



COMELF S.A.

RO 568656
J06/2/1991
Str. Industriei nr. 4
420063, Bistrița
România

SITUAȚII FINANCIARE INTERIMARE IFRS LA 30 Iunie 2023

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

	Nota	<u>30 June, 2023</u>	<u>31 December, 2022</u>
<i>Assets</i>			
		60,281	59,864
Intangible assets	5	420,205	455,394
Tangible assets	5	74,325,170	76,033,258
Financial assets available for sale	6	-	-
Total non-current assets		74,805,656	76,548,516
Advance payments for tangible assets		1,742,506	995,184
Stocks	7	28,383,327	35,018,938
Receivables from contracts with customers	8	46,678,676	36,697,700
Trade receivables and other receivables	9	5,076,961	4,338,219
Current tax receivables		-	-
Cash and cash equivalents	11	7,813,513	14,319,879
Total Current Assets		89,694,983	91,369,920
Total Assets		164,500,639	167,918,436
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	50,158,221	50,892,175
Reported outcome	12	1,665,751	1,361,539
Financial year outcome	25	4,680,872	4,142,212
Total Equity		78,353,440	78,244,522
<i>Debts</i>			
Long-term bank loans	13	3,971,520	3,957,920
Other loans and debts-leasing	13	161,450	267,805
Deferrend tax liabilities	22	5,351,583	5,491,383
Provisions for risks and expenses	21	161,930	161,930
Deferrend income liabilities	23	5,528,301	6,195,712
Total long-term debts		15,174,784	16,074,750
Overdrafts	13	34,750,800	36,610,760
Deferrend tax liabilities	22	279,601	279,601
The current other loans and liabilities - leasing	11	183,859	226,045
Commercial debts and other debts	14	33,575,998	34,271,900
Provisions for risks and expenses	21	954,097	982,798
Deferrend tax liabilities	23	1,228,060	1,228,060
Total current debts		70,972,415	73,599,164
Total Debts		86,147,199	89,673,914
Total equity and debts		164,500,639	167,918,436

Cenusa Gheorghe
General ManagerTatar Dana
Economic Manager

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2023 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in lei, unless otherwise indicated)***PROFIT OR LOSS ACCOUNT SITUATION
AND OTHER ELEMENTS OF THE OVERALL RESULT**

	Nota	<u>30 June, 2023</u>	<u>30 June, 2022</u>
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	87,905,266	75,819,803
Revenues from sales of goods		0	178,025
Other elements related to the turnover		5,627,911	6,318,836
Total revenues		93,533,177	82,316,664
Other revenues	16	696,405	896,042
Expenses			
Raw material costs and other expenses		(46,198,613)	(42,132,158)
Electricity and water costs		(2,251,082)	(2,738,266)
Commodity expenses		-	(130,050)
Employment charges	17	(27,494,235)	(23,795,177)
Transport costs	18	(3,125,009)	(2,950,347)
Other expenses related to revenues	19	(5,538,355)	(4,607,608)
Cost depreciaton charge	5	(3,765,414)	(3,844,423)
Financial costs , net	25	(1,236,146)	(619,019)
Ajustments related to cirrent assets depreciation ,net	8	1,010,987	-
Provision costs for risks and expenses, net	21	28,701	27,825
Other expenses	19	(228,817)	(175,143)
Total expenses		(88,797,983)	(80,964,366)
Pre-tax profit		5,431,599	2,248,340
Profit tax	20	(750,727)	(280,100)
		4,680,872	1,968,240
Profit from continuous operations		-	-
Profit from discontinuous operations		4,680,872	1,968,240
PROFIT OF THE PERIOD			
Other comprehensive income			
<i>Items that will not be reclassified to expenses and revenues</i>			
Value changes of the used assets as a result of revaluation ,net of tax			
<i>Items that can be reclassified to expenses and revenues</i>			
Value changes of securities available for sale	3	-	-
Total profit and loss account and other comprehensive income		4,680,872	1,968,240
Outcome per share		-	-
From continuous and discontinuous operations			
Outcome per basic share (lei per share)		4,680,872	1,968,240
Diluted outcome per share (lei per share)			
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.21	0.09
Diluted outcome per share (lei per share)	24	0.21	0.09

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 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	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)
<i>Profit or loss account and other elements of the overall result</i>							
Balance on 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2023 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)**Continued on next page*

STATEMENT OF CHANGE OF EQUITY	Capital	Adjustments	Differences	Reserves	Other	The Result	Total
	Registered	of	and reserves	legal	reserves	withheld	equity
		share	from				
		capital	revaluation				
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
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							
<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	(2,785,589)	(2,505,988)
Legal reserves established				0	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 June, 2023	31 December, 2022
Pre - tax profit	4,680,872	4,142,212
Depreciation of fixed assets	3,765,414	7,652,753
Cash operational brut	8,446,286	11,794,965
Workong Capital Variation		
Variation receivables	-9,954,919	724,833
Variation stocks	13,444,890	3,255,803
Variation in other current assents	626,524	193,856
Variation Income/Expenses in advances	112,218	47,591
Variation suppliers	-547,562	3,090,102
Variation customer advances	144,606	-496,355
Variation employees and assimilated	-434,307	-1,587,833
Net operating Cash	3,380,310	8,578,796
Cash flow dfrom net investment	2,769,876	7,790,950
Debts change		
Variation of short-term loans	(1,859,960)	2,419,389
Variation of long-term loans	13,600	3,957,920
Variation of associated debts	-2,374	-125,031
Variation of other liabilities	-	-
Variation of capitalluri	(5,268,066)	-283,750
Cash flow from financing	(7,116,800)	5,968,528
Total chas variation between	(6,506,366)	6,756,374
Initial Cash	14,319,879	7,563,505
Net Cash at end of period	7,813,513	14,319,879

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

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

NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

1. Reporting entity

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

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

The company’s shares are listed on the Bucharest Stock Exchange, the regulated market, with the code CMF, since November 20, 1995. Evidence of shares and shareholders is 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 period H1 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 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 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 30 June 2023 are audited.

b. Basis for evaluation

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

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

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 as at 30 June 2023, for comparability of information with the financial year 2022 the following International Financial Reporting Standards with the implicit changes to the accounting policies of the Company.

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 realisable 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-

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(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 subsidised 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	Earnings per share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of assets	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 assets, recognition and measurement policies on the

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

IAS 40	Real estate investments	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 in the case of non-financial assets, presenting information related to the fair value.
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.

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.

As of 30.06.2023, the company has positive net current assets of 18.722.568 lei (17.770.756 lei as of 31.12.2022) and a net profit of 4.680.872 lei (1.968.240 lei as of 30.06.2022).

For the second half of 2023, the proposed income and expenditure budget would generate positive cash flows with a 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.

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

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 settlement and translation using the exchange rate at the end of the reporting period of monetary assets and liabilities denominated in foreign currency are recognized in the statement of profit or loss and other comprehensive income.

The exchange rates of the main foreign currencies were:

Currency	June 30, 2023	December 31, 2022
Euro (EUR)	1: LEU 4.9634	1: LEU 4.9474
US Dollar (USD)	1: LEU 4.5750	1: LEU 4.6346

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.

For the purpose of preparing 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

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

Inventories are measured at cost in accordance with IAS 2 and the cost formula used is a weighted average cost. This method does not apply to work in progress and finished goods for which the provisions of IFRS 15 "Revenue from Contracts with Customers" apply.

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, pre-manufacturing estimated 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.

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 recognized directly in equity.

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

(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.

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(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 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.

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

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

- its carrying amount and
- the amount consisting of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income is recognised 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 recognized 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 the Company's tangible and intangible fixed assets at 30 June 2023 and 31 December 2022 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;
- 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 2023 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 H1 2023 there were no transfers between value hierarchy categories.

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,

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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.

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

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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.

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 realized when the asset for which the revaluation reserve was set up is derecognized.

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 recognized 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

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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 recognizing revenue over time at each stage of completion. When recognizing 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 accurately updates payments and cash receipts expected in the future over the life of the asset or financial liability (or, where applicable, for a shorter term) 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.

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.

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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.

For the period 1 January to 30 June 2023, the corporate 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

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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;
- 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.

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

	June 30, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Receivables from contracts with customers	46,678,676	46,678,676	36.697.700*	36.697.700*
Trade receivables and other receivables	5,076,961	5,076,961	4,338,219	4,338,219
Down-payments granted for tangible assets	1,742,506	1,742,506	995.184	995.184
Grants receivable	0	0	0	0
Cash and cash equivalents	7,813,513	7,813,513	14,319,879	14,319,879
Short-term bank loan	-34,750,800	-34,750,800	-36,610,760	-36,610,760
Current part-lease	-183.859	-183.859	-226.045	-226.045
Deferred tax liabilities (current part)	-279.601	-279.601	-279.601	-279.601
Trade and other payables	-34,276,114	-34,276,114	-34,271,900	-34,271,900
Total	-8,178,718	-8,178,718	-15,037,324	-15,037,324

* 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.

(ii) Interest rate risk

As at 30 June 2023 the majority of the Company's assets and liabilities are non-interest bearing, with the exception of 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.

	June 30, 2023	2022
Fixed rate financial instruments		
<i>Financial assets</i>		
Working capital loan	38,722,320	40,568,680
Interest rate:	Euribor / Libor / Robor 1M + +1.15%	Euribor / Libor / Robor 1M + 0.90%
Leasing contract UNICREDIT Leasing Corporation IFN	0	199
Interest rate: Euribor 3M + 1.99%		
PORSCHE Leasing contracts	1,113	2,234
Interest rate: PLP18FE 6.09%		
BRD Sogelease Leasing contracts	9,500	19,836
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 (56%) and the Company's financial liabilities are

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expressed in foreign currency (41%) and in the 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 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 53,498,143 lei as of June 30, 2023 and in the amount of 42,031,102 lei as of December 31, 2022 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:

	Gross value as of June 30, 2023	Impairment adjustments	Gross value as of December 31, 2022	Impairment adjustments
Between 0 - 30 days	31,618,340	-	25,034,545	-
Between 31 - 60 days	10,789,362	-	8,195,852	-
Between 61 - 90 days	7,278,831	-	5,912,785	-
Between 91 - 180 days	2,481,727	-	2,015,972	-
Between 181 - 365 days	719.776	-	584.694	-
Over 365 days	2.825945	2,215,838	3,514,079	3,226,825
Total	55,713.981	2,215,838	45,257,927	3,226,825
Total net:	53,498,143		42,031,102	

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.

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(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.

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.

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*(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:

	Exp. on develop ment	Intangible assets	Lands	Buildings	Technical installati ons 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 on January 1st, 2023	59864	1,347,543	21,247,075	40,789,917	95,404,979	503.867	6,405,825	165,759,070	995.184	166,754,254
inputs	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
Outflow (discarded assets)	0	0	0	0	0	0	0	0		0
Internal transfers	0	0	0	0	70700	-70.700	0	0	0	0
Revaluation of fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of June 30, 2023	60281	1,378,885	21,247,075	41,030,266	96,331,270	458.880	7,274,967	167,781,624	1,742,506	169,524,130
Balance on January 1st, 2023	0	892.149	0	19,398,223	68,634,597	285.585	0	89,210,554	0	89,210,554
Depreciation expense per year	0	66.531	0	1,336,017	2,750,905	18.364	0	4,171,817	0	4,171,817
Cumulative depreciation of outflows	0	0	0	0	-349.526	-56.877	0	-406.403	0	-406.403
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of June 30, 2023	0	958.680	0	20,734,240	71,035,976	247.072	0	92,975,968	0	92,975,968

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

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	Exp. on development	Intangible Assets	Lands	Buildings	Technical installations and machinery	Other installations and furniture	Tangible assets in progress	Total	Real estate advances.	Total fixed assets*
	203	205	211	212	213	214	231		4093	
Cost										
Balance as of January 01, 2022	34.863	1,248,485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
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	-2.509,4877	-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	1,347,543	21,247,075	40,789,917	95,404,980	503.867	6,405,825	165,759,071	995.184	166,754,255
Accumulated depreciation										
Balance as of January 01, 2021	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
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of December 31, 2021	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	212.282	6,405,825	76,548,516	995.184	77,543,700

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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.

As at 30 June 2023, the Company made investments amounting to 2,022,093 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	33.080 lei
b) Laser machine modernization	96.627 lei
c) Other production and logistics equipment and machinery	814.691 lei
d) Pellet production technological installation + Heating installation (on burners, with pellets)	569.086 lei
e) IT technique + IT systems, including surveillance system Buildings	56.595 lei
f) Temporary accommodation space for non-EU staff + furnishing + furniture	40.208 lei
g) Toyota electric forklift modernization	66.853 lei
h) Modernization Carpentry WShop	236.621 lei
j) Other investments	108.332 lei

The depreciation method was the straight-line method throughout the financial period, the total amount of which was 3,765,414 lei. During the same period, the amount of 667.411 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 13.

6. Financial assets available for sale

As of June 30, 2023 and December 31, 2022, Comelf SA no longer holds 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 + Machine oil	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

*Production in progress and Finished goods were classified under Inventories in 2023, for comparability they were reclassified to the same category on 31.12.2022.

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The company has recorded value adjustments for impairment of inventories at 30 June 2023 and 31 December 2022 in the amount of 332 lei.

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

No stocks were pledged for the contracted loans.

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 customer contracts are shown net of advance payments of 599,419 lei (31 December 2022: 454,813).

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:

	June 30, 2023	December 31, 2022
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 customer contracts that are past due on 30.06.2023 but not impaired:

June 30, 2022

DEBT	Total	On time	Backlog <30 days	Backlog Between 30 - 90 days	Backlog > 90 days
Receivables from contracts with customers	46,678,676	43,867,368	721.006	1,526,182	564.120

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. On June 30, 2023 (Average customer balance/Turnover) x 181 days = 78 days, for the year 2022 it is 77 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 procedures manual. These procedures are reviewed periodically.

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
Receivables from sales of goods	-	-
VAT to be recovered	981.907	2,567,367
Down-payments made to domestic suppliers	256.556	137.297

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	June 30, 2023	December 31, 2022
(excluding those for fixed assets)		
Down-payments made to external suppliers	157.808	464.261
Down-payments made to fixed assets suppliers	1,742,506	995.184
Grants receivable	-	-
Different debtors	876.915	802.486
Other receivables	2,803,775	1,377,795
Value adjustments	0	-1,010,987
Total	6,819,467	5,333,403

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. At 30.06.2023, the value adjustments were reversed, following the recovery of the debt that had been established.

10. Impairment adjustments for current assets

The evolution of value adjustments regarding the depreciation of current assets in 2022 was as follows:

	Balance on 01 January 2023	increases	Decreases	Balance as of June 30, 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	-	-	2,215,838

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 non-current receivables (provisions for performance guarantees), older than 365 days, 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

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

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Other amounts available	-	-
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 BVC and the cash flow, prepared on the whole company and for each subunit separately.

June 30, 2023

DEBT	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	46,678,676	27,234,686	13,607,438	5,836,552	0
Trade receivables and other receivables	6,819,467	3,470,887	2,843,347	505.233	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	7,813,513	7,813,513			
TOTAL	61,311,656	38,519,086	16,450,785	6,341,785	-

June 30, 2023

LIABILITIES	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Trade and other payables	33,575,998	27,026,358	3,111,999	3,437,641	0
Current part - leasing loans	183.859	15.972	46.662	121.225	
Deferred tax liabilities (current part)	279.601	0	69.900	209.701	0
Overdraft (repayment 1 year)	3,971,520			3,971,520	
Overdraft (current part)	34,750,800	34,750,800	0	0	0
TOTAL	72,761,778	61,793,130	3,228,561	7,740,087	0

December 31, 2022

DEBT	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	36,697,700	21,411,283	10,697,854	4,588,563	0
Trade receivables and other receivables	5,333,403	2,590,581	2,189,104	553.718	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	14,319,879	14,319,879			
TOTAL	56,350,982	38,321,743	12,886,958	5,142,281	-

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

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
Bank loans (other than overdraft)	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 (extended annually)	36,610,760	36,610,760	0	0	0
TOTAL	75,346,226	64,216,908	3,303,768	7,825,550	0

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).

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 are found both in the statement of financial position and in the statement of changes in equity where the change from 31.12.2022 to 30.06.2023 is explained.

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	Financial year ended on June 30, 2023	Financial year ended on December 31, 2022
Legal reserves	2,607,265	2,607,265
Reserves and revaluation differences	<u>31,689,897</u>	<u>32,423,851</u>
Differences from revaluation of fixed assets	36,398,479	37,272,233
Temporary differences in deferred income tax recognized on account of capital	-4,708,582	-4,848,382
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 (retained earnings)	<u>6,346,623</u>	<u>5,503,751</u>
The carried forward result representing the surplus realized from revaluation reserves	14,793,358	14,059,405
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 first adoption of IAS 29	113.776	113.776
Profit	4,680,872	4,142,212
Profit distribution	0	0
Total Reserves and retained result	<u>56,504,844</u>	<u>56,395,926</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 2023 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 30.06.2023 the Company had already set up legal reserves 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 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). The company paid dividends in the amount of 3,627,248 lei to shareholders on 30 June 2023. On June 30, 2023, the balance of dividends payable is 937,926 lei

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

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

13. Loans**a) Credit line**

As at 30 June 2023 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, (EUR 7,800,000 balance as at 30.06.2023), with the company repaying the remaining EUR 400,000 in 2 equal quarterly instalments. The loan was accessed for the temporary provision of working capital to support operational 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 30 June 2023, the Company has a total credit line balance of 38,722,320 lei (31 December 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 completed on 28 February 2023.

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

Lease contracts no.234267,234268,234269 were concluded on 08.01.2019, Porsche Leasing, financed value 38.443,31 EUR, payable in 60 monthly instalments. The balance on 30.06.2023 is 7,085.31EUR.

Also during 2019, the Company committed to the purchase of a CLOOS Robotic Welding System on a lease basis. The leasing contract no. 120882 was signed on 22.05.2019, financier BRD Sogelease, financed amount 179,660.70 eur, payable in 60 monthly installments. The balance as of 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-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 30.06.2023 of 1,859,785 lei.

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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 (31 December 2022: 34,271,900 lei) are in accordance with the contracts concluded with suppliers.

As at 30 June 2023 and 31 December 2022, liabilities to the budgets mainly include contributions related to salaries, for which compensation has been requested with VAT to be recovered from the State Budget.

15. Revenues from contracts with customers

	June 30, 2023	June 30, 2022
Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was achieved (ct 701)	91,123,722	76,346,161
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	3,538,804	3,184,577

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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 operating subsidies	28.994	40.388
Income from disposed of fixed assets	-	3.257
Other	-	-
Total	696.405	896.042

The income from the production of tangible fixed assets as at 30 June 2023 has been compensated with related expenses according to the provisions of Order 2844/2016 such as: expenses with raw materials and other 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 contain income from the production of fixed assets in the amount of 145,685 lei.

The revenues from the production of tangible assets on June 30, 2022, were compensated with the related expenses according to the provisions of Order 2844/2016 as follows: expenses with raw materials and other material expenses amounting to 509,058 lei. Therefore, the value registered in position 16b Other income, in the amount of 896.042 lei, does not contain the income from the fixed production in the total 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	2,006,666	1,448,240
Expenses regarding insurance and social protection	1,084,261	983.627
Total	27,494,235	23,795,177

From the amount of 27,494,235 lei (30 June 2023), no personnel expenses related to income from the production of fixed assets have been 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.

	June 30, 2023	June 30, 2022
Salary expenses - managers/directors	1,659,909	1,212,845
B.D. allowance	126.755	117.480

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

Total	1,786,664	1,330,325
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The company did not grant loans or advance payments to the members of the administrative, management or supervisory bodies on June 30, 2023 and June 30, 2022.

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	Deputy General Manager - Technical and Production
Tatar Dana	Economic Manager
Jurje Valeriu	AQM Manager
Tatar Eugen	Factory Executive Manager
Viski Vasile	Factory Executive Director
Campian Cosmin	Factory Executive Director

As of *June 30, 2022*, 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	Deputy General Manager Engineering and Production
Tatar Dana	Economic Manager
Jurje Valeriu	AQM Manager
Barbuceanu Florentin	Factory Executive Director
Viski Vasile	Factory Executive Director
Campian Cosmin	Factory Executive Director

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	-	-

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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
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 commission 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 as of 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
(Income) / deferred income tax expense	-	-
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 01, 2023	0	161.930	0	982.798	1,144,728

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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 left until retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, i.e. 23.55%.

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

- The provision related to redemptions of pension insurance policies for the amount of 780,625 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 on June 30, 2023 and December 31, 2022 are generated by the elements 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 grant in 2013 in the amount of 16,550,541 lei in the framework of the project "Fundamental modification of manufacturing flows and introduction of new technologies with the aim of increasing productivity and competitiveness of SC COMELF SA on the internal and external market". The total approved value of the project was 44,334,265 lei, of which 27,635,774 lei was the contribution from the Beneficiary. The project implementation period was 34 months from 04.02.2013.

On June 30, 2023. The company has reversed to income the amount of 574,619 lei (30 June 2022: 726,458 lei), representing amortization of subsidies.

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2) 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. The value of the received subsidy was 892,572 lei.

As at 30 June 2023, the Company has reversed to income the amount of 42,278 lei (30 June 2022: 42,285 lei), representing amortization of subsidies.

3) 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.

At 30 June 2023, the Company has reversed to income the amount of 50,514 lei (30 June 2022: 58,878 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:

	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 items of financial expenditure, of which:	(695,841)	(282,116)
Total financial expenses	(2,129,886)	(755,378)

26. Contingent liabilities and debts

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(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;
- 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 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/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 for industrial products	
Uzinsider General Contractor SA	Collaborations on turnkey objectives Electricity trade	
Promex SA	Collaborations in the manufacture of subassemblies	

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

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

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

Debts to	June 30, 2023	December 31st, 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	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
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	-	-
24 Ianuarie SA	0	11.750
Uzinsider Engineering SA	-	-
Total	17,651,782	6,456,384

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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 Engineering Galati	-	-
Uzinsider General Contractor SA	5,125,034	4,952,521
Promex SA	-	-
24 Ianuarie SA	-	-
Total	6,290,391	5,754,821

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. On June 30, 2023, the value of fixed assets was 2 million lei.

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 Electrostatic Precipitators 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;

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- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks.

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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.

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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	June 30, 2022
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
Manufacture of rolling stock	3,050,980	4,814,590
Other types	2,769,997	5,938,894
TOTAL	94,375,267	83,721,7610

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.

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

30. Approval of financial statements

The financial statements were approved by the BoD on 18.09.2023.

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