

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

Issued on: August 31, 2023

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

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

VAT code: 568656

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

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

The main characteristics of the securities issued by the company:

Dematerialized registered shares in the number of 22,476,423 with a nominal value of 0.58 lei/share

Regulated market in which the issued securities are traded:

Bucharest Stock Exchange

The Board of Directors of the company Comelf SA Bistrita, appointed by the General Meeting of Shareholders, has elaborated, for the period January-June 2023, this report regarding the balance sheet, the profit and loss account, the state of changes in equity, the state of treasury flows, the policy accounting and explanatory notes contained in the individual half-yearly financial statements drawn up on 06.30.2023. These financial statements are presented together with the Directors' Report and relate to:

Equity	78,353,440 RON
Turnover:	RON 96,751,633
Net result of the year-profit:	4,680,872 RON

I.1 Important events taking place between January and June 2023

- On 11.04.2023, the OGMS was held, which approved the distribution of the net profit related to the year 2022, of the amount of 4,142,212 lei for the payment of dividends to the company's shareholders. The effective payment date of the dividends was set on 10.05.2023;
- On 11.04.2023, the OGMS approved the REB for the current year, the investment program for 2023, the company's organization chart and the maximum borrowing limit for the current year;

For the next 6 months of the financial year 2023, we have not identified any significant risks, only the current ones, related to the labor market, in particular regarding qualified staff.

I.2 Transactions between related parties in the period January-June 2023

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

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

Affiliated party	Activity	Description of the type of business relation
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder of COMELF
Uzinsider Techo SA	Brokerage services	

	Sale of products (filter unit/turbine parts/diffusers)	Common shareholders-natural persons, common administrators
Uzinsider General Contractor SA	Acquisition of electricity	Common shareholding, common administrators
	Sale of products	
Promex SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies, joint administrators
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies, joint administrators

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

Sales at:	June 30, 2023	Purchases from:	June 30, 2023
Uzinsider SA	-	Uzinsider SA	371,004
Uzinsider Techo SA	17651782	Uzinsider Techo SA	794353
Uzinsider General Contractor SA	-	Uzinsider General Contractor SA	5125034
Promex SA	-	Promex SA	-
24 Ianuarie SA	-	24 Ianuarie SA	-
Total	17651782	Total	6290391

Transactions with related parties carried out in the first 6 months of 2023 are the traditional ones, there are no other special transactions, different from those carried out in previous years.

II. Review of the Company's activity:

a) Description of the basic activity of the Company:

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

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

b). The economic-financial situation

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

a) Balance sheet elements of COMELF SA:

RON	June 30, 2023	December 31, 2022
ASSETS		
Non-current Assets	74,805,656	76548516
Total Current Assets, of which:	89,694,983	91369920
Inventories	28,383,327	35.018.938*
Commercial and similar receivables	50,433,182	42.031.103*
Cash and short-term deposits	10,878,474	14319879
Total Assets	164,500,639	167918436
Equity and debt		
Total share capital, of which:	78,244,522	78353440
Registered capital	13,036,325	13036325
Share capital adjustments	8,812,271	8812271
Other equity items	-	-
Reserves	50,158,221	50892175
Reported result	1,665,751	1361539
The result of the period	4,680,872	4142212
Total Long-term liabilities, of which:	15,174,784	16074750
Long-term bank loans	3,971,520	3957920
Lease liabilities	261,450	267805
Provisions for risks and expenses	161,930	161930
Debts on deferred taxes	5,351,583	4491383
Subsidies for investments_long-term portion	5,528,301	6195712
Total Current Liabilities, of which:	70,972,415	73599164
Trade payables	33,575,998	34271900
Interest-bearing bank loans	34,750,800	36610760
Lease liabilities	183,859	226045
Provisions for risks and expenses	954,097	982798
Subsidies for investments_short-term portion	1,228,060	1228060
Debts on deferred taxes	279,601	279601
Total equity and Liabilities	164,500,639	167918436

*Starting from 01.01.2023, work in progress is shown under Inventories, so as at 31.12.2022, these values have been reclassified accordingly for comparability.

b) COMELF SA profit and loss account:

RON	June 30, 2023	June 30, 2022
Income	95,123,322	83349065

Operational result	6,667,745	2867359
EBITDA	9,393,471	6683957
Financial result	(1,236,146)	(619,019)
Profit before tax	5,431,599	2248340
Income tax expense	750727	280100
Profit for the financial year	4,680,872	1968240
Number of shares	22,476,423	22476423
Earnings per share	0,208	0.088

COMELF SA's **revenues** were RON 95 million in H1/2023 compared to RON 83 million in H1/2022, up 14%, due to a different assortment structure and higher sales prices than in the first part of 2022 in line with the assortment structure and raw material prices. Out of the total of RON 95 million, RON 1 million represents income from the reversal of the provision for several debtors, following the actual collection of the provisioned amount in February 2023.

COMELF SA's expenses increased, compared to H1 2022, in a smaller proportion (+9%) than the increase in revenues, influenced by the increase in the cost of raw materials (+10%), the increase in wages due to staff fluctuations and inflation (+15%), and the cost of services, especially transport services, professional training services and intermediation services and collaboration with third party companies.

The **company's gross result** increased by 137% , compared to H1 2022, supported by the value volumes achieved, which more optimally covered costs in general and fixed costs in particular.

2. Review of the Company's activity:

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

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

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

Capital expenditure for H1 2023 was RON 1.8 million (H1 2022 = RON 4.4 million). Capital expenditure was financed from own sources.

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

The economic-financial operations related to first half of 2023 were correctly registered, based on legally prepared documents. The obligations stipulated by the law have been fulfilled, regarding the correct and up-to-date organization and management of accounting, regarding compliance with accounting principles, accounting rules and methods provided by the regulations in force.

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

It is also worth mentioning that the income, expenses and individual financial result related to the first six months of 2023 are faithfully reflected in the profit and loss account (income statement).

3. Changes affecting company capital and management

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

Not applicable.

3.2. Description of any change in the rights of holders of securities issued by the company:
Not applicable.

4. Significant transactions

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

Not applicable

5. ANNEXES

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

- the balance sheet, as of 30.06.2023;
- the declaration of the General Manager of Comelf SA regarding the assumption of responsibility for the preparation of the financial and accounting statements related to the 1st half-year/2023;
- the shareholding structure, on 30.06.2023

6. REMARK: The half-yearly financial statements for the six months ended on June 30th 2023 have not been audited or reviewed by an independent auditor, as this is not a legal or statutory requirement.

Annexes:

Shareholder structure on the reference date June 30th, 2023:

	Number of shares	% ownership
Uzinsider SA	18.189.999	80.9292%
Other shareholders	4.286.424	19.0708%
Total	22.476.423	100%

Management structures:

As of *June 30, 2023*, the management of COMELF SA was composed of the following:

- **Members of the Company's Board of Directors:**

Savu Constantin	Chairman
Babici Emanuel	member
Mustata Costica	member
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 Cristian	Deputy General Manager Technical and Production
Tatar Dana	Financial Manager
Serban Marcela	Raw Material Procurement Manager
Jurje Valeriu	Quality Manager
Tatar Eugen	Factory Executive Manager
Viski Vasile	Factory Executive Director
Campian Cosmin	Factory Executive Manager

Management statement

According to the best information available, we confirm that the individual financial statements, for the half year 1/2023, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit and loss account of Comelf SA, as required by applicable accounting standards.

We also confirm that the operating performance situation and the information presented in this report give a true and fair view of the main events that occurred during the first six months of 2023 and their impact on the financial statements.

Chairman of the Board of Directors - eng. Savu Constantin

General Manager - eng. Cenușă Gheorghe

Financial Manager - ec. Tatar Dana

The unaudited financial statements as of 30.06.2023, together with the Report of the Board of Directors, are published on the company's website www.comelf.ro in the "Up-to-date information" section.

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

COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

INTERIM FINANCIAL STATEMENTS IFRS ON 30th JUNE 2023

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

Financial statements	2
Profit and loss account and other comprehensive income	3
Statement of changes in equity	4-5
Cash flow statement	6
Notes to the individual financial statements	7-27

COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AT June 30, 2023

	Nota	30 iunie 2023	31 decembrie 2022
Active			
Cheltuieli de dezvoltare		60,281	59,864
Imobilizari necorporale	5	420,205	455,394
Imobilizari corporale	5	74,325,170	76,033,258
Active financiare disponibile in vederea vanzarii	6	-	-
Total Active non-curente		74,805,656	76,548,516
Avansuri acordate pentru imobilizari corporale		1,742,506	995,184
Stocuri	7	28,383,327	35,018,938
Creante din contracte cu clientii	8	46,678,676	36,697,700
Creante comerciale si alte creante	9	5,076,961	4,338,219
Creante privind impozitul curent		-	-
Numerar si echivalente de numerar	11	7,813,513	14,319,879
Total Active Curente		89,694,983	91,369,920
Total Active		164,500,639	167,918,436
Capital social	12	13,036,325	13,036,325
Ajustari ale capitalului social	12	8,812,271	8,812,271
Alte elemente de capitaluri proprii	12	-	-
Rezerve	12	50,158,221	50,892,175
Rezultat reportat	12	1,665,751	1,361,539
Rezultatul exercitiului	25	4,680,872	4,142,212
Total Capitaluri Proprii		78,353,440	78,244,522
Datorii			
Descoperiri de cont	13	3,971,520	3,957,920
Alte imprumuturi si datorii -leasing	13	161,450	267,805
Datorii privind impozitul amanat	22	5,351,583	5,491,383
Provizioane pentru riscuri si cheltuieli	21	161,930	161,930
Datorii privind venituri amanate	23	5,528,301	6,195,712
Total datorii pe termen lung		15,174,784	16,074,750
Descoperiri de cont	13	34,750,800	36,610,760
Datorii privind impozitul amanat	22	279,601	279,601
Partea curenta alte imprumuturi si datorii - leasing	11	183,859	226,045
Datorii comerciale si alte datorii	14	33,575,998	34,271,900
Provizioane pentru riscuri si cheltuieli	21	954,097	982,798
Datorii privind venituri amanate	23	1,228,060	1,228,060
Total datorii curente		70,972,415	73,599,164
Total Datorii		86,147,199	89,673,914
Total capitaluri proprii si datorii		164,500,639	167,918,436

COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

General Manager

Economic Manager

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

	Nota	30 iunie 2023	30 iunie 2022
<i>Operatiuni continue</i>			
Venituri			
Venituri din contracte cu clienti	15	87,905,266	75,819,803
Venituri din vanzarea marfurilor		0	178,025
Alte venituri aferente cifrei de afaceri	16	5,627,911	6,318,836
Total venituri		93,533,177	82,316,664
Alte venituri	16	696,405	896,042
Cheltuieli			
Cheltuieli cu materii prime si alte cheltuieli materiale		(46,198,613)	(42,132,158)
Cheltuieli cu energia si apa		(2,251,082)	(2,738,266)
Cheltuieli cu marfurile		-	(130,050)
Cheltuieli cu personalul	17	(27,494,235)	(23,795,177)
Cheltuieli cu transportul	18	(3,125,009)	(2,950,347)
Alte cheltuieli aferente veniturilor	19	(5,538,355)	(4,607,608)
Cheltuieli cu amortizarea si deprecierea imobilizarilor	5	(3,765,414)	(3,844,423)
Cheltuieli financiare , net	25	(1,236,146)	(619,019)
Ajustari privind deprecierea activelor circulante, net	8	1,010,987	-
Cheltuieli cu provizioane pentru riscuri si cheltuieli, net	21	28,701	27,825
Alte cheltuieli	19	(228,817)	(175,143)
Total cheltuieli		(88,797,983)	(80,964,366)
Profit inaintea impozitului pe profit		5,431,599	2,248,340
Impozit pe profit	20	(750,727)	(280,100)
Profit din operatiuni continue	24	4,680,872	1,968,240
Profit din operatiuni discontinue		-	-
Profitul perioadei		4,680,872	1,968,240
Alte elemente ale rezultatului global			
Elemente care nu vor fi reclasificate la cheltuieli sau venituri			
Modificari de valoare ale activelor utilizate, rezultate in urma reevaluarii, net de impozite		-	-
Elemente care pot fi reclasificate la cheltuieli sau venituri			
Modificari de valoare ale titlurilor disponibile pentru vanzare	3	-	-
Total cont de profit sau pierdere si alte elemente ale rezultatului global	24	4,680,872	1,968,240
Rezultatul pe actiune			
Rezultatul pe actiune de baza	24	0.21	0.09
Rezultatul pe actiune diluat	24	0.21	0.09

Cenusa Gheorghe,
General Manager

Tatar Dana ,,
Financial Manager

COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2023 IN ACCORDANCE WITH IFRS

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

STATEMENT OF CHANGE OF EQUITY	Capital Social	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance on January 01, 2023	13.036.325	8.812.271	32.423.851	2.607.265	15.861.059	5.503.751	78.244.522
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4.680.872	4.680.872
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved transferred to the retained result-current year			(873,754)			733.954	(139,800)
Other equity items			139.800			0	139.800
Legal reserves established					0	0	0
Total profit or loss account and other elements of the overall result	0	0	(733,954)	0	0	5.414.826	4.680.872
Other elements retained result - correction of accounting errors	0	0	0	0		(429,742)	(429,742)
Other elements retained result - correction of accounting errors	0	0	0	0	0	(429,742)	(429,742)
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	(4,142,212)	(4,142,212)
Total transactions with shareholders	0	0	0	0	0	(4,142,212)	(4,142,212)
Balance as of June 30, 2023	13.036.325	8.812.271	31.689.897	2.607.265	15.861.059	6.346.623	78.353.440

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COMELF S.A.

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2023 IN ACCORDANCE WITH IFRS

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

STATEMENT OF CHANGE OF EQUITY	Capital	Adjustments of share capital	Differences and reserves from revaluation	Reserves	Other	The Result	Total
	Registered			legal	reserves	withheld	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
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4.142.212	4.142.212
<i>4. Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved, transferred to the retained result			1.299.859			1.467.908	2.767.767
Other equity items			279.601	0	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 items carried forward - correction of accounting errors			0	0	0	(100,127)	(100,127)
Other result items carried forward	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)
Balance as of December 31, 2022	13.036.325	8.812.271	32.423.851	2.607.265	15.861.059	5.503.751	78.244.522

CASH FLOW STATEMENT

	30 iunie 2023	31-12-2022
Profit net	4,680,872	4,142,212
Amortizari si provizioane	3,765,414	7,652,753
Cash operational brut	8,446,286	11,794,965
Variatia capitalului de lucru		
Variatia creantelor	-9,954,919	724,833
Variatia stocurilor	13,444,890	3,255,803
Variatia altor active curente	626,524	193,856
Variatia V/Ch in avans	112,218	47,591
Variatia furnizorilor	-547,562	3,090,102
Variatie avansuri clienti	144,606	-496,355
Variatie datorii salariați si asimilate	-434,307	-1,587,833
Cash operational net	3,380,310	8,578,796
Cash flow din investitii nete	2,769,876	7,790,950
Variatia datoriilor		
Variatie credite pe termen scurt	(1,859,960)	2,419,389
Variatie credite pe termen lung	13,600	3,957,920
Variatie datorii asociati	-2,374	-125,031
Variatie alte datorii	-	-
Variatie capitaluri	(5,268,066)	-283,750
Cash flow din finantari	(7,116,800)	5,968,528
Total variatii cash in perioada	(6,506,366)	6,756,374
Cash initial	14,319,879	7,563,505
Cash NET la sfarsit de perioada	7,813,513	14,319,879

Cenusa Gheorghe
General ManagerTatar Dana
Economic Manager

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

OPIS NOTE

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|--|---------------------------------------|
| 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. Approval of financial statements |
| 15. Revenues from construction contracts | 31. Management statement |
| 16. Other incomes | |

NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

1. Reporting entity

COMELF SA (the "Company") is a joint-stock company operating in Romania in accordance with the provisions of Law 31/1990 on companies and Law 297/2004 on the capital market, with subsequent additions and amendments. The company is headquartered in Bistrita, 4 Industriei Street, Bistrita Nasaud County, Romania.

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

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

Separate financial statements in accordance with International Financial Reporting Standards have been prepared for the first half of 2023.

The main activity of the Company is the manufacture of engines and turbines (except for those for airplanes, automobiles and motorcycles). The company also has as object of activity the manufacture of installations, subassemblies and components for power plants and environmental protection, equipment for earthmoving equipment, lifting and transport equipment, including their subassemblies, metal constructions. Manufacture of armament and ammunition, road transport vehicles and military combat vehicles.

2. Basics for preparation

a. Declaration of conformity

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

- International Accounting Standard - Interim Financial Reporting;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on June 30, 2023 are read together with the financial statements prepared for December 31, 2022 according to the same financial reporting framework.

The financial statements as at June 30, 2023 are not audited.

3. Significant accounting policies

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

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

In order to ensure comparability of information, the balance of the account has been reclassified in the Statement of Financial Position as at 31.12.2022: Work in progress in the category: Current assets - Stocks, being classified in the Financial Statements as at 31.12.2022 in the category Current assets - Customer contract receivables;

4. Management of significant risks

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

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

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

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

The company has implemented policies and procedures for managing and assessing the risks to which it is exposed. These policies and procedures are presented in the section dedicated to each type of risk.

(a) Market risk

Market risk is defined as the risk of recording a loss or not obtaining the expected profit, 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 the increase of the basic raw material, metal, the company has a protection clause in its commercial contracts with customers, which allows it to update the sales price if the price of the basic raw material increases. The company also has a material purchasing policy that provides protection for a period of 2-3 months for confirmed orders, which ensures a balance for the period in which we reposition ourselves towards suppliers and customers.

(ii) Interest rate risk

As of June 30, 2023, most of the Company's assets and liabilities are not interest-bearing, with the exception of contracted loans and leasing contracts. As a result, the Company is not significantly affected by the risk of interest rate fluctuations. The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

(iii) Currency risk

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

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS

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

On June 30, 2023 and December 31, 2022, tangible and intangible assets evolved as follows:

	Expenditure on research and development	Intangible assets	Lands	Buildings	Technical installations and machinery	Other installations and furniture	Tangible assets in progress	Total	Down- payments Fixed Assets	Total fixed assets
	203	205	211	212	213	214	231		4093	
Balance on January 1st, 2023	59.864	1.347.543	21,247,075	40,789,917	95,404,980	503.867	6,405,825	165,759,071	995.184	166,754,255
Acquisitions	417	31.342	0	240.349	855.591	25.713	723.457	1,876,869	747.322	2,624,191
Domestic production	0	0	0		0	0	145.685	145.685	0	145.685
outputs	0	0	0	0	0	0	0	0	0	0
Outflow (discarded assets)	0	0	0	0	70.700	-70.700	0	0	0	0
Internal transfers	0	0	0	0	0	0	0	0	0	0
Balance as of June 30, 2023	60281	1,378,885	21247075	41030266	96331270	458.880	7274967	167781624	1742506	169524130
Accumulated depreciation										
Balance as of January 1st, 2023	0	892.149	0	19398223	68634598	285.585	0	89210555	0	89210555
Depreciation expense per year	0	66.531	0	1336017	2750905	18.364	0	4171817	0	4171817
Internal transfer	0	0	0	0	-349.526	-56.877	0	-406.403	0	-406.403
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0	0	0
Balance as of June 30th, 2023	0	958.680	0	20734240	71035976	247.072	0	92975968	0	92975968

COMELF S.A.**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS***(All amounts are expressed in LEI, unless otherwise indicated)*

Balance as of January 1st, 2022	34.863	1248485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
Acquisitions	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	0	1,180,709	1,180,709	0	1,180,709
Outflow (discarded assets)	0	0	0	0	-84.679	0	0	-84.679	-	-2,594,166
Internal transfers	0	0	0	161.281	293.602	0	-454.883	0	0	0
Balance as of December 31st, 2022	59.864	1,347,543	21,247,075	40,789,917	95,404,979	503.867	6,405,825	165,759,070	995.184	166,754,255
Accumulated depreciation										
Balance as of January 1st, 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	7,652,753	0	7,652,753
Cumulative depreciation of outflows	0	0	0	0	-83.390	0	0	-83.390	0	-83.390
Balance as of December 31st, 2022	0	892.149	0	19,398,223	68,634,598	285.585	0	89,210,555	0	89,210,555
Net book value										
On June 30, 2023	60.281	420.205	21,247,075	20,296,026	25,295,294	211.808	7,274,967	74,805,656	1,742,506	76,548,162
On December 31, 2022	59.864	455.394	21,247,075	21,391,694	26,770,382	218.282	6,405,825	76,548,516	995.184	77,543,700

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

6. Financial assets available for sale

On June 30, 2023 and December 31, 2022, Comelf SA does not hold any financial assets available for sale.

7. Inventories

On June 30, 2023 and December 31, 2022, the stocks record the following balances:

	June 30, 2023	December 31, 2022
Raw materials	10,957,862	14,180,582
Auxiliary materials	57.977	38.450
Fuel	54.931	4.802
Inventory items	408.468	388.314
Other	117.896	326.621
Production in progress	16,705,219	19.529.710*
Finished product	81.306	550.791*
Adjustments for depreciation of raw materials	-332	-332
Total	28,383,327	35,018,938

The company did not register any value adjustments for the depreciation of inventories on June 30, 2023.
No inventories were pledged for the contracted loans.

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

8. Receivables from contracts with customers

As of June 30, 2023 and December 31, 2022, the receivables from commercial contracts are as follows:

	June 30, 2023	December 31, 2022
Invoiced receivables from contracts with customers	48,894,514	38,913,538
Unbilled receivables from contracts with customers	0	0*
Value adjustments regarding receivables from invoiced construction contracts	(2,215,838)	(2,215,838)
Total	46,678,676	36,697,700

Receivables from contracts with clients are shown net of advances received in the amount of 599,419 lei (December 31, 2022: 454,813 lei). Receivables from unbilled customer contracts have been reclassified as at 01.01.2023 to Inventories for comparability with the data as at 30.06.2023.

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

9. Trade receivables and other receivables

On June 30, 2023 and December 31, 2022, trade and other receivables are as follows:

	June 30, 2023	December 31, 2022
VAT to be recovered	981.907	2,567,367
Down-payments made to domestic suppliers (excluding those for fixed assets)	256.556	137.297
Down-payments made to external suppliers	157.808	464.261
Down-payments made to fixed assets suppliers	1,742,506	-
Different debtors	876.915	802.486
Other receivables	2,803,775	1,377,795
Value adjustments	-	-1,010,987
Total	6,819,467	5,333,403

Exposure to credit and currency risk, as well as impairment losses on commercial contracts and other receivables, are disclosed after the Note on sundry debtors.

On 30.06.2023, the value adjustments were reversed, following the recovery of the loan for which they were established.

10. Impairment adjustments for current assets

The evolution of impairment adjustments on current assets 30 June 2023 was as follows:

	Balance on 01 January 2023	increases	Decreases	Balance as of June 30th, 2023
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	0
Total	3,226,825	-	1,010,987	2,215,838

The adjustment in the amount of 1,010,987 lei represented an adjustment in the amount of 100% of the value of a claim older than 1 year, which is in dispute, which was received 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 constitutes an adjustment of fixed assets (performance bond provisions)

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

11. Cash and cash equivalents

At 30 June 2023 and 31 December 2022, cash and cash equivalents are as follows:

	June 30, 2023	December 31, 2022
Amounts available in bank accounts in local currency	1,556,797	665.242
Amounts available in bank accounts in foreign currency	6,254,644	13,650,966
Cash	2.072	3.671
Gift Certificates	0	0
Total	7,813,513	14,319,879

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

Liquidity management

The responsibility for the liquidity risk lies with the Board of Directors and the executive management of Comelf, which establishes the liquidity management through REB and the cash flow, prepared on the whole company and for each subunit separately. The company manages liquidity risk by maintaining adequate reserve amounts, by operating capital loan limit and by daily monitoring of cash flows.

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

As of June 30, 2023, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

On 30 June 2023 and 31 December 2022, the Company's shareholding structure is:

	June 30, 2023			December 31, 2022		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,189,999	10,550,199	80.93%	18,189,999	10,550,199	80.93%
Other shareholders	4,286,424	2,486,126	19.07%	4,286,424	2,486,126	19.07%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

All shares are ordinary, have been subscribed, have the same voting right and have a nominal value of 0.58 lei / share.

The restated share capital contains the following components:

	June 30, 2023	December 31, 2022
Social capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	8,812,271	8,812,271
Social capital portrayed	21,848,596	21,848,596

The effect of hyperinflation on the share capital in the amount of 8,812,271 lei was registered by decreasing the carried forward result (earnings).

Capital management

The company manages its capital in order to ensure the continuity of the activity in financial equilibrium. The capital structure for the next period in 2023 remains unchanged and no significant changes are foreseen regarding the proportion of the capital in total assets.

(a) Legal reserves

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

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

(b) Revaluation reserves

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

(c.) Dividends

During 2023, 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, 2022. The company distributed gross dividends in the amount of 4,142,212 lei (representing 0.18 lei/share). Until 30 June 2023 the company paid to shareholders dividends in the amount of 3,627,248 lei. On 30 June 2023 the balance of dividends payable is 937,926 lei.

13. Loans

a) Account overdraft

As at June 30th, 2023 the Company has a working capital loan agreement with ING Bank Romania - agreement no. 11438/09.11.2011, with annual maturity, renewable in November of each year. The subject of the agreement is a loan facility in the amount of EUR 8,400,000 (EUR 7,800,000 balance at 30.06.2023), and in the remaining period until the end of 2023 the company will repay the amount of EUR 400,000 in 2 equal quarterly instalments. The credit was accessed for temporary working capital insurance, to support operational activities, in line with the new cash conversion cycle.

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

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

On June 30, 2023, the Company records an overdraft balance in the amount of 38,722,320 lei (December 31, 2022: 40,568,680 lei).

b). Leasing contracts

During 2018, the Company undertook the acquisition of a vehicle for passenger transport, on lease. Leasing contract no. 30154891 was signed on 16.02.2018, lender Unicredit Leasing Corporation IFN, financed amount 18.110,40 EUR, payable in 60 monthly installments, contract was finalized on 28 February 2023.

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

Lease contracts no.234267,234268,234269 were concluded on 08.01.2019,financier Porsche Leasing,financed value 38,443.31 EUR,payable in 60 monthly instalments.Balance at 30.06.2023 is 7,085.31eur.

Also during 2019, the Company committed to the purchase of a CLOOS Robotic Welding System on lease. The leasing contract nr.120882 was signed on 22.05.2019, the lender BRD Sogelease financed the amount 179,660.70 eur, payable in 60 monthly installments. The balance on 30.06.2023 is 69,796.16 eur.

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 surface of 12.600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita, inventory value = 2.780.904 lei.
 - Land with an area of 20.620 sq.m and buildings with a built surface of 17894 sq.m, with topographic number 8118/1/15, registered in CF 8694 of Bistrita, inventory value = 4.673.623 lei.
 - Land with an area of 581 sq.m and buildings with a built surface of 572,93 sq.m, with topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita and topographic number 6628/2/2/1/2/I, registered in CF 8697/I of Bistrita, inventory value = 1.217.062 lei.
- CF 55054 topo 8118/1/5 land with a surface area of 16820 sqm, cad C1 SIDUT monoblock hall.

Total assessed value: EUR 12,660,000.

- Pledge of technological equipment with a net book value on 30.06.2023 of 1,859,784.56 lei ;

14. Trade and other payables

As of June 30, 2023 and December 31, 2022, trade payables and other payables are as follows:

	June 30, 2023	December 31, 2022
Trade payables	26,333,520	26,881,082
Debts to budgets	2,728,242	3,811,126
Debts to staff	3,358,532	3,012,548
Silver dividend	937.926	422.962
Other loans and similar debts	217.778	144.182
Total	33,575,998	34,271,900

Trade payables at 30 June 2023 in the amount of 33,575,998 lei (31December 2022: 34,271,900 lei) are in accordance with the contracts concluded with the suppliers.

As at 30 June 2023 and 31 December 2022 , payables to the budgets mainly include contributions related to salaries, for which compensation has been requested with VAT to be recovered from the State Budget. The company has no outstanding debts to the state budget and the social security budget;

15. Revenues from contracts with customers

	June 30, 2023	June 30, 2022
Revenues from contracts with customers related to the delivered goods, for which the full transfer of	91,123,722	76,346,161

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

	June 30, 2023	June 30, 2022
ownership to the customer was made (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)	-3,218,456	-526.358
TOTAL	87,905,266	75,819,803

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

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

16a. Other revenue related to turnover

The position includes:

	June 30, 2023	June 30, 2022
Rental income	5.262	111.210
Income from various activities (rebilling utilities)	3,538,804	3,184,577
Revenues from the sale of residual products	1,587,291	1,862,311
Revenue from services rendered	496.554	1,160,738
Total	5,627,911	6,318,836

16b. Other incomes

The position includes:

	June 30, 2023	June 30, 2022
Income from investment grants	667.411	852.397
Income from the production of tangible assets	-	-
Income from operating subsidies	28.994	40.388
Income from disposed of fixed assets	-	3.257
Other incomes	-	-
Total	696.405	896.042

Income from the production of tangible fixed assets as at 30 June 2023 has been offset against the related expenses according to the provisions of Order 2844/2016 as follows: expenses with raw materials and

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

other material expenses in the amount of 145,685 lei. Therefore, the amount recorded in item 16b Other income in the amount of 696,405 lei does not include income from the production of fixed assets in the amount of 145,685 lei.

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

17. Staff costs

The average number of employees at 30 June 2023 and 30 June 2022 was as follows:

	June 30, 2023	%	June 30, 2022	%
Direct productive staff	391	62%	410	63%
Management and administration staff	241	38%	238	37%
Total	632	100%	648	100%

Staff costs were as follows:

	June 30, 2023	June 30, 2022
Staff salary expenses	24,403,308	21,363,310
Expenses with meal vouchers and salary benefits	2,006,666	1,448,240
Expenses regarding insurance and social protection	1,084,261	983,627
Total	27,494,235	23,795,177

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.

	June 30, 2023	June 30, 2022
Salary expenses - managers/directors	1,659,909	1,212,845
B.D. allowance	126,755	117,480
Total	1,786,664	1,330,325

The Company did not grant loans or advances to members of the administrative, management or supervisory bodies as at 30 June 2023 and 30 June 2022.

As of June 30, 2023, 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	provisional member
Parvan Cristian	member

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 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 - Technical and Production
Tatar Dana	Economic Manager
Serban Marcela	Raw Material Procurement Manager
Jurje Valeriu	Quality Manager
Tatar Eugen	Factory Executive Manager
Viski Vasile	Factory Executive Manager
Campian Cosmin,	Factory Executive Manager

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

- Members of the Company's Board of Directors:

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

- Members of the Executive Management of the Company:

Cenusa Gheorghe	General Manager
Pop Mircea	Deputy General Manager Business Operation
Oprea Paul	Deputy General Manager - Technical and Production
Tatar Dana	Economic Manager
Serban Marcela	Raw Material Procurement Manager
Jurje Valeriu	Quality Manager
Barbuceanu Florentin	Factory Executive Manager
Viski Vasile	Factory Executive Manager
Campian Cosmin	Factory Executive Manager

18. Shipping costs.

This position includes:

	June 30, 2023	June 30, 2022
Expenses for the transport of raw materials	767.168	562.370
Expenses for transporting finished products	1,934,735	2,027,108
Expenses for transporting employees	423.106	360.869
Other transport costs	-	-
Total	3,125,009	2,950,347

19a. Other expenses related to income

	June 30, 2023	June 30, 2022
Maintenance and repair expenses	660.204	627.016
Rent expenses	112.204	180.047
Insurance expenses	186.434	179.860
Expenses with personnel training	145.886	60.023
Outsourcing expenses	1,448,432	1,144,149

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

	June 30, 2023	June 30, 2022
Expenses regarding commissions and fees	1,005,556	438.539
Protocol expenses	34.172	27.376
Expenses with travel, secondments and transfers	41.032	40.055
Postal charges and telecommunications charges	272.350	251.400
Expenses with banking and similar services	55.383	55.496
Other expenses with services provided by third parties	987.831	1,056,147
Expenses with other taxes and fees	588.871	547.500
Total	5,538,355	4,607,608

19b. Other expenses

	June 30, 2023	June 30, 2022
Total	228.817	175.143

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

The item "Fees and commissions expenses" includes expenses for intermediation of client contracts.

20. Income tax

The Company's current profit tax as of June 30, 2023 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense on June 30, 2023 and June 30, 2022 is detailed as follows:

	June 30, 2023	June 30, 2022
Current income tax expense	750.727	283.234
Total	750.727	283.234

21. Provisions for risks and expenses

As of June 30, 2023, the Company has registered provisions for risks and expenses in the amount of 1,116,027 lei (1,144,729 lei as of December 31, 2022). Their summarized situation is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance as of January 1st, 2023	0	161.930	0	982.798	1,144,728
Established during the interval	0	0		0	0
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0
Resumed during the interval	0	0	0	(28,701)	(28,701)
Balance as of June 30, 2023	0	161.930	0	954.097	1,116,027
Long-term	0	161.930	0	0	161.930
short term	0	0	0	954.097	954.097

- **Pension provisions in the amount of 161,930 lei (December 31, 2022: 161,930 lei).**

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

- **Other provisions in the amount of 954.097 lei (December 31, 2022: 982.798 lei) include:**

- The provision related to the redemption of pension insurance policies for the amount of 780.625 lei, are loyalty pension rights of COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).
- The amount of 173,472 includes a provision for potential commercial penalties, according to commercial contracts.

22. Deferred tax liabilities

Deferred tax liabilities as of June 30, 2023 and June 30, 2022 are generated by the items detailed in the following table:

	June 30, 2023	December 31, 2022
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.	(4,708,582)	(4,848,382)
Deferred tax, net	(5,631,184)	(5,770,984)

23. Deferred income

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

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

On June 30, 2023, the Company resumed in revenue the amount of 574.619 lei (June 30, 2022: 726,458 lei), representing the amortization of subsidies.

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

On June 30, 2023, the Company resumed in revenue the amount of 42.278 lei (June 30, 2022: 42,285 lei), representing the amortization of subsidies.

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

value of the investment as of 31.12.2021 was 2,998,953 lei, of which the value of the grant received in March 2022 is 1,513,994.

On June 30, 2023, the Company resumed in revenue the amount of 50.514 lei (June 30, 2022: 58,878 lei), representing the 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:

	June 30, 2023	June 30, 2022
Profit attributable to ordinary shareholders	4,680,872	1,968,240
Balanced average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.21	0.09

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:

	June 30, 2023	June 30, 2022
Interest income	26.320	41
Income from exchange rate differences	428.331	45.528
Other items of financial income	439.089	90.790
Total financial income	893.740	136.359
Interest expenses	(622,901)	(183,978)
Expenses with exchange rate differences	(811,144)	(289,284)
Other elements of financial expenses	(695,841)	(282,116)
Total financial expenses	(2,129,886)	(755,378)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on June 30, 2023 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;

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 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 the case of transactions concerning purchases/sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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

Comelf SA has prepared the file of transfer prices for 2022.

27. Transactions and balances with affiliated parties

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

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

- - commission contract, consultancy contract, electricity purchase contract, sale-purchase contract;

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

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

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

Affiliated party	Activity	Description of the type of business relation
Uzinsider SA	Consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Sale of products Commission services	
Uzinsider General Contractor SA	Acquisition of electricity	
Promex SA	Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	

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

a) Receivables and payables from related parties

As at 30 June 2023 and 31 December 2022, receivables from related parties are as follows:

Receivables from	June 30, 2023	31decembrie 2022
Uzinsider Techo SA	18,603,042	10,534,289
Uzinsider General Contractor SA	237.419	237.418
Promex SA	0	0
24 Ianuarie SA	0	0
Total	18,840,460	10,771,707

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

As at 30 June 2023 and 31 December 2022, payables to related parties are as follows:

Debts to	June 30, 2023	December 31, 2022
Uzinsider SA	279.427	162.068
Uzinsider Techo SA	1,061,008	785.034
Uzinsider General Contractor SA	790.511	1,173,985
Promex SA	0	0
24 Ianuarie SA	0	0
Total	2,130,946	2,121,087

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:	June 30, 2023	June 30, 2022
Uzinsider Techo SA	17,651,782	6,372,281
Uzinsider General Contractor SA	0	72.353
Promex SA	0	0
24 Ianuarie SA	0	11.750
Total	17,651,782	6,456,384

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

Acquisitions in the year ended at:	June 30, 2023	June 30, 2022
Uzinsider SA	371.004	408.576
Uzinsider Techo SA	794.353	393.724
Uzinsider General Contractor SA	5,125,034	4,952,521
Promex SA	0	0
24 Ianuarie SA	0	0
Total	6,290,391	5,754,821

As there were no delays as to the contract deadlines, no impairment losses related to these transactions were recognized during the year.

The general terms and conditions provided in the relations concluded with the affiliated parties are the following: payment terms 60-150 days, payment methods with payment order and compensations, no guarantees are constituted, and there are no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2023 are limited to own sources of financing and are estimated at 1,279 million Euro. Euro. On 30.06.2023 the value of fixed assets was 1.8 million lei.

29. Operational segment reporting

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

- 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 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.

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 IN ACCORDANCE WITH IFRS

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

	FPI		FUET		TERRA		Center		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
External revenues of the segment	29,910,596	23,536,342	35,680,156	34,924,804	23,316,676	19,506,118	5,467,839	5,754,500	94,375,267	83,721,764
Total segment revenues	29,910,596	23,536,342	35,680,156	34,924,804	23,316,676	19,506,118	5,467,839	5,754,500	94,375,267	83,721,764
Net financial costs	-201.679	-113.099	-364.617	-240.993	-303.882	-115.053	-365.968	-149.874	-1,236,146	-619.019
Depreciation and amortization	910.855	881.475	1,334,708	1,499,871	1,001,594	993.651	518.257	469.426	3,765,414	3,844,423
Income tax expense	-154.784	-13.760	-93.263	-80.362	-150.726	0	-351.954	-185.978	-750.727	-280.100
The net result for the interval	790.433	71.728	485.240	416.594	791.888	-167.437	2,613,311	1,647,355	4,680,872	1,968,240
	June 30, 2023	December 2022	June 30, 2023	December 2022	June 30, 2023	December 2022	June 30, 2023	December 2022	June 30, 2023	December 2022
Segment assets	45,848,989	46,010,759	52,053,874	55,156,463	25,318,757	29,793,255	41,279,019	36,957,959	164,500,639	167,918,436
Segment debts	10,250,854	11,533,704	11,109,058	10,963,605	5,774,587	5,652,825	59,012,700	61,523,780	86,147,199	89,673,914

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

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

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30th, 2023 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 94,375,267 lei (as of June 30, 2023) and 83,721,764 lei (as of June 30, 2022), the major types of products and services are the following:

	June 30, 2023	30 June 202
Equipment for power-generation industry and components	40,337,020	31,388,170
Equipment for earthworks and components	44,936,090	37,819,786
Lifting and handling equipment	3,281,180	3,760,324
Technological equipment (metallurgy)	0	0
Manufacture of rolling stock	3,050,980	4,814,590
Other types	2,769,997	5,938,894
TOTAL	94,375,267	83,721,764

The main customers with more than 10% of turnover and the business segment where these revenues are included are the following: GENERAL ELECTRIC (including indirect sales through Uzinsider Techno) 28% ; KOMATSU 14% .

30. Approval of financial statements

The financial statements were approved by the Board of Directors on 31.08.2023.

31. Management statement

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

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager