

Report on the third quarter 2023

Issued on: November 10, 2023

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

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

VAT code with the Trade Register Office: 568656

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

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

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

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

- ✚ 11.04.2023 the AGOA was held and approved the distribution from the net profit for the year 2022 of the amount of 4.142.212 lei for the payment of dividends to the shareholders of the company. The effective payment date was set on 10.05.2023;
- ✚ The AGOA approved on 11.04.2023, the REB for the year 2023, the investment program for the year 2023, the company's organization chart and the maximum credit limit for the current year;
- ✚ Expanding the investment in the photovoltaic power generation system by another 0.5 Mwp;

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

The main indicators, thousands of lei	01.01.2023-30.09.2023	01.01.2022-30.09.2022	%
Total operating income, of which:	140865	131383	+7
Revenues from construction contracts	131275	119699	+10
Profit/(Loss) for the period	7213	3495	+106
EBITDA	14812	10758	+38
Interest-bearing Loans	38134	42169	(11)
Average number of staff	633	641	(1)

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

◆ The **operating revenues** of COMELF SA amounted to 140,865 thousand LEI as of 30.09.2023, increasing (131,382 thousand LEI as of 30.09.2022) compared to the same period of the previous year. Revenue growth in Q3 2023 compared to Q3 2022 was influenced by (i) increase in the per ton sales price of products (+16) due to: (i) the manufacture of more complex products, including special materials or stainless steel; (ii) the increase in employee costs caused by inflation and the lack of qualified-directly productive staff; (iii) the increase in costs of services related to the production of goods; (iv) the increase in local taxes and duties in line with inflation;

◆ Profit for the period increased significantly in the first 9 months of 2023 compared to the same period of the previous year, with the main factors influencing profit development being:

✓ Recovery of provisioned debts, amounting to 1,010,987 lei, recognized as income for the period;

- ✓ Optimizing the consumption of raw materials.
- ✓ The savings generated by the own sources of electricity and heating, in which the company has invested in recent years.
- ✓ Increase productivity by 7.5% through better planning and organization of the production process.

The company's assets on 30.09.2023 show that:

- Fixed assets: decreasing, on the one hand, being influenced by the depreciation of existing fixed assets (cumulative effect as at 30.09.2023: LEI 5,672 thousand) and, on the other hand, by new investments in progress (LEI 3,802 thousand, including down payments to suppliers of fixed assets, i.e. LEI 435 thousand);
- Current assets increased by 1% at 30.09.2023 compared to 31.12.2022, on the back of:
 - (i) decrease in stocks of raw materials (-27%) in line with the orders actually launched in production, against the backdrop of falling raw material prices and in the context of optimizing material purchases for the fourth quarter of 2023.
 - (ii) Work in progress decreased by 20% as receivables increased by 35% and as work in progress was completed due to increased productivity.
 - (iii) Trade receivables increased by 35% at 30.09.2023 compared to the end of 2022;
 - (iv) Cash and cash equivalents decreased by 5,172 thousand lei, due to dividend payments and quarterly bank loan repayments.
- Shareholders' equity increased compared to 31.12.2022 by the amount of the net profit for the period 01.01.2023- 30.09.2023, decreased by the amount of the net profit for 2022 allocated for dividend distribution.
- Interest-bearing loans as at 30.09.2023 decreased by the amount of instalments paid, due in the first three quarters of 2023, with no additional loans committed until the end of the third quarter of 2023. The available working capital on 30.09.2023 is 37,806,960 lei (31.12.2022: 40,568,680 lei);
- Supplier payables decreased by 3% compared to December 2022 , all in line with due dates;
- There are no outstanding debts to the state budget, social security budget and local budgets;

The report for the third quarter 2023 may be viewed on the company's website [www.comelf.ro/Informatii la zi/](http://www.comelf.ro/Informatii%20la%20zi/) , as well as in the link below.

**General Manager,
eng. Cenușă Gheorghe**

**Financial Manager,
ec. Dana Tatar**

COMELF SA Third Quarter Report

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

Issued on: 11/10/2023

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no. 4

Phone/fax number: 0263234462 / 0263238092

VAT code with the Trade Register Office: 568656

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

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

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

The main characteristics of the securities issued by the company:

- DEMATERIALIZED REGISTERED SHARES in the number of 22,476,423 with a nominal value of 0.58 lei/share.

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

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

B. Economic and financial indicators as at Q3 2023

Indicator Name	Calculation model	01.01-30.09.2023	01.01-30.09.2022
<u>Current liquidity (general)</u>	Current assets/Current liabilities (the recommended value for this indicator is around 2)	1.31	1.26
<i>The current (general) liquidity at 30.09.2023 is 1.31 and represents the degree of coverage of current liabilities by current assets held by the company.</i>			
<u>Degree of indebtedness</u>	Borrowed capital/Committed capital	4.83%	6.33%
<i>The indebtedness of the company is 4.91% and represents the share held by borrowed capital-debts over 1 year, in the committed capitals;</i>			
debt collection time - Customers (days)	Average customer balance / Turnover X 270	81	92
Turnover speed of fixed assets	Turnover / Fixed Assets	1.90	1.28

General Manager,
eng. Cenușă Gheorghe

Financial Manager,
ec. Dana Tatar

COMELF S.A.

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

INTERIM FINANCIAL STATEMENTS IFRS ON 30th SEPTEMBER 2023

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

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

STATEMENT OF FINANCIAL POSITION AT September 30, 2023

	Nota	<u>30 September, 2023</u>	<u>31 decembrie 2022</u>
<i>Assets</i>			
		60,281	59,864
Intangible assets	5	390,593	455,394
Tangible assets	5	73,862,354	76,033,258
Financial assets available for sale	6	-	-
Total non-current assets		74,313,228	76,548,516
Advance payments for tangible assets		1,430,434	995,184
Stocks	7	25,715,163	35,018,938
Receivables from contracts with customers	8	49,589,400	36,697,700
Trade receivables and other receivables	9	6,961,793	4,338,219
Current tax receivables		-	-
Cash and cash equivalents	11	9,148,086	14,319,879
Total Current Assets		92,844,876	91,369,920
Total Assets		167,158,104	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	49,791,244	50,892,175
Reported outcome	12	1,703,408	1,361,539
Financial year outcome	25	7,213,405	4,142,212
Total Equity		80,556,653	78,244,522
<i>Debts</i>			
Long-term bank loans	13	3,979,680	3,957,920
Other loans and debts-leasing	13	115,391	267,805
Defferend tax liabilities	22	5,281,683	5,491,383
Provisions for risks and expenses	21	161,930	161,930
Defferend income liabilities	23	5,231,125	6,195,712
Total long-term debts		14,769,809	16,074,750
Overdrafts	13	33,827,280	36,610,760
Defferend tax liabilities	22	279,601	279,601
The current other loans and liabilities - leasing	11	211,474	226,045
Commercial debts and other debts	14	35,503,799	34,271,900
Provisions for risks and expenses	21	781,428	982,798
Defferend tax liabilities	23	1,228,060	1,228,060
Total current debts		71,831,642	73,599,164
Total Debts		86,601,451	89,673,914
Total equity and debts		167,158,104	167,918,436

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

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INTERIM FINANCIAL STATEMENTS AS OF September 30, 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	30.09.2023	30.09.2022
Operatiuni continue			
Venituri			
Venituri din contracte de constructii	15	131,275,327	119,698,978
Venituri din vanzarea marfurilor		0	183,525
Alte venituri aferente cifrei de afaceri		8,175,020	9,569,614
Total venituri		139,450,347	129,452,117
<i>din care cifra de afaceri</i>	3	1,414,487	1,930,398
Alte venituri	16		
Cheltuieli		(68,980,721)	(68,927,699)
Cheltuieli cu materii prime si alte cheltuieli materiale		(2,573,904)	(3,366,870)
Cheltuieli cu energia si apa		-	(131,339)
Cheltuieli cu marfurile		(41,425,649)	(35,568,680)
Cheltuieli cu personalul	17	(4,384,438)	(4,710,168)
Cheltuieli cu transportul	18	(8,246,676)	(7,715,930)
Alte cheltuieli aferente veniturilor	19	(5,671,062)	(5,768,086)
Cheltuieli cu amortizarea si deprecierea imobilizarilor	5	(1,912,226)	(1,045,660)
Cheltuieli financiare, net	25	1,010,987	-
Ajustari privind deprecierea activelor circulante, net	8	201,370	45,567
Cheltuieli cu provizioane pentru riscuri si cheltuieli, net	21	(441,910)	(203,405)
Alte cheltuieli	19	(132,424,229)	(127,392,270)
Total cheltuieli		8,440,605	3,990,245
Profit inaintea impozitului pe profit		(1,227,200)	(495,689)
Impozit pe profit	20	7,213,405	3,494,556
		-	-
Profit din operatiuni continue		7,213,405	3,494,556
Profit din operatiuni discontinue			
PROFITUL PERIOADEI			
Alte elemente ale rezultatului global			
<i>Elemente care nu vor fi reclasificate la cheltuieli sau venituri</i>			
Modificari de valoare ale activelor utilizate, rezultate in urma reevaluarii net de impozite		-	-
<i>Elemente care pot fi reclasificate la cheltuieli sau venituri</i>			
Modificari de valoare ale titlurilor disponibile pentru vanzare	3		
Total cont de profit sau pierdere si alte elemente ale rezultatului global		-	-
Rezultatul pe actiune			
Din operatiuni continue si discontinue		7,213,405	3,494,556
Rezultatul pe actiune de baza (lei pe actiune)	24		
Rezultatul pe actiune diluat (lei pe actiune))	24	0.32	0.16
Din operatiuni continue		0.16	0.16

Cenusa Gheorghe,
General Manager

Tatar Dana ,,
Financial Manager

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

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

STATEMENT OF CHANGE OF EQUITY	Share Capital	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						7,213,405	7,213,405
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved transferred to the retained result-current year			(1,310,631)			1,100,931	(209,700)
Other equity items			209.700			0	209.700
Legal reserves established					0	0	0
Total profit or loss account and other elements of the overall result	0	0	(1,100,931)	0	0	8,314,336	7,213,405
Other elements retained result - correction of accounting errors	0	0	0	0		(759,062)	(759,062)
Other elements retained result - correction of accounting errors	0	0	0	0	0	(759,062)	(759,062)
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders/employees	0	0	0	0	0	(4,142,212)	(4,142,212)
Total transactions with shareholders	0	0	0	0	0	(4,142,212)	(4,142,212)
Balance as of September 30, 2023	13,036,325	8,812,271	31,322,920	2,607,265	15,861,059	8,916,813	80,556,653

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

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

STATEMENT OF CHANGE OF EQUITY	Share Capital	Adjustments of share capital	Differences and reserves from revaluation	Reserves legal	Other reserves	The Result withheld	Total equity
Balance on January 01, 2022	13,036,325	8,812,271	30,844,391	2,607,265	15,861,059	4,279,347	75,440,658
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4,142,212	4,142,212
<i>4. Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in the value of the assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Differences from the revaluation achieved, transferred to the retained result			1,299,859			1,467,908	2,767,767
Other equity items			279.601	0	0	(2,785,589)	(2,505,988)
Legal reserves established					0	0	0
Total profit or loss account and other elements of the overall result	0	0	1,579,460	0	0	2,824,531	4,403,991
Other items carried forward - correction of accounting errors			0	0	0	(100,127)	(100,127)
Other result items carried forward	0	0	0	0	0	(100,127)	(100,127)
Transactions with shareholders, registered directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders/employees	0	0	0	0	0	(1,500,000)	(1,500,000)
Total transactions with shareholders	0	0	0	0	0	(1,500,000)	(1,500,000)
Balance as of December 31, 2022	13,036,325	8,812,271	32,423,851	2,607,265	15,861,059	5,503,751	78,244,522

COMELF S.A.

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

*(All amounts are expressed in LEI, unless otherwise indicated)***CASH FLOW STATEMENT**

	30.09.2023	31.12.2022
Pre - tax profit	7,213,405	4,142,212
Depreciation of fixed assets	5,671,062	7,652,753
Cash operational brut	12,884,467	11,794,965
Workong Capital Variation		
Variation receivables	-7,307,862	724,833
Variation stocks	10,776,726	3,255,803
Variation in other current assents	2,584,397	193,856
Variation Income/Expenses in advances	39,177	47,591
Variation suppliers	-689,033	3,090,102
Variation customer advances	-119,061	-496,355
Variation employees and assimilated	1,040,100	-1,587,833
Net operating Cash	7,024,035	8,578,796
Cash flow dfrom net investment	3,871,024	7,790,950
Debts change		
Variation of short-term loans	-2,783,480	2,419,389
Variation of long-term loans	21,760	3,957,920
Variation of associated debts	504,147	-125,031
Variation of other liabilities	-	-
Variation of capitalluri	-6,067,231	-283,750
Cash flow from financing	-8,324,804	5,968,528
Total chas variation between	-5,171,793	6,756,374
Initial Cash	14,319,879	7,563,505
Net Cash at end of period	9,148,086	14,319,879

Cenusa Gheorghe
General ManagerTatar Dana
Economic Manager

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 AT 30 SEPTEMBER 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. Records of shares and shareholders are held in accordance with the law by the SC Depozitarul Central SA Bucharest.

Separate financial statements in accordance with International Financial Reporting Standards have been prepared for Q3 2023.

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

2. Basics for preparation**a. Declaration of conformity**

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

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

The financial statements prepared on September 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 September 30, 2023 are not audited.

3. Significant accounting policies

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

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

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

4. Management of significant risks

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

COMELF S.A.

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

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

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

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

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

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

(a) Market risk

Market risk is defined as the risk of recording a loss or not obtaining the expected profit, as a result of price fluctuations, interest rates and exchange rates for foreign currency.

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk and there is a possibility that the value of the costs to complete the projects may be higher than the estimated value and the contracts may run at a loss. In order to cover the price risk generated by the increase of the basic raw material, metal, the company has a protection clause in its commercial contracts with customers, which allows it to update the sales price if the price of the basic raw material increases. The company also has a material purchasing policy that provides protection for a period of 2-3 months for confirmed orders, which ensures a balance for the period in which we reposition ourselves towards suppliers and customers.

(ii) Interest rate risk

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

(iii) Currency risk

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

The majority of current assets are denominated in foreign currency or have a currency reference (56%) and the Company's current liabilities are denominated in foreign currency (51%) and in national currency (49%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. Exposure to exchange rate fluctuations is due to mainly for current currency conversion transactions required for current payments in LEI.

COMELF S.A.

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

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

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

	Expenditure on research and development	Intangible assets	Lands	Buildings	Technical installations and machinery	Other installations and furniture	Tangible assets in progress	Total	Down- payments Fixed Assets	Total fixed assets
	203	205	211	212	213	214	231		4093	
Balance on 1 January 2023	59864	1,347,543	21247075	40789917	95404979	503.867	6405825	165759070	995.184	166754254
Acquisitions	417	33.342	0	665.220	1190426	25.713	1130221	3045339	435.250	3480589
Domestic production outputs	0	0	0	0	0	0	390.435	390.435	0	390.435
Outflow (discarded assets)	0	0	0	0	-35.229	0	0	-35.229	0	-35.229
Internal transfers	0	0	0	0	70.700	-70.700	0	0	0	0
Balance as of September 30, 2023	60281	1380885	21247075	41455137	96630876	458.880	7926481	169159615	1430434	170590049
Accumulated depreciation										
Balance on 1 January 2023	0	892.149	0	19398223	68634597	285.585	0	89210554	0	89210554
Depreciation expense per year	0	98.142	0	2007323	3943943	28.056	0	6077464	0	6077464
Internal transfer	0	0	0	0	-384.754	-56.877	0	-441.631	0	-441.631
Cumulative depreciation of outflows	0	0	0	0	0	0	0	0	0	0
Balance as of September 30, 2023	0	990.291	0	21405546	72193786	256.764	0	94846387	0	94846387

COMELF S.A.

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

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

Balance on January 1, 2022	34.863	1248485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
Acquisitions	25.001	99.058	0	37.857	616.343	60.521	5,262,762	6,101,542	3,019,475	9,121,017
Domestic production	0	0	0	0	0	0	1,180,709	1,180,709	0	1,180,709
Outflow (discarded assets)	0	0	0	0	-84.679	0	0	-84.679	-	-2,594,166
Internal transfers	0	0	0	161.281	293.602	0	-454.883	0	0	0
Balance as of December 31st, 2022	59.864	1,347,543	21,247,075	40,789,917	95,404,979	503.867	6,405,825	165,759,070	995.184	166,754,255
Accumulated depreciation										
Balance on January 1, 2022	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192	0	81,641,192
Depreciation expense per year	0	108.249	0	2,648,589	4,868,185	27.730	0	7,652,753	0	7,652,753
Cumulative depreciation of outflows	0	0	0	0	-83.390	0	0	-83.390	0	-83.390
Balance on December 31, 2022	0	892.149	0	19,398,223	68,634,598	285.585	0	89,210,555	0	89,210,555
Net book value										
On September 30, 2023	60.281	390.594	21,247,075	20,049,591	24,437,090	202.116	7,926,481	74,313,228	1,430,434	75,743,662
On December 31, 2022	59.864	455.394	21,247,075	21,391,694	26,770,382	218.282	6,405,825	76,548,516	995.184	77,543,700

COMELF S.A.

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

*(All amounts are expressed in LEI, unless otherwise indicated)***6. Financial assets available for sale**

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

7. Inventories

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

	September 30, 2023	December 31, 2022
Raw materials	9,115,985	14,180,582
Auxiliary materials	40.575	38.450
Fuel	37.563	4.802
Inventory items	409.960	388.314
Other	445.407	326.621
Production in progress	15,583,497	19.529.710*
Finished product	82.508	550.791*
Adjustments for depreciation of raw materials	-332	-332
Total	25,715,163	35,018,938

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

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

8. Receivables from contracts with customers

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

	September 30, 2023	December 31, 2022
Invoiced receivables from contracts with customers	51,805,238	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	49,589,400	36,697,700

Receivables from contracts with clients are shown net of advances received in the amount of 335,752 lei (December 31, 2022: 454,813 lei). Receivables from unbilled customer contracts have been reclassified as at 01.01.2023 to Inventories for comparability with the data as at 30.09.2023.

9. Trade receivables and other receivables

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

	September 30, 2023	December 31, 2022
VAT to be recovered	2,737,021	2,567,367
Down-payments made to domestic suppliers (excluding those for fixed assets)	175.366	137.297
Down-payments made to external suppliers	336.421	464.261

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

	September 30, 2023	December 31, 2022
Different debtors	847.567	802.486
Other receivables	2,865,418	1,377,795
Value adjustments	-	-1,010.987
Total	6,961,793	4,338,219

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

At 30.09.2023, the value adjustments have been reversed, following the recovery of the debt for which they were established.

10 . Impairment adjustments for current assets

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

	Balance on 01 January 2023	increases	Decreases	Balance on September 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	-	1,010,987	2,215,838

The adjustment in the amount of 1,010,987 lei represented an adjustment in the amount of 100% of the value of a claim older than 1 year, which is in dispute, which was received in January 2023.

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

The adjustment in the amount of 474,516 lei constitutes an adjustment of fixed assets (performance bond provisions)

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

11. Cash and cash equivalents

As at 30 September 2023 and 31 December 2022, cash and cash equivalents are as follows:

	September 30, 2023	December 31, 2022
Amounts available in bank accounts in local currency	1,810,530	665.242
Amounts available in bank accounts in foreign currency	7,327,479	13,650,966
Cash	10.077	3.671
Gift Certificates	0	0
Total	9,148,086	14,319,879

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

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

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

Liquidity management

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

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

As of September 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).

As at 30 September 2023 and 31 December 2022, the Company's shareholding structure is:

	September 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:

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

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

Capital management

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

(a) Legal reserves

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

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

(b) Revaluation reserves

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

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

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 3,638,065 lei to shareholders until 30 September 2023. On September 30, 2023, the balance of dividends payable is 927,109 lei.

13. Loans**a) Account overdraft**

As of September 30, 2023 the Company has a working capital loan agreement with ING Bank Romania - agreement no. 11438/09.11.2011, with annual maturity, renewable in November of each year. The subject matter of the agreement is a credit facility in the amount of EUR 8,400,000 (EUR 7,600,000 balance at 30.09.2023), and in the remaining period until the end of 2023 the company will repay the amount of EUR 200,000 in the 4th quarter, and the amount of EUR 800,000 will be repaid in 2024 in 3 equal quarterly instalments until 30.09.2024. The credit was accessed for the temporary insurance of the working capital, to support the operational activity, correlated with the new cash conversion cycle.

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

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

On September 30, 2023, the Company records an overdraft balance in the amount of 37,806,960 lei (December 31, 2022: 40,568,680 lei).

b). Leasing contracts

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

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

Lease contracts no.234267,234268,234269 were concluded on 08.01.2019, lender Porsche Leasing, financed amount 38,443.31 EUR, payable in 60 monthly instalments. The balance on 30.09.2023 is 4,967.41eur, final payment date April 2024.

Also during 2019, the Company committed to the purchase of a CLOOS Robotic Welding System on lease. The leasing contract nr.120882 was signed on 22.05.2019, the lender BRD Sogelease financed the amount 179,660.70 eur, payable in 60 monthly installments. The balance on 30.09.2023 is 60,739.32 eur.

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

- Land with an area of 13.460 sq.m and buildings with a built surface of 12.600 sq.m, with topographic number 8118/1/6, registered in CF 8685 of Bistrita, assessed value 2023 = 3,180,000 EUR.

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

- Land with an area of 20.620 sq.m and buildings with a built surface of 17894 sq.m, with topographic number 8118/1/15, registered in CF 8694 of Bistrita, assessed value 2023 = 4,660,000 EUR.
- Land with an area of 581 sqm and buildings with a built surface of 572,93 sqm, with topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita and topographic number 6628/2/2/1/2/1, registered in CF 8697/I of Bistrita, assessed value 2023 = 810,000 EUR.
- CF 55054 topo 8118/1/5 land of 16820 sq.m, cad C1 SIDUT monoblock workshop, assessed value 2023 = 4.040.000 EUR.

Total assessed value for the year 2023: EUR 12,690,000.

- Pledge of technological equipment with a net book value on 30.09.2023 of 1,718,969 lei;

14. Trade and other payables

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

	September 30, 2023	December 31, 2022
Trade payables	26,192,049	26,881,082
Debts to budgets	4,771,219	3,811,126
Debts to staff	3,413,686	3,012,548
Silver dividend	927.109	422.962
Other loans and similar debts	199.736	144.182
Total	35,503,799	34,271,900

Trade payables at 30 September 2023 in the amount of 33,503,799 lei (31 December 2022: 34,271,900 lei) are in accordance with the contracts concluded with the suppliers.

As at 30 September 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. The company has no outstanding debts to the state budget and social security budget.

15. Revenues from contracts with customers

	September 30, 2023	September 30, 2022
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (ct 701)	135,575,034	119,219,963
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)	-4,299,707	479.015
TOTAL	131,275,327	119,698,978

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

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

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

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:

	September 30, 2023	September 30, 2022
Rental income	7.047	139.647
Income from various activities (rebilling utilities)	5,211,528	5,325,796
Revenues from the sale of residual products	2,230,526	2,557,740
Revenue from services rendered	725.919	1,546,431
Total	8,175,020	9,569,614

16b. Other incomes

The position includes:

	September 30, 2023	September 30, 2022
Income from investment grants	964.586	945.821
Income from the production of tangible assets	-	-
Income from operating subsidies	59.466	46.004
Income from disposed of fixed assets	-	5.148
Other incomes	390.435	933.425
Total	1,414,487	1,930,398

17. Staff costs

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

	September 30 2023	%	September 30, 2022	%
Direct productive staff	386	61%	404	63%
Management and administration staff	247	39%	237	37%
Total	633	100%	641	100%

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

Staff costs were as follows:

	September 30, 2023	September 30, 2022
Staff salary expenses	36,747,123	32,000.679
Expenses with meal vouchers and salary benefits	3,149,306	2,179,580
Expenses regarding insurance and social protection	1,529,220	1,388,421
Total	41,425,649	35,568,680

Amounts awarded to key management personnel, board members and managers, have been shown as gross amounts and are included in the amounts shown above. Gross expenses with staff are recorded.

The company did not grant loans or advance payments to the members of the administrative, management or supervisory bodies on September 30, 2023 and September 30, 2022.

On the date of *September 30, 2023*, The management of the company COMELF SA had the following component:

- Members of the Company's Board of Directors:

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

- Members of the Executive Management of the Company:

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

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

- Members of the Company's Board of Directors:

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

- Members of the Executive Management of the Company:

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

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

18. Shipping costs.

This position includes:

	September 30, 2023	September 30, 2022
Expenses for the transport of raw materials	1,071,000	900.715
Expenses for transporting finished products	2,677,308	3,242,365
Expenses for transporting employees	636.130	567.088
Other transport costs	-	
Total	4,384,438	4,710,168

19a. Other expenses related to income

	September 30, 2023	September 30, 2022
Expenditure on packaging	-	591.078
Maintenance and repair expenses	907.197	1,053,726
Rent expenses	171.876	238.765
Insurance expenses	279.850	274.228
Expenses with personnel training	180.069	60.048
Outsourcing expenses	2,111,858	1,777,945
Expenses regarding commissions and fees	1,692,879	767.915
Protocol expenses	54.088	43.102
Expenses with travel, secondments and transfers	47.435	45.840
Postal charges and telecommunications charges	392.805	363.256
Expenses with banking and similar services	82.790	93.022
Other expenses with services provided by third parties	1,435,871	1,569,240
Expenses with other taxes and fees	889.958	837.765
Total	8,246,676	7,715,930

19b. Other expenses

	September 30, 2023	September 30, 2022
Total	441.910	203.405

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

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

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*(All amounts are expressed in LEI, unless otherwise indicated)***20. Income tax**

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

Income tax expense at September 30, 2023 and September 30, 2022 is detailed as follows:

	September 30, 2023	September 30, 2022
Current income tax expense	1,227,200	495.689
Total	1,227,200	495.689

21. Provisions for risks and expenses

As of September 30, 2023, the Company has registered provisions for risks and expenses in the amount of 743.358 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 at 1 January 2023	0	161.930	0	982.798	1,144,728
Established during the interval	0	0		0	0
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0
Resumed during the interval	0	0	0	(201,370)	(201,370)
Balance as of June 30, 2021	0	161.930	0	781.428	943.358
Long-term	0	161.930	0	0	161.930
short term	0	0	0	781.428	781.428

- **Pension provisions in the amount of 161,930 lei (December 31, 2022: 161.930 lei).**

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

- **Other provisions in the amount of 781.428 lei (December 31, 2022: 982.798 lei) include:**

- The provision related to the redemption of pension insurance policies for the amount of 766.250 lei, are loyalty pension rights of COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).
- The amount of 15,178 includes a provision for potential commercial penalties, according to commercial contracts

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

22. Deferred tax liabilities

Deferred tax liabilities as of September 30, 2023 and December 31, 2022 are generated by the items detailed in the following table:

	<u>30septembrie 2023</u>	<u>December 31, 2022</u>
Deferred tax receivables	-	-
Deferred tax liabilities related to reserves made up of reinvested earnings	(922,602)	(922,602)
Deferred tax liabilities related to revaluation differences of tangible assets.	(4,638,682)	(4,848,382)
Deferred tax, net	<u>(5,561,284)</u>	<u>(5,770,984)</u>

23. Deferred income

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

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

On September 30, 2023, the Company resumed in revenue the amount of 825.399 lei (September 30, 2022: 781,857 lei), representing the amortization of subsidies.

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

On September 30, 2023, the Company resumed in revenue the amount of 63.418 lei (September 30, 2022: 63,418 lei), representing the amortization of subsidies.

3) The company signed in 2020 (11.06.2020) a funding contract under the EEA and Norway Grants 2014 - 2021, with the objective to receive a grant from Innovation Norway for the implementation of "An investment in a smarter and more efficient future", the total value of the funding contract was EUR 632,500, of which the grant was up to EUR 350,000. In November 2021, a "unit for the production of renewable energy from photovoltaics with a capacity of 1,200 Mwp/year" was commissioned. The total value of the investment as of 31.12.2021 was 2,998,953 lei, of which the value of the grant received in March 2022 is 1,513,994.

On September 30, 2023, the Company resumed in revenue the amount of 75.770 lei (September 30, 2022: 75,770 lei), representing the amortization of subsidies.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Profit attributable to ordinary shareholders	7,213,405	3,494,556

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Balanced average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.32	0.16

Diluted earnings per share are equal to basic earnings per share, as the Company has not recorded any potential ordinary shares.

25. Net financial expenses

The financial elements are the following:

	September 30, 2023	September 30, 2022
Interest income	46.032	80
Income from exchange rate differences	746.516	950.057
Other items of financial income	669.230	630.279
Total financial income	1,461,778	1,580,416
Interest expenses	(1,065,065)	(310,283)
Expenses with exchange rate differences	(1,319,785)	(1,378,917)
Other elements of financial expenses	(989,154)	(936,876)
Total financial expenses	(3,374,004)	(2,626,076)

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on September 30, 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 the case of transactions concerning purchases/sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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

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

27. Transactions and balances with affiliated parties

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

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

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

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

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

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

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

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

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

a) Receivables and payables from related parties

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

Receivables from	September 30, 2023	31decembrie 2022
Uzinsider Techo SA	16,413,034	10,534,289
Uzinsider General Contractor SA	237.419	237.418
Promex SA	0	0
24 Ianuarie SA	25.595	0
Total	16,676,048	10,771,707

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

Debts to	September 30, 2023	December 31, 2022
Uzinsider SA	488.996	162.068
Uzinsider Techo SA	1,765,971	785.034
Uzinsider General Contractor SA	753.795	1,173,985
Promex SA	0	0
24 Ianuarie SA	0	0
Total	3,008,762	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:

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

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

Sales in the year ended at:	September 30, 2023	September 30, 2022
Uzinsider Techo SA	24,873,947	7,419,848
Uzinsider General Contractor SA	0	147.343
Promex SA	0	0
24 Ianuarie SA	21.508	33.099
Total	24,895,455	7,600,290

Purchases from affiliated parties were made at the purchase value as per contracts, as follows:

Acquisitions in the year ended at:	September 30, 2023	September 30, 2022
Uzinsider SA	547.113	612.864
Uzinsider Techo SA	1,863,531	664.050
Uzinsider General Contractor SA	6,938,745	6,832,168
Promex SA	0	0
24 Ianuarie SA	0	0
Total	9,349,389	8,109,082

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 60-150 days, payment methods with payment order and compensations, no guarantees are constituted, and there are no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2023 are limited to own sources of financing and are estimated at 1,279 million Euro. On 30.09.2023 the value of fixed assets was 3.8 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 Electrofilters Factory (“FUET”)
- Earthmoving Components and Machines Factory (“TERRA”)

The Company's activity involves exposure to a number of inherent risks. These include economic conditions, changes in legislation or tax rules. A variety of measures are taken to manage these risks. At the level of the Company, there is a risk-reporting system designed to identify current and potential obligations and to facilitate timely action. Insurance and taxation are also managed at the Company level.

The Company regularly carries out review activities to identify and monitor ongoing litigations and processes.

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

- FPI - the most important products are: stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion

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

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air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly and equipment of wind installations, components for transcontainer handling machines);

- FUET - the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt cutters, components for excavators, motor housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks.

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

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

	FPI		FUET		TERRA		Center		Total	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	30.09. 2023	September 30, 2022	30.09. 2023	30.09. 2022	September 30, 2023	30.09 2022
External revenues of the segment	45,574,030	38,782,901	52,745,839	53,722,103	34,401,996	30,372,103	8,142,969	8,505,408	140,864,834	131,382,515
Total segment revenues	45,574,030	38,782,901	52,745,839	53,722,103	34,401,996	30,372,103	8,142,969	8,505,408	140,864,834	131,382,515
Net financial costs	-293.161	-169.563	-533.879	-351.674	-443.013	-195.770	-642.173	-328.653	-1,912,226	-1,045,660
Depreciation and amortization	1,370,812	1,325,071	2,015,078	2,249,592	1,507,874	1,487,330	777.298	706.093	5,671,062	5,768,086
Income tax expense	-313.643	-103.747	-175.252	-81.488	-294.612	-74.922	-444.693	-235.532	-1,227,200	-495.689
The net result for the interval	790.433	542.300	485.240	419.406	791.888	393.526	2,613,311	2,139,324	7,213,405	3,494,556
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Segment assets	44,418,069	46,010,759	54,846,981	55,156,463	27,514,293	29,793,255	40,378,761	36,957,959	167,158,104	167,918,436
Segment debts	10,049,968	11,533,704	11,306,857	10,963,605	5,851,683	5,652,825	59,392,943	61,523,780	86,601,451	89,673,914

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

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

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.

30. Approval of financial statements

The financial statements were approved by the BoD on 10.11.2023.

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