2022

| LIABILITIES | Total | <1 Month | 1 - 3 months | 3 months - 1 year | > 1 year |
|---|------------|------------|-----------------|----------------------|----------|
| Trade and other payables | 34,271,900 | 27,586,511 | 3,176,499 | 3,508,890 | 0 |
| Current part - leasing loans | 226.045 | 19.637 | 57.369 | 149.039 | |
| Deferred tax liabilities (current part) | 279.601 | 0 | 69.900 | 209.701 | 0 |
| Overdraft (repayment 1 year) | 3,957,920 | | | 3,957,920 | |
| Overdraft (current part) | 36,610,760 | 36,610,760 | 0 | 0 | 0 |
| TOTAL | 75,346,226 | 64,216,908 | 3,303,768 | 7,825,550 | 0 |

December 31, 2021

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

December 31, 2021

COMELF S.A.NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

| LIABILITIES | Total | <1 Month | 1 - 3 months | 3 months - 1 year | > 1 year |
|---|------------|------------|-----------------|----------------------|----------|
| Trade and other payables | 29,332,297 | 14,880,631 | 10,564,618 | 3,887,048 | 0 |
| Bank loans (other than overdraft) | 235.702 | 19.732 | 58.414 | 157.556 | |
| Deferred tax liabilities (current part) | 335.928 | 0 | 83.981 | 251.947 | 0 |
| Overdraft (extended annually) | 34,191,371 | 34,191,371 | 0 | 0 | 0 |
| TOTAL | 64,095,298 | 49,091,734 | 10,707,013 | 4,296,551 | 0 |

12. Equity

(a) Share capital

In 2022 there were no changes to the value of the share capital (13,036,325.34 LEI) and the number of shares (22,476,423 shares).

As at 31 December 2022 and 31 December 2021 the Company's shareholding structure is:

| | 2022 | | | 2021 | | |
|-----------------------|------------------|---------------------|--------|------------------|---------------------|--------|
| | Number of shares | Total face value | % | Number of shares | Total face value | % |
| Uzinsider SA Other | 18,189,999 | 10,550,199 | 80,93% | 18,189,999 | 10,550,199 | 80,93% |
| 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:

| | December 31, 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).

b) Reserves and retained result

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

The lines marked in bold can be found both in the financial position statement and in the capital change statement where the variation from 12.31.2022 to 12.31.2021 is explained.

| | Financial year ended on 31 Dec 2022 | Financial year ended on 31 Dec 2021 |
|--|--|-------------------------------------|
| Legal reserves | 2,607,265 | 2,607,265 |
| Reserves and revaluation differences | <u>32,423,851</u> | <u>30,844,391</u> |
| Differences from revaluation of fixed assets | 37,272,233 | 39,019,742 |
| Temporary differences in deferred | -4,848,382 | -8,175,351 |
| income tax recognized on account of capital | | |
| Reserves from the revaluation of | - | - |
| available-for-sale financial instruments | | |
| Other reserves (account 1068) | 15,861,059 | 15,861,059 |
| Profit carried forward and profit | <u>5,503,751</u> | 4,279,347 |
| (retained earnings) | | |
| The carried forward result representing | 14,059,405 | 12,591,497 |
| the surplus realized from revaluation reserves | | |
| Retained earnings from the transition to IFRS, less IAS 29 | -11,176,457 | -11,176,457 |
| The result carried forward represents the undistributed profit or the uncovered loss | 0 | 0 |
| Account 118 Deferred income from the | 113.776 | 113.776 |
| first adoption of IAS 29 | | |
| Profit | 4,142,212 | 4,285,589 |
| Profit distribution | 0 | 0 |
| Total Reserves and retained result | <u>56,395,926</u> | <u>53,592,062</u> |

Capital management

(a) Legal reserves

In accordance with legal requirements, the Company establishes legal reserves in the amount of 5% of the gross profit recorded under IFRS in 2022 but not more than 20% of the share capital valid at the date of establishment of the reserve.

Legal reserves cannot be distributed to shareholders but can be used to cover cumulative losses. On 31.12.2022, the Company had already constituted the legal reserve up to the amount of these limits.

(b) Revaluation reserves

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

(c.) Dividends

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 declared dividends in the amount of 1,500,000 lei (representing 0.0667 lei/share) and paid during 2022 to the shareholders the amount of 1,357,941 lei representing dividends distributed in the current and previous years. On December 31, 2022, the balance of dividends payable is 422,962 lei

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

| | 2022 | 2021 |
|-------------|-----------|-----------|
| Dividends | 4,142,212 | 1,500,000 |
| lei / share | 0.1843 | 0.0667 |

From the profit of 2022 in the amount of 4,142,212 lei, in accordance with the proposal of the Board of Directors, the amount of 4,142,212 lei will be distributed as dividends. The gross dividend that would be granted in 2022 would be 0.18 lei/share.

13. Loans

a) Credit line

As at 31 December 2022 the Company has a working capital loan agreement with ING Bank Romania - contract no. 11438/09.11.2011, with annual maturity, renewed in November each year. The object of the contract is a credit facility in the amount of EUR 8,400,000, of which the Company has repaid in December 2022 the first installment of EUR 200,000, thus the amount of the credit facility as at 31.12.2022 is EUR 8,200,000, and during 2023 the Company will repay the amount of EUR 800,000 in 4 equal quarterly installments. The loan was taken out to provide temporary working capital to support operating activities in line with the new cash conversion cycle.

For the facility granted, the Company will pay interest at the rates specified below:

- for the amounts in euro used from the loan option, the annual interest rate is EURIBOR / LIBOR/ ROBOR 1M plus a margin of 1.15% per year;

As at 31 December 2022, the Company has a total balance of the credit line in the amount of 40,568,680 lei (31 December 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 Unicredit Leasing Corporation IFN, financed value EUR 18,110.40, payable in 60 monthly installments. The contract matures in February 2023.

During 2019, the Company undertook the purchase of three leased passenger vehicles. Leasing contracts no. 234267, 234268, 234269 were concluded on 08.01.2019, financier Porsche Leasing, financed value EUR 38,443.31, payable in 60 monthly installments, maturing in 2024.

Also during 2019, the Company engaged in the purchase of a CLOOS robotic welding system, under leasing. Leasing contract no. 120882 was concluded on 22.05.2019, financier BRD Sogelease, the financed value is 179,660.70 euros, payable in 60 of monthly installments.

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

- Land with an area of 13,460 sqm and buildings with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings with a built-up area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and buildings with a built-up area of 572.93 sqm, bearing the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, cad.C1 top: 8118/1/5: SIDUT monobloc hall.
- Pledge of technological equipment with a net book value on 31.12.2022 of 2,139,836 lei.

TOTAL

14. Trade and other payables

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

| | 31decembrie 2022 | December 31, 2021 |
|-------------------------------|------------------|-------------------|
| Trade payables | 26,881,082 | 23,790,980 |
| Debts to budgets | 3,811,126 | 2,325,826 |
| Debts to staff | 3,012,548 | 2,534,581 |
| Silver dividend | 422.962 | 547.993 |
| Other loans and similar debts | 144.182 | 132.917 |
| Total | 34,271,900 | 29,332,297 |

The commercial debts in the amount of 34,271,900 lei (December 31st, 2022 2021: 29,332,297 lei) are in accordance with the contracts concluded with the suppliers.

Credit turnover rate - supplier approximates the number of credit days that the company obtains from its suppliers. For the year 2022 (Average supplier balance/Turnover) x 365 days = 53 days, for the year 2021 it was 48 days.

As of December 31st, 2022 and December 31st, 2021, debts to budgets mainly include contributions related to wages.

15. Revenues from contracts with customers

Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was achieved (ct 701) 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)

| December 31, 2022 | December 31, 2021 |
|-------------------|-------------------|
| 160,711,763 | 123,934,745 |
| -3,364,634 | 6,628,228 |
| 157,347,129 | 130,562,973 |

In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues in execution stages proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in stages), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution stage. The company manufactures goods based on designs, only at the request of customers, based on firm orders.

The evaluation of the revenues from the contracts with the clients, on execution stages, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company recognizes an income, based on the total income to be obtained related to the contract balanced with the evolution of the corrected actual cost (without negative deviations) for the execution of the contract.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

16a. Other revenue related to turnover

The position includes:

| _ | 2022 | 2021 |
|---|------------|-----------|
| Rental income | 141.425 | 112.211 |
| Income from various activities | 7,193,949 | 3,919,872 |
| Revenues from the sale of residual products | 3,092,814 | 3,377,389 |
| Revenue from services rendered | 1,890,115 | 1,260,361 |
| Total | 12,318,303 | 8,669,833 |

16b. Other incomes

The position includes:

| | 2021 | 2021 |
|--------------------------------------|-----------|-----------|
| Income from investment grants | 1,252,835 | 1,611,454 |
| Income from operating subsidies | - | 25.138 |
| Income from disposed of fixed assets | 5.148 | 370.588 |
| Other | 343.221 | 808.743 |
| Total | 1,601,204 | 2,815,923 |

The income from the production of tangible fixed assets of 2022 was offset against the related expenses as per the provisions of Order 2844/ 2016 as follows: expenses with raw materials and other material expenses amounting to 958,785 lei, personnel expenses amounting to 197,331 lei, other expenses related to income amounting to 24,593 lei. Therefore, the amount recorded in position 16b Other income, in the amount of 1,601,205 lei, does not include the income from immobilized production in the total amount of 1,180,709 lei.

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

In the category Other Income 2,139,835, the amount of 265,461 lei represents distributed dividends related to the financial years 2017 and 2018, for which the statute of limitations is fulfilled and which were transferred to income.

The turnover on December 31, 2022 is 173,218,840 lei (December 31, 2021: 132,605,553 lei).

17. Staff costs

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

| | 2022 | % | 2021 | % |
|-------------------------------|------|------|------|------|
| Direct productive staff | 399 | 63% | 411 | 64% |
| Management and administration | | | | |
| staff | 237 | 37% | 236 | 36% |
| Total | 636 | 100% | 647 | 100% |

Staff costs were as follows:

| | 2021 | 2021 |
|--|------------|------------|
| Staff salary expenses | 42,171,833 | 38,148,968 |
| Expenses with meal vouchers | 3,078,130 | 2,643,318 |
| Expenses regarding insurance and social protection | 2,035,233 | 1,637,377 |
| Total | 47,285,196 | 42,429,663 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

On December 31, 2022, out of the total amount of 47,285,196, the salary expenses related to the incomes from the production of fixed assets were deducted, according to the provisions of Order 2844/2016, for the amount of 197,331 lei. See also Note on other income.

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

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.

| | 2022 | 2021 |
|--------------------------------------|-----------|-----------|
| Salary expenses - managers/directors | 2,085,039 | 1,838,433 |
| B.D. allowance | 230.815 | 252.490 |
| Total | 2,315,854 | 2,090,923 |

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

As of *December 31, 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
Jurje Valeriu AQM Manager

Barbuceanu Florentin
Viski Vasile
Campian Cosmin
Factory Executive Director
Factory Executive Director
Factory Executive Director

As of *December 31*, 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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

• Members of the Executive Management of the Company:

Cenusa Gheorghe General Manager

Pop Mircea Deputy General Manager Business Operation

Oprea Paul Deputy General Manager Engineering and Production

Tatar Dana Economic Manager
Jurje Valeriu AQM Manager

Barbuceanu Florentin
Viski Vasile
Campian Cosmin
Factory Executive Director
Factory Executive Director
Factory Executive Director

18. Shipping costs.

This position includes:

| | 2022 | 2021 |
|---|-----------|-----------|
| Expenses for the transport of raw materials | 1,379,729 | 931.314 |
| Expenses for transporting finished products | 4,271,606 | 4,040,688 |
| Expenses for transporting employees | 771.460 | 673.218 |
| Other transport costs | - | - |
| Total | 6,422,795 | 5,645,220 |
| 10 01 | | |

19a. Other expenses related to income

| | 2022 | 2021 |
|--|------------|-----------|
| Maintenance and repair expenses | 1,384,475 | 1,071,772 |
| Rent expenses | 295.911 | 373.204 |
| Insurance expenses | 363.975 | 361.942 |
| Expenses with personnel training | 72.225 | 89.484 |
| Outsourcing expenses | 2,366,562 | 1,463,568 |
| Expenses regarding commissions and fees | 1,256,057 | 969.932 |
| Protocol expenses | 57.404 | 37.362 |
| Expenses with travel, secondments and transfers | 73.290 | 35.760 |
| Postal charges and telecommunications charges | 502.557 | 382.318 |
| Expenses with banking and similar services | 120.429 | 122.534 |
| Other expenses with services provided by third parties | 2,679,642 | 2,403,995 |
| Expenses with other taxes and fees | 1,096,011 | 1,121,334 |
| Total | 10,268,538 | 8,433,205 |

From the total amount of 10,268,538 lei (December 2022) were deducted other expenses for services rendered by third parties related to income from the production of fixed assets, according to the provisions of Order 2844 / 2016, for the amount of 958,785 lei. See also Note on other income.

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

19b. Other expenses

| | 2022 | 2021 |
|-------|---------|---------|
| Total | 300.114 | 700.104 |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

On 31.12.2022, the position includes the amount of 1,912 lei, representing commercial penalties; 295,300 lei represent donations and sponsorships; the difference of 2,902 represents other current operating expenses.

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

20. Income tax

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

The income tax expense related to the year ended December 31, 2022 and the year ended December 31, 2021 is detailed as follows:

| _ | 2022 | 2021 |
|--|---------|---------|
| Current income tax expense | 461.774 | 397.030 |
| (Income) / deferred income tax expense | - | _ |
| Total | 461.774 | 397.030 |

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

| Corporate tax reconciliation | 2022 | 2021 |
|--|-----------|-----------|
| Profit of the period | 4,142,212 | 4,285,589 |
| Income tax expense | 461.774 | 397.030 |
| Profit before tax | 4,603,986 | 4,682,619 |
| Local tax rate of the entity | 16% | 16% |
| · | 736.638 | 749.219 |
| Profit tax calculated using the entity's local tax rate The influence of the deductible legal reserve established during the period | - | - |
| Influence of reserves set up on account of tax-exempt reinvested earnings | - | - |
| The influence of non-taxable income | -53.493 | -145.183 |
| The influence of income-like items: revaluation differences that become taxable | 279.601 | 335.928 |
| The influence of non-deductible expenses | 66.942 | 45.195 |
| Minus amounts representing sponsorship | -205.938 | -197.032 |
| Income tax calculation for the period, of which: | 823.750 | 788.127 |
| Profit tax recorded directly in equity, related to revaluation differences that have become taxable | 279.601 | 335.928 |
| Bonus 2+3+5% (2022) cf. GEO 153/2020 2+5% (2021) of payment | | |
| tax cf. GEO 153/2020 | -82.375 | -55.169 |
| Income tax charged on expenses | 461.774 | 397.030 |

21. Provisions for risks and expenses

As of December 31, 2022, the Company has registered provisions for risks and expenses in the amount of 1,144,728 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 as of January 01, 2021 | 0 | 105.086 | 0 | 1,036,478 | 1,141,564 |
| Established during the interval | 0 | 56.844 | | 15.179 | 72.023 |
| 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 | (68.859) | (68.859) |
| Balance as of December 31st, 2021 | 0 | 161.930 | 0 | 982.798 | 1,144,729 |
| | 1 | | | | |
| Long-term | 0 | 161.930 | 0 | 0 | 161.930 |
| short term | 0 | 0 | 0 | 982.798 | 982.798 |

• Pension provisions in the amount of 161,930 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 left until retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, i.e. 23.49%.

• Other provisions in the amount of 982.798 lei (December 31, 2021: 1,036,478 lei) include:

- The provision related to redemptions of pension insurance policies for the amount of 809,326 lei, are loyalty pension rights of COMELF employees, granted based on the law and the Collective Labor Agreement, to be paid to employees (short term).
- The amount of 173,472 includes a provision for potential commercial penalties, according to commercial contracts and customer notifications.

22. Deferred tax liabilities

Deferred tax liabilities as of December 31, 2022 are generated by the items detailed in the following table:

| _ | December 31, 2022 | December 31, 2021 |
|--|--------------------------|--------------------------|
| 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. | (4,848,382) | (8,175,351) |
| Deferred tax, net | (5,770,984) | (9,097,953) |

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (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/ 8/20/2010 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.

In 2022, the Company resumed in revenue the amount of 24.776 lei (2021: 70,407 lei), representing amortization of subsidies, subsidy which on 31.05.2022 was fully amortized.

2) The company received a government subsidy in 2013 in the amount of 16,848,613 lei as part of the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and external market of SC COMELF SA".

The governmental subsidy was conditioned by the contribution from the Beneficiary of the amount of 27,635,774 lei, of which the eligible value 16,848,613 lei, the difference being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

In 2022, the Company resumed in revenue the amount of 1,042,476 lei (2021: 1,456,477 lei), representing the amortization of subsidies.

- 3) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application of utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. In October 2019, the "Utilities consumption and production monitoring system and energy management software license" was put into operation, revenues from subsidies were recorded within this project in 2022 in the amount of 84,557 lei (2021: 84,570 lei).
- 4) The company signed in 2020 (11.06.2020) a financing contract within the EEA and Norway Grants 2014 2021, with the objective of granting non-refundable financing by Innovation Norway for the implementation of the project, An investment in a smarter future and more efficient", the total value of the financing contract was EUR 632,500, of which non-refundable financing in the amount of up to EUR 350,000. In November 2021, "a unit for the production of renewable energy from photovoltaics with a capacity of 1,200 MWH / year" was put into operation. The total value of the investment on 31.12.2021 was 2,998,953 lei, of which the amount of the subsidy received in March 2022 is 1,513,994 lei.

On December 31, 2022, the Company resumed the amount of 101,027 lei, representing amortization of subsidies.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

| | December 31st, | |
|--|----------------|---------------------|
| | 2022 | December 31st, 2021 |
| Profit attributable to ordinary shareholders | 4,142,212 | 4,285,589 |
| Balanced average number of ordinary shares | 22,476,423 | 22,476,423 |
| Basic earnings per share | 0.18 | 0.19 |

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:

| | December 31st, 2022 | December 31st, 2021 |
|---|---------------------|---------------------|
| Interest income | 133 | 23.085 |
| Income from exchange rate differences | 1,334,691 | 144.636 |
| Other items of financial income | 872.816 | 651.612 |
| Total financial income | 2,207,640 | 819.333 |
| Interest expenses | (545.196) | (320.668) |
| Expenses with exchange rate differences | (1,899,793) | (1,062,674) |
| Other items of financial expenditure, of which: | (1,331.862) | (704.832) |
| Total financial expenses | (3,776,851) | (2,088,174) |

Income and expenses from exchange rate differences refer to the following items in the financial statements: short-term and long-term loans, including leasing: net amount December 2022 of RON 799,961 (December 2021: 531,768 lei), third party accounts: December 2022 net amount of 317,654 lei (December 2021: 53,320 lei), availability: December 2022 net amount of 147,537 lei (December 2021: 386,270 lei), and other 3 smaller amounts for other positions.

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

26. Contingent liabilities and debts

(a) Environmental contingencies

Environmental regulations are in development in Romania, and the Company did not register any obligations on December 31, 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;

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

- 250,000 euro, in the case of transactions regarding the provision of services received / provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350, .000 euro, in case of transactions regarding acquisitions / sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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

Comelf S.A. has drawn up the transfer pricing file for 2021 and will update it for 2022 by the legal deadline.

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/brokerage contract, consultancy contract, electricity purchase contract, subassembly manufacturing collaboration contract;

The rights and obligations of the parties are well delimited by the contractual clauses, the eventual litigations being within the competence of the International Arbitration Court attached to the Chamber of Commerce and Industry of Romania.

Transactions between the parties will be based on the principle of uncontrolled competition.

Based on the framework contract, firm orders are issued, the purpose of which is monitored, following the full observance of the contact clauses.

| Affiliated party | Activity | Description of the type of business relation |
|---------------------------------|--|--|
| Uzinsider SA | Management consulting services | Uzinsider SA is the majority shareholder |
| Uzinsider Techo SA | Trade intermediation services | |
| Ozinsidei Techo SA | for industrial products | |
| Uzinsider General Contractor SA | Collaborations on turnkey objectives Electricity trade | |
| Promex SA | Collaborations in the manufacture of subassemblies | |
| 24 Ianuarie SA | Collaborations in the manufacture of subassemblies | |
| Uzinsider Engineering SA | Providing services | |

The other companies are related to Comelf SA due to a combination of common management and / or persons who are also shareholders of the other companies.

a) Receivables and payables from related parties

As at 31 December 2022 and 31 December 2021, receivables from related parties are as follows:

| Receivables from | December 31st, 2022 | December 31st, 2021 |
|---------------------------------|---------------------|---------------------|
| Uzinsider Techo SA | 10,534,289 | 7,937,351 |
| Uzinsider General Contractor SA | 237.418 | 237.418 |
| Promex SA | - | - |
| 24 Ianuarie SA | - | - |
| Total | 10,771,707 | 8,174,769 |

As of December 31st, 2022 and December 31st, 2021, the debts to the affiliated parties are as follows:

| Debts to | December 31st, 2022 | December 31st, 2021 |
|---------------------------------|---------------------|---------------------|
| Uzinsider SA | 162.068 | 162.068 |
| Uzinsider Techo SA | 785.034 | 1,266,890 |
| Uzinsider General Contractor SA | 1,173,985 | 1,100,425 |
| Promex SA | - | - |
| 24 Ianuarie SA | - | - |
| Uzinsider Engineering SA | - | |
| Total | 2,121,087 | 2,529,383 |

b) Affiliated party transactions

The sales of goods and services to the affiliated parties are carried out at prices similar to those in the contracts concluded with external beneficiaries, as follows:

| Sales in the year ended at: | December 31st, 2022 | December 31st, 2021 |
|---------------------------------|---------------------|---------------------|
| Uzinsider Techo SA | 16,619,749 | 16,392,427 |
| Uzinsider General Contractor SA | 169.065 | 1,052,333 |
| Promex SA | - | - |
| 24 Ianuarie SA | 33.099 | - |
| Uzinsider Engineering SA | - | - |
| Total | 16,821,913 | 17,444,760 |

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

| Acquisitions in the year ended at: | December 31st, 2022 | December 31st, 2021 |
|------------------------------------|---------------------|---------------------|
| Uzinsider SA | 817.152 | 817.152 |
| Uzinsider Techo SA | 990.914 | 1,050,603 |
| Uzinsider Engineering Galati | - | - |
| Uzinsider General Contractor SA | 9,481,755 | 6,319,053 |
| Promex SA | - | - |
| 24 Ianuarie SA | 579 | - |
| Total | 11,290,400 | 8,186,808 |

Payment of dividends due to Uzinsider SA Bucharest was made in full during 2022 (Note 12 item c)

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

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 60-120 days, payment method - payment orders, no guarantees, and no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2023 are limited to own sources of financing and are estimated at EUR 1.3 million.

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. The essential decisions are taken by the Board of Directors. The operating segments are managed independently, as each of them represents a strategic unit with different products:

- FPI the most important products are: stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly and equipment of wind installations, components for transcontainer handling machines);
- FUET the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt cutters, components for excavators, motor housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA the most important products are: earthmoving machines with final assembly (crushers, asphalt pavers), components for earthmoving machines (augers, booms, frames), mobile presses for compacting car bodies, fixed presses and machine components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dumpers.

COMELF S.A.NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

Reporting by operating segments

| | FPI FUET | | TERRA | | Cen | Center | | Total | | |
|---|------------|------------|------------|------------|------------|------------|-------------|------------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| External revenues of the segment | 52,063,628 | 42,676,787 | 70,531,395 | 61,500,920 | 38,766,147 | 29,963,396 | 11,274,950 | 7,982,694 | 172,636,120 | 142,123,797 |
| Total segment revenues | 52,063,628 | 42,676,787 | 70,531,395 | 61,500,920 | 38,766,147 | 29,963,396 | 11,274,950 | 7,982,694 | 172,636,120 | 142,123,797 |
| Net financial costs | -249.661 | -292.943 | -521.339 | -428.903 | -330.829 | -254.327 | -467.382 | -292.668 | -1,569,211 | -1,268,841 |
| Depreciation and amortization | 1,777,030 | 1,849,571 | 2,943,696 | 2,975,371 | 1,983,768 | 1,981,215 | 948.259 | 743.649 | 7,652,753 | 7,527,361 |
| Income tax expense | -227.343 | - | 9.417 | -320.295 | -51.487 | - | -192.361 | -76.735 | -461.774 | -397.030 |
| The net result for the interval | 1,220,579 | -1,123,397 | 92.245 | 2,261,533 | 273.839 | -459.532 | 2,555,549 | 3,606,985 | 4,142,212 | 4,285,589 |
| Segment assets Investments in associated entities | 50,037,646 | 49,835,933 | 76,708,517 | 76,214,926 | 39,956,561 | 39,935,639 | 1,215,712 | -11,177,160 0 | 167,918,436 | 154,809,338 |
| Segment debts | 35,188,461 | 37,244,106 | 44,025,860 | 43,730,530 | 28,658,117 | 28,738,861 | -18,198,524 | -30,344,817 | 89,673,914 | 79,368,680 |

All amounts presented as a total correspond to the amounts presented in the financial statements, without the need for reconcilement.

The total income of the segment corresponds to the item income plus other income, and the other items with similar items in the financial statements.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

In the total operational revenues of the segment in the amount of 172,636,120 lei (fy 2022:) and 142,123,797 lei (fy 2021) the major types of products and services are the following:

| _ | 31decembrie 2022 | December 31, 2021 |
|--|------------------|-------------------|
| Equipment for power-generation industry and components | 67,814,175 | 75,419,350 |
| Equipment for earthworks and components | 77,412,996 | 44,140,196 |
| Lifting and handling equipment | 6,501,234 | 5,566,020 |
| Manufacture of rolling stock | 9,594,630 | 11,841,662 |
| Other types | 11,313,085 | 5,156,569 |
| TOTAL | 172,636,120 | 142,123,797 |

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

| | 31decembrie 2022 | December 31, 2021 | | |
|-----------------------------|------------------|--------------------------|--|--|
| Income from Romania | 30,885,401 | 30,808,554 | | |
| Income from outside Romania | 141,750,719 | 111,315,243 | | |
| TOTAL | 172,636,120 | 142,123,797 | | |

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

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

| Partner | Income share (> 10%) | Income | The segment in which revenues are included |
|--------------------|----------------------|------------|--|
| Vanatan | 15.04.0/ | 26.055.647 | Equipment for earthworks and |
| Komatsu | 15.04 % | 26,055,647 | components: FUET |
| Uzinsider Techo SA | | | Equipment for energy industry, end |
| | 11.42 % | 19,783,312 | customer General Electric |

COMELF S.A.NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022 IN ACCORDANCE WITH IFRS (All amounts are expressed in LEI, unless otherwise indicated)

| Tesmec | 11.35% | 19,656,074 | Equipment for earthworks, rolling stock manufacturing and their components: FUET + FCT |
|---------------|--------|------------|--|
| Tekhnint SA | 11,12% | 19,269,730 | Equipment for earthworks, rolling stock manufacturing and their components: FPI + FCT |
| Doosan Norway | 10,18% | 14,355,375 | Earth-Moving quipment and its components: FCT |
| Siemens | 7,46% | 12,923,124 | Equipment for power-generation industry and components: FPI- FUET |

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

The company is subject to a tax audit, starting from 20.09.2022, in terms of VAT for the period 01.01.2017-30.06.2022 and in terms of corporate income tax for the period 01.01.2017-31.12.2021. At the date of publication of the financial statements there are additional amounts under discussion, which will be analyzed by the company and discussed with ANAF representatives on 16.03.2023. The additional amounts in question will not significantly affect the County's cash flow.

31. Approval of financial statements

The financial statements were approved by the CA and published on the website on 10.03.2022.

Cenusa Gheorghe General Manager Tatar Dana Economic Manager



COMELF SA

Registru comertului No.J/06/02/31.01.91 Cont bancar: (Lel) RO 12INGB0024000040598911 (Euro) RO 58INGB0024000040590711 Deschise la: ING BANK BISTRITA Societate cotata la Bursa de Valori Bucuresti

Declaration

We, the writers of this Declaration Mr. Gheorghe Cenusa –general manager and Mrs.Dana Tatar – financial manager, declare that the financial reports for 2022 have been prepared according to the applicable accounting standards, they offer an accurate and true image regarding the assets, liabilities, financial position and the comprehensive income.

The Report of COMELF SA Managing Board presents an accurate review of the Company's development and performance, as well as an outline of the main risks and uncertainties specific to the activities we perform.

General manager, eng. Gheorghe Cenusa

Financial manager, ec. Dana Tatar

G2 Expert

Limited liability company 405200 Dej, str. Alecu Russo, nr. 24/1 J12/4477/2008 ; 24725081 Registered capital: 200 lei +40 264 214 434 +40 744 583 031 office@proceduriaudit.ro

REPORT OF THE INDEPENDENT AUDITOR

on the financial statements concluded at December 31, 2022

by COMELF SA

REPORT OF THE INDEPENDENT AUDITOR

To,

COMELF SA Shareholders

Report on the audit of the financial statements and compliance with the provisions of Article 153 of Law no.24/2017 on issuers of financial instruments and market operations

Unreserved opinion

We audited the company's accompanying financial statements **COMELF SA** (the "Company"), with registered office in Bistriţa, no. 4, Industriei str., identified by the unique tax registration code RO568656, which include the balance sheet at December 31, 2022, the income statement, the statement of changes in equity and the statement of cash flows for the year ended, as well as a summary of significant accounting policies and explanatory notes.

The financial statements as of December 31, 2022, are identified as follows:

Total Assets 167.918.436 lei
 Total equity: 78.244.522 lei
 Liabilities: 89.673.914 lei
 Net profit for the financial year: 4.142.212 lei

In our opinion, the accompanying financial statements provide a true and fair view of the Company's financial position as of 31 December 2022 as well as its financial performance and cash flows for the year ended, in accordance with International Financial Reporting Standards (IFRS). adopted by the European Union.

The company has complied with the provisions of Article 153 of the Law no.24/2017 on issuers of financial instruments and market operations in the sense that the individual annual reports under IFRS have been prepared in XHTML/XBRL format. As statutory auditor of COMELF SA, we express our opinion that the audited company has complied with the single European financial reporting format in accordance with the IFRS-EFES taxonomy.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and of the Council (hereinafter "Regulation") and Law no. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants

issued by the International Ethics Standards Board for Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit features

The key audit aspects are those that, based on our professional judgment, were of the greatest importance for auditing the financial statements for the current period. These items have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them, and we do not provide a separate opinion. on these key items.

Key issues

How our audit addressed key issues

Establishment of provisions for unused holiday leave

Rest leave not taken during the year may be taken within the next 18 months following the year in which the right to annual leave arose, according to the Labor Code, Title III, art. 146, para. (2).

Rest leave days not used until 31.12.2022, which include both the remaining days for 2020 and 2021 and those of 2022, must be provisioned to reflect the fact that the Company has a debt to its staff that will represent an outflow of financial resources. in the next financial period.

The amount provisioned by the Company for 2022 is 486.491 lei.

To address the risk of estimating the value of the provisions to be established, our procedures included the following:

- we requested from the financial accounting department of each factory the situation of the unused leave days of the employees who as of 31.12.2022 had unused leave days;
- we requested a situation regarding the days of rest leave not used on 31.12.2022 from the human resources department;
- we reconciled the two situations to determine if there were any differences.

Recognition of revenues

Starting January 1, 2018, the company applies IRFS 15 "Revenue from Customer Contracts". Under the new standard, revenue recognition principles change, and the impact can be significant.

At 31 December 2022, in addition to the accounts representing the company's turnover, there were material revenue accounts 7584 "Subsidy income".

Due to the reasoning that the management of the company needed to apply in the above mentioned situations we consider that this are key audit matters. To address this key issue, our procedures consisted of:

- we have requested consultations of the contracts with clients to establish recognition conditions in accordance with IFRS 15;
- we identified the typology of execution obligations at Comelf S.A. these are time-bound execution obligations, and they are firm and specific contracts for each client, so implementation of the new standard did not have a strong impact on revenue recognition in customer contracts.
- for revenue recognition of 7548 we have conducted analytical procedures and detailed tests; we requested the status of the fixed assets purchased from the project and for which amortization is recorded resulting in the recording of income from account 7584.

Other information - Directors' report

Administrators are responsible for compiling and presenting other information. That other information includes the Directors' Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and unless explicitly stated in our report, we do not express any assurance conclusion on it.

In connection with the audit of the financial statements for the financial year ended December 31, 2022, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge that we have obtained during the audit, or if they appear to be significantly distorted.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- b) The directors' report has been prepared in all material respects in accordance with Order 2844/2016

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2022, we are

required to report whether we have identified material misstatements in the Directors' Report. We have nothing to report on this matter.

Responsibilities of management and those responsible for governance for the financial statements

The Company's management is responsible for preparing the financial statements that provide a true and fair view in accordance with IFRS and for such internal control as management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue to operate, for presenting, where appropriate, business continuity issues and for using accounting on a business-continuation basis, unless management intends to liquidate the Company or cease operations, or have no other realistic alternative.

Those responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of financial statements

Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

As part of an ISA-compliant audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and circumvention of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We formulate a conclusion regarding the adequacy of management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Company's ability. to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, change our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease operations on a going concern basis.
- We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

We communicate to those responsible for governance, among other things, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

We also provide those charged with governance with a statement of our compliance with ethical independence requirements and disclose to them all relationships and other matters that could reasonably be considered to affect our independence and, where appropriate, related safeguards.

Among the issues we have communicated to those charged with governance, we identify those issues that were most important in the audit of the current financial statements and are therefore key audit issues. We describe these matters in our audit report, unless legislation or regulation prevents public disclosure of the matter in question or unless, in extremely rare circumstances, we believe that a matter should not be disclosed in our report because the benefits to the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders on 29.07.2021 to audit the financial statements of COMELF SA for the financial year ended December 31, 2022. The total uninterrupted duration of our commitment is 3 years, covering the financial years ended December 31, 2022 to December 31, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- We did not provide for the Company **non-audit services** referred to in Article 5 (1) of EU Regulation No 537/2014.

Other issues

This independent auditor's report is addressed exclusively to the Company's shareholders as a whole. Our audit was performed in order to be able to report to the Company's shareholders those

issues that we need to report in a financial audit report, and not for other purposes. To the extent permitted by law, we accept and assume no responsibility other than to the Company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

Cluj-Napoca, 09.03.2023

The audit engagement partner who prepared this independent auditor's report is Gheorghe Alexandru MAN, financial auditor registered with the Authority for Public Oversight of Statutory Audit Activity, with registration number AF1242 for and on behalf of G2 EXPERT SRL registered with the Authority for Public Oversight of Statutory Audit Activity with registration number FA1152

Auditor address: Romania, Cluj County, 405200 Dej, no. 24/1 Alecu Russo str.

