

**Report of the Board of Directors on the individual financial statements of
COMELF SA prepared in accordance with the Order of the Ministry of Public Finance
no. 2844/2016**

For the financial year: 2023

Company name: COMELF S.A.

Registered Office: Bistrita, no. 4, Industriei Street

Phone / fax number: 0263 234462;

Fax: 0263 238092

VAT code with the Trade Register Office: 568656

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

Subscribed and paid-in share capital: 13,036,325,34 lei

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

**The main characteristics of the securities issued by the company: -Dematerialized
registered shares in the number of 22,476,423 with a nominal value of 0.58 lei/share.**

The Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders, has prepared, for the financial year 2023, this report on the balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policy and explanatory notes included in the individual financial statements of 2023.

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

Equity	81,791,384 RON
Total revenue:	186,391,010 RON
Profit of the period	9.328.420 RON

The financial statements have been prepared in accordance with:

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

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

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

1. Review of the Company's activity:

i. Description of the basic activity of the Company:

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

ii. Date of establishment of the Company:

COMELF SA is a joint stock company established in Romania, in 1991, on the structure of the Bistrita Technological Equipment Company.

iii. Changes in the Company's equity, mergers or significant reorganizations of the Company or its controlled companies during the financial year:

COMELF is a company with Romanian majority capital and since 1995 COMELF has been listed on the Bucharest Stock Exchange, being part of the 12 founding companies. The subscribed and paid-in share capital at the end of the financial year 2023 is 13,036,325.34 LEI. The shareholding structure at the end of the period reviewed is (*Source: Depozitarul Central on 31.12.2023*): **Uzinsider SA**-80.9292% of shares and **Other natural and legal persons**-19.0708%.

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

As at 31.12.2023 COMELF S.A. does not own any shareholdings in other companies or branches.

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

The total value of assets as at 31 December 2023 was 167,284,173 LEI, 634,263 LEI higher than the value recorded at the beginning of the year, the difference coming from the decrease in the company's fixed assets due to depreciation (7,601,133 LEI) offset by investments in fixed assets in 2023 (6,679,862 LEI) and the sale/disposal/regularization of assets (286. 423 LEI), from the increase in current assets (564.652 LEI)) and here, in detail, the receivables from contracts with customers increase significantly against the background of the increase in turnover (12.457.399 LEI), the advance for tangible fixed assets (38.079 LEI) against the decrease in the value of stocks (13.544.728 LEI) against the background of a prudent acquisition policy in the context of the evolution of material prices. Trade and other receivables also increase as a result of the distribution of interim dividends prior to the closing of the financial year and the approval of the results, VAT to be recovered for which the offsetting against other budgetary obligations has not been completed for the period June-December 2023, sick leave to be recovered from CASS for the period June-December 2023 and the amount of 2. 255,515 LEI representing corporate income tax and additional VAT, including interest and penalties, established following a tax audit for the period 2017-2022, amounts paid by COMELF , amounts contested, the appeal was rejected, and an action will be filed in court. Cash and cash items decreased compared to the beginning of the year by LEI 6,696,243, due to the repayment of existing credit as due, equivalent to EUR 1,000,000 and payments to suppliers.

v. The main results of the evaluation of the company's activity:

The profit and loss account, i.e. the income and expenditure grouped by source during 2023, is presented as follows:

Profit and loss account (thousand lei)	Year 2023	Year 2022	Differences
Turnover	191,437	173,219	+18,218
Other operating income, TOTAL, of which:	(7,263)	(1,764)	(5,499)
Stored production variation (+/-)	(8,854)	(3,365)	(5,490)
Income from operating subsidies	-	-	-
Income from investment grants	1,261	1,253	+8
Other operating revenues	330	348	(18)
Operating income-TOTAL	184,174	171,455	+12,719
Expenditures on raw materials, consumables, utilities, goods	88,370	92,888	(4,518)
Staff costs	56,134	47,285	+8,849
Provision expenses, depreciation and amortization adjustments, TOTAL of which:	8,585	8,142	+443
Depreciation expenses	7,601	7,653	(52)
Value adjustment of current assets	(1,010)	-	(1,010)
Adjustments for provisions for risks and expenses	1,994	490	+1,474
Other operating expenses	17,806	16,967	+839
Operating expenses-TOTAL	170,895	165,282	5,613
Operating profit-TOTAL	13,279	6,173	7,106
Financial income	1,623	2,208	(585)
Financial expenses	4,265	3,777	488
Financial result	(2,642)	(1,569)	(1,073)
Total revenue:	185,797	173,663	+12,134
Overall expenses	175,160	169,059	+6,101
Profit and loss account (thousand lei)	Year 2023	Year 2022	Differences
Gross result	10,637	4,604	+6,033
Net result	9,328	4,142	+5,186
EBITDA	21,864	14,315	+7,549
EBITDA was determined as follows:			
Indicators (thousand lei)	2023	2022	Differences
Operational profit	13,279	6,173	+7,106
Provision expenses, depreciation and amortization adjustments,	8,585	8,142	+443

Asset changes are as follows:

Assets (thousand lei)	Year 2023	Year 2022	Differences
1.1. TOTAL fixed assets, of which:	75,349	76,548	(1,199)
1.1.1. Tangible fixed assets	33,504	33,395	+109
1.1.2. Real estate assets	41,521	42,639	(1,118)
1.1.3. Intangible assets	264	455	(191)
1.1.4. Research and development expenditure	60	60	-
Assets (thousand lei)	Year 2023	Year 2022	Differences
1.1.4. Financial assets	-	-	-
1.2. Current assets TOTAL, of which:	91,935	91,370	+565
1.2.1. Stocks of raw materials and materials	10,489	14,938	(4,449)
Assets (thousand lei)	Year 2023	Year 2022	Differences
1.2.2. Stocks of finished products and production in progress	10,985	20,081	(9,096)
1.2.3. Receivables from contracts with customers	49,155	36,697	+12,458
1.2.4. Income tax to be recovered	-	-	-
1.2.5. Other receivables and advances for fixed assets	13,682	5,334	+8,348
1.2.6. Cash and cash equivalents	7,624	14,320	(6,696)
Total Assets	167,284	167,918	(634)

The liability structure in the balance sheet of the company as at 31 December 2023 is as follows:

Assets (thousand lei)	Year 2023	Year 2022	Differences
1.1. Total share capital, of which:	13,036	13,036	-
1.1.1. Subscribed share capital	13,036	13,036	-
1.1.2. Share capital adjustments	8,812	8,812	-
1.1.3. Other items of equity	(4,569)	(4,848)	+279
1.2. Revaluation reserves	35,525	37,272	(1,747)
1.3. Legal reserves	2,607	2,607	-
1.4. Other reserves	15,861	15,861	-
1.5. Own shares	-	-	-
1.6. Reported result	1,191	1,362	(171)
1.7. The result of the period	9,328	4,142	+5,186
1.8. Profit distribution	-	-	-
Total equity	81,791	78,244	+3,547
1.2. Long-term debts	11,239	16,075	(4,836)
1.2.1. Interest-bearing loans and liabilities	67	4,226	(4,159)
1.2.2. Deferred tax liabilities	5,212	5,491	(279)
1.2.3. Provisions for risks and expenses	249	162	+87
1.2.4. Debts on deferred income	5,711	6,196	(485)
1.3. Current debts	74,254	73,599	+655
1.3.1. Trade and similar payables, of which:	34,652	34,272	+380

Trade payables	24,360	26,881	(2,521)
Other debts	10,292	7,391	+2,901
1.3.2. Interest-bearing loans and borrowings	37,016	36,837	+179
1.3.4. Provisions for risks and expenses	1,010	983	+27
1.3.5. Debts on deferred income	1,296	1,228	+68
1.3.6. Deferred tax liabilities	280	280	-
Total debt	85,493	89,674	(4,181)
Total equity and debt	167,284	167,918	(634)

The Company's equity increased in the financial year 2023 by 3,546,862 lei.

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

The Company's **total debts** decreased by 4,181,710 lei, as a result of (i) the decrease of debts to suppliers by 2,521,428 thousand lei on the back of slightly reduced due payments and lower material prices; (ii) the repayment of EUR 1,000,000 from the working capital credit line, as due; (iii) the increase of debts to the state budget and social security budget, due to the non-finalization of the compensation with VAT to be recovered for the period June - December 2023.

The Company's **provisions** increased by 114,210 lei being influenced by:

- Increase provisions for employee retirement benefits by 87,266 lei in the context that the discounted amounts related to active persons in the company and who could meet the necessary conditions to benefit from this right have exceeded the payments made for retired persons (number of retired persons in 2023: 27 of which 11 have continued working in the company).

- Increase provisions for commercial penalties at the end of 2023 in the amount of 76,954 lei, on the background of notifications received from customers regarding repair costs, amounts in dispute.

- Decrease in provisions for the buy-back of pension insurance policies, following the retirement of 27 people, for which the corresponding amounts were paid (50,009 lei).

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

Indicators (thousand lei)	2023	2022
Current assets	91,935	91,369
Current debts	74,254	73,599
Net current assets	17,681	17,770

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

The profit and loss account accurately reflects the income, expenses and financial results of 2023. The company has carried out an inventory of all its assets, the results of which are

recorded in the accounts and implicitly in the financial statements. The Company has organized the activity of preventive financial control.

The internal audit activity in the financial year 2023 was provided by Acon Audit.

Elements of general evaluation

a). Profit / (Loss):

Indicators (thousand lei)	Realizat2023	Realizat2022
Gross profit (loss)	10,637	4,604
Net profit (loss)	9,328	4,142

- ❖ **Net profit:** increased significantly (+225%) compared to 2022, mainly influenced by:
 - ❖ -utility savings due to electricity consumption from own production (own photovoltaic system with 3 Kwp capacity);
 - ❖ -reduction of material expenses by optimization of consumption;
 - ❖ -keeping the fixed costs at approximately the same values in the context of the increase in sold volumes;

b). Turnover:

Indicators (thousand lei)	Achieved 2023	Budget 2023	Achieved 2022	Δ% vs. 2022	Δ% vs. Budget
Turnover	191,437	192,659	173,219	+10.52 %	(0,63%)

- ❖ **Turnover:** recorded an increase (+10.52%) in 2023 compared to the previous year, due to the increase in the selling price of products, mostly influenced by inflation and assortment structure. In 2023, the physical volume sold was at the same level as in 2022, so the increase in turnover was due to the sales price, influenced by the assortment structure.

c). Intra-Community exports and deliveries:

Indicators (thousand lei)	Achieved 2023	Achieved 2022	Δ% vs. 2022
Turnover	191,437	173,219	+10.52 %
Export or LIC directly-EUR	56,415	31,469	+79.27 %
Export or LIC directly-LEI	135,022	141,750	(4,75%)

In 2023, the volume of export revenues, including direct intra-EU deliveries, decreased by 4.75% compared to the previous year. Of the total of 56,415 thousand lei, 35,770 thousand lei are sales invoiced to Uzinsider Techno SA in EUR, according to the LEU/EUR exchange rate, and which are then delivered to the final customer General Electric, amounts which are also collected in EUR.

d). Costs:

Expenses (thousand lei)	2023	2022
Raw materials, consumables used and goods		
Expenses for raw materials	70,212	75,801
Consumable expenses	14,100	12,121
Expenditure on goods	-	-
TOTAL	84,312	87,922
Employee benefit expenses		
Wages	50,003	42,172
Contributions to the state social insurance fund	2,257	2,035
Other wages-related taxes and contributions	-	-
Meal tickets	3,874	3,078
Other salary benefits	-	-
Expenses (thousand lei)	56,134	47,285
Income from operating grants for staff pay	-	-
Professional training expenses	342	201
TOTAL	56,476	47,486
Other expenses		
Shipping costs	5,829	6,423
Utility expenses	4,058	4,964
Expenses with services provided by third parties	6,373	5,579
Expenses with compensations, fines, penalties, donations, sponsorships and subsidies	607	300
Protocol, advertising and publicity expenses	92	57
Other Overheads	1,158	2,019
Expenses with other taxes and fees	1,194	1,096
Repair expenses	1,369	1,384
Travel expenses	64	73
Rent expenses	231	296
Expenses with postal and telecommunications taxes	518	503
Expenses with insurance premiums	371	364
TOTAL	21,864	21,931

e). Market share:

Given that the company's products are diversified, it is not possible to determine a global market share.

f). Cash available:

The company held in its accounts on December 31, 2023 the amount of 7,624 thousand lei.

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

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

The sale of products is carried out at customer and project level, through the centralised commercial department, with project managers specialised by product type and customer. Comelf products are mainly delivered for export to countries such as: Italy, France, England, Holland, Sweden, Austria, Norway, Germany, Belgium, Switzerland, Hungary, USA.

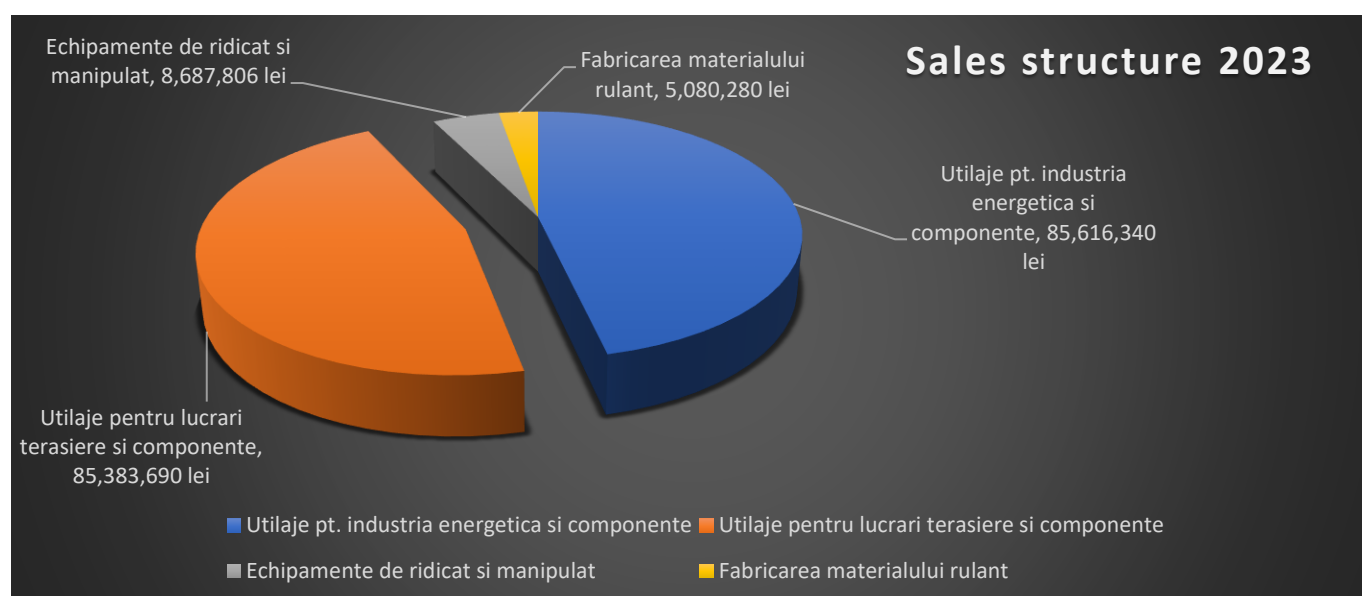
The productive activity of the Company takes place within the factories organized as profit centers:

- ❖ Stainless Steel Products Factory (“FPI”)
- ❖ Earthmoving Machinery and Equipment, Filters and Electrofilters Factory (“FUET”)
- ❖ Earthmoving Components and Machines Factory (“TERRA”)

In the year 2023, the company's activity was uninterrupted. In 2023, both a new product and a new customer were added to the company's portfolio, as follows:

Entity	Customer	Product:
FUET	Sampo Rosenlew Oy Finland	Forestry machinery components

Share of operating revenue by main operating lines in total revenue for FY 2023:



The commercial policy of the Company is to avoid significant dependence on a single Customer (no more than 35% customer exposure). During 2023 the largest share of sales on a single customer was 22.24% of the total turnover, as follows:

Partner	Income share (> 10%)	Income	The segment in which revenues are included
Uzinsider Techno SA(GE)	22.24 %	42,566,642	Equipment for energy industry, end customer General Electric
Komatsu	13.52 %	25,878,812	Equipment for earthworks and components: FUET
HD Hyundai Infracore	12.77 %	24,454,348	Earth-Moving equipment and its components: FCT

Tekhnint SA	8.33 %	15,955,608	Equipment for earthworks, rolling stock manufacturing and their components: FPI + FCT
Tesmec	8.30 %	15,881,907	Equipment for earthworks, rolling stock manufacturing and their components: FUET + FCT
Siemens	5.08 %	9,727,176	Equipment for power-generation industry and components: FPI- FUET

3. Evaluation of the technical-material supply activity:

The raw-material sourcing and procurement activity aims at providing for the material resources of the company always in the best conditions for the good development of the company's production activity.

The raw-material procurement activity is carried out centrally, through the DIRECTORATE MATERIAL PROCUREMENT AND LOGISTICS (DABM)

The procurement department, the warehouse sector and supplier control sector, outsourcing and the logistics sector all operate within DABM.

The management of the sourcing and procurement activity is carried out based on the material requirements issued by the technical departments prepared for each client depending on the orders issued by such client.

The procurement department together with the warehousing sector have the task of constantly checking

stocks of materials and then issue purchase orders to maintain stocks as far as possible, under control in order to avoid financial blockages and to avoid overstock, especially for products non-repetitive.

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

At the same time, through the supplier control department, periodic plans are drawn up for auditing suppliers in order to maintain the supply chain at a high standard correlated with Comelf customer requirements.

The issuance of purchase orders is made after assessing the quotations received from minimum 2 suppliers, selecting the supplier that offers the best conditions at least in terms of product quality, price, delivery time, payment conditions, etc.

Safety stocks are defined for the usual raw materials.

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

The average number of employees decreased during 2023 from 636 average number of employees in 2022 to 633 average number of employees in 2023. The staff structure was as follows:

	2023	2022
Executive directors/managers	8	8
Direct productive staff	384	399
Management and administration staff	241	229
Total	633	636

According to the Labor Code, within COMELF the value of the minimum wage cannot be lower than the gross minimum wage. In addition, within the Company, in addition to the basic salary earned for actual working time or working hours (in the case of directly productive workers paid individually), the following categories of bonuses are also granted: night bonus, overtime bonus, bonuses for work on weekly rest days, bonus for working in a noxious environment, increase for head of micro-team / team.

The Company has also implemented a system of rewarding its employees, at the time of retirement, with the equivalent of a fixed amount, which is evolving depending on the number of years of work performed within the company. The company recorded provisions for these payments. At the end of 2023, the negotiation of the Collective Labour Agreement at company level was completed with the employees' union, valid from 28.12.2023.

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

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

In order to carry out the production processes, Comelf obtained:

- Water management authorization no. BN 76 / 24.10.2019, issuer Somes-Tisa Water Basin Administration, Bistrita-Nasaud Water Management System, valid until 24.10.2024;
- Environmental permit for operation no. 30/06.04.2022, issued by MMGA-Environmental Protection Agency BN, with annual extension;
- Certification of the Integrated Management System quality, environment, health and safety at work in accordance with ISO 9001: 2015, ISO 14001: 2015, and ISO 45001: 2018;

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

Considering the specifics of the company's activity and the fact that the Company's activity is a specialized one, which requires superior technical knowledge, there is a design Department at the company level that has, besides the specific activity, concerns related to the preparation of manufacturing based on 3D models of products and new solutions, specific to the field in which we operate. Moreover, the market on which we operate and the increasingly specialized requirements of customers require a permanent activity to improve the existing products in the portfolio. In addition, the company has developed partnerships with Technical Universities in Romania, constantly exchanging experience aiming to identify new technical solutions and developing new products. In this regard, there is a research contract in progress with the Technical University of Cluj Napoca, for the manufacture of a product for people with disabilities, with a deadline extended until 2024. Initially, the project was expected to be completed in 2021, but due to the pandemic and then the conflict in Ukraine, the completion of the project was postponed.

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

(a) Credit risk

Credit risk refers to the risk that a third party will not comply with its contractual obligations, thus causing financial losses to the Company. The Company's exposure and the credit ratings of third party contractors are closely monitored by management. There is a policy implemented regarding the valuation of both potential customers and existing customers, an evaluation based on which the credit limit and the settlement method are established. However, we consider that the Company is exposed to credit risk as a result of commercial receivables payment of up to 120 days, a significant part of which is not insured.

(b) Risk regarding cash-available

The final responsibility for managing the risk regarding cash available rests with the executive directors/managers, in particular Comelf's economic director, who have built an appropriate management framework for securing the Company's short, medium and long-term funds and available-cash management requirements. There is a continuous monitoring of the expected cash flows (3 months) but also of the real flows by matching the maturities of the assets and financial debts. The additional need for cash can be covered by the company, including by accessing credit facilities, the company being at a satisfactory level of indebtedness.

(c) Currency risk

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

The majority of the current assets are denominated in foreign currency (74%) and the liabilities of the Company are denominated in foreign currency (49%) and in national currency (51%) and therefore exchange rate fluctuations do not significantly affect the Company's business. The exposure to exchange rate fluctuations is mainly due to current currency conversion transactions necessary for current payments in LEI.

(d) Interest rate risk

As at 31 December 2023 most of the Company's assets and liabilities are non-interest bearing, with the exception of the contracted loan and the leasing contract. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

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

(e) Market risk

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

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk, 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.

Interest rate risk and currency risk have been detailed above.

(f) The risk related to the economic environment

The Romanian economy continues to have the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the 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.

(g) Fair value of financial instruments

As at 31.12.2023 the company no longer holds any financial instruments.

8. Perspective elements regarding the activity of COMELF company:

The probable evolution of the company can be found in the Draft Revenue and Expenditure Budget for 2024, which provides the following:

- Turnover: 186.883 thousands lei;
- Total operating income, of which: 187.356 thousands lei;

- Revenues from customer contracts 176,910 thousand lei;
- Revenues from the sale of goods + performance of services 9,147 thousand lei;
- Income from investment subsidies 1,219 thousand lei;
- Financial income (interest) 80 thousand lei;
- Overall expenses 178.188 thousands lei;
- Gross profit: 9.168 thousands lei;

Comelf proposed an investment budget of 1.568 thousand EUR for 2024. These investments are for the purchase and upgrading of machining equipment, software and equipment needed for mobile visual inspections, the purchase of a painting plant and the purchase of current tools and devices.

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

The tangible assets of the Company:

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

- ❖ **Earthmoving Machinery and Equipment Factory (FUET):** which produces naval equipment, telescopic cranes, excavator components and components for earthmoving machines (jibs), engine housings, electric generator housings, turbine frames, industrial gas dust removal equipment, asphalt station filters, power plant equipment with gas turbines, wastewater treatment and treatment equipment, hydropower equipment, technological equipment. FUET activity is carried out in two production units, of which one with a built area of 16,128 sqm and one with a built area of 18,827 sqm;
- ❖ **Factory for earthmoving machinery and components (FCT) - which manufactures** earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks. Built area 17,322 sqm;
- ❖ **Stainless Steel Products Factory (FPI) - which manufactures:** stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly and equipment of wind installations, components for transcontainer handling machines); Built area 28,547 sqm;

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

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

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

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

The machines, equipment and installations used by Comelf in the production activity were purchased, a significant part, in the period 2014-2015, during which the company implemented the project "Fundamental modification of manufacturing flows and introduction of new technologies in order to increase productivity and competitiveness on the internal and

external market of COMELF ”according to the financing contract signed with the Ministry of Economy as managing authority for POS-CCE.

For the most part, subsequent investments were made to maintain existing machines and machinery, to automate the welding process, to increase cutting capacity and to increase energy efficiency.

2. Market of securities issued by the Company

2.1. Since 20.11.1995 Comelf is listed on the Bucharest Stock Exchange. The Company's shares are ordinary, registered, dematerialized and indivisible shares.

2.2. Retained earnings for 2023 will be used in full to pay dividends.

2.3. The share capital of the Company has not changed in 2023, it is in the amount of 13,036,325, 34 LEI equivalent to 22,476,423 shares, nominal value 0.58 lei / share.

2.4. As at 31.12.2023 COMELF S.A. does not hold any shares in other companies. COMELF SA does not own Branches.

3. Company management

3.1. Board of Directors

Comelf SA is managed in a unitary system by the Board of Directors consisting of five members elected by the General Meeting of Shareholders by secret ballot. The term of office of the members of the Board of Directors is 4 years and they can be re-elected. At the date of this report, the structure of the Board of Directors is as follows:

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

The members of the Board of Directors are elected at the General Meeting of Shareholders on the basis of the shareholders' vote in accordance with the legal requirements. Therefore, there are no agreements and arrangements to report in this regard.

List of persons affiliated with the company:

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
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.

3.2. Executive management

Comelf's executive management is appointed by the Board of Directors. The directors/managers lead the daily activity of the company and have the obligation to ensure a correct circuit of the corporate information.

- Members of the Executive Management of the Company:

Cenusa Gheorghe	General Manager
Pop Mircea	Deputy General Manager Business Operation
Oprea Paul Cristian	Deputy General Manager Technical and Production
Tatar Dana	Economic Manager
Jurje Valeriu	AQM Manager
Campian Cosmin	Factory Executive Manager
Tatar Eugen	Factory Executive Manager
Viski Vasile	Factory Executive Manager

The members of the executive management are elected by the Board of Directors and there are no agreements, understandings or family ties between the directors and directors, which could be reported in this report.

For the members of the Board of Directors and the members of the Executive Management, we specify that there are not and have not been any litigations or administrative procedures in which they have been involved, in the last 5 years, related to their activity within the Company, as well as others that concern the capacity of the respective person to perform their duties within the company.

3.3. Corporate governance

Regarding the state of compliance with the provisions of the Corporate Governance Code (CGC) of the BVB, at the end of 2023, out of the 41 provisions to be complied with, 20 were met and 2 were considered partially met. It is worth mentioning that out of the 19 provisions that appear as not complied with, one does not concern the company because COMELF is in the standard category, and 18 are from Section B that are complied with in substance through the work of the internal audit firm outside the company. The provision from Section C not fulfilled is in fact regulated by internal provisions, and the requirements from Section D (Investor Relations) are made by an employee with responsibilities for this purpose and by posting on the company's website the position "Up-to-date information "of

information of interest to investors. It was not considered necessary to hold meetings with investors (D9) they have the necessary information from the current and periodical published reports, which ensure a high degree of transparency that allows shareholders and potential investors to make informed decisions.

All provisions regarding the convening of general meetings are strictly observed, and the Reports on their proceedings, the resolutions adopted, including those regarding the payment of dividends or other special events, are published in BVB Reports in Romanian and English and posted on www.comelf.ro. In order to support the above, and also to include explanations of the status as at 31.12.2023 of compliance with the new GCC, we attach to this report the punctual status, by section, as follows:

Appendix: Status of compliance with the provisions of the new BVB Corporate Governance Code (CGC) as of 31.12.2023:

	Provisions to be observed	conformation Yes/No	Explanations
SECTION A - Responsibilities			
A.1.	All companies must have internal regulations Council which includes the terms of reference / responsibilities Board and key management functions of the company, and which apply, inter alia, the General Principles of Section A.	Yes	The Regulation has been drafted Board of Directors according to CGC at BVB
A.2.	Provisions for the management of conflicts of interest are required included in the Council Regulation. In any case, the members The Council must notify the Council of any conflicts of interests that have arisen or may arise and to refrain from participation in discussions (including by non-presentation, except in case the absence would prevent the formation of a quorum) and from the vote to take a decision on the matter which gives rise to the respective conflict of interests.	Yes	Council Regulation includes provisions regarding the management of conflict of interest.
A.3.	The Board of Directors must consist of at least 5 members.	Yes	
A.4.	The majority of the members of the Board of Directors must not have an executive position. In the case of companies in the Premium Category, no less than two non-executive members of the Board of Directors they must be independent. Each independent member of the Board of Directors must submit a statement to the time of his nomination for election or re-election, as well as when any change in its status occurs, indicating the elements on the basis of which it is considered to be independent	Yes	COMELF is in the Standard category. No member of the Board of The administration has no executive function in COMELF

A.5.	Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Companies and Institutions, must be disclosed shareholders and potential investors before the nomination and in during his term of office.	Yes	
A.6.	Any member of the Board shall submit to the Board information on any relationship with a shareholder who directly owns or indirectly shares representing over 5% of all voting rights. This obligation refers to any relationship that may affect the member's position on matters decided by the Board.	Yes	
A.7.	The company must appoint a secretary to the Board responsible for supporting the work of the Council.	Yes	
A.8.	The corporate governance statement will inform you if it has taken place an evaluation of the Council under the leadership of its President an evaluation of the Council under the leadership of its President nomination committee and, if so, will summarize the measures key and the resulting changes. Society must to have a policy / guidance on the evaluation of the Council comprising criteria and frequency of the evaluation process.	No	Starting with 2020, the company started develop a policy / guidance on evaluation of the Council including the purpose, criteria and frequency of the evaluation process. The new deadline has not been completed being 31.12.2024
A.9.	The corporate governance statement must contain information on the number of meetings of the Board and committees during the last year, the participation of administrators (in person and in absentia) and a report of the Board and committees on their activities.	Yes	In 2023, its Board of Directors met 7 times, with the participation of the majority administrators at each meeting.

			In the OGMS of April 2024 it is presented CA report for the year 2023.
A.10.	The corporate governance statement must contain information on the exact number of independent members of Board of Directors.	No	By the Articles of Incorporation or the OGMS decision the number of CA members is not set they must be independent.
A.11.	The Board of Premium Companies must be established a nomination committee made up of people without functions executive, who will lead the new nomination procedure members of the Council and will make recommendations to the Council. The majority of the members of the nomination committee must be independent.	No	COMELF is in the Standard category.

SECTION B - Risk management system and internal control

B.1.	The Board shall establish an audit committee in which at least a member must be an independent non-executive director. Most members, including the president, must be proved to have adequate qualification relevant to the functions and responsibilities of the committee. At least one committee member Auditors must have experience in auditing or accounting proven and appropriate. In the case of companies no The Board of Directors must consist of at least The majority of the members of the nomination committee must be independent.	No	The internal audit is performed by a independent company. 2 people were nominated, members of the Board which forms the audit committee. None of these two persons does not have the quality of Financial Auditor.
B.2.	The chairman of the audit committee must be a member a member must be an independent non-executive director.	No	The internal audit is performed by a independent company.

B.3.	Within its responsibilities, the audit committee must perform an annual evaluation of the internal control system.	No	The internal audit is performed by a independent company. It provides independent reports to CA members regarding procedures and activities operational.
B.4.	The evaluation must take into account effectiveness and comprehension internal audit function, the adequacy of the reports risk management and internal control presented to the committee audit of the Council, the promptness and effectiveness with which executive management solves deficiencies or weaknesses identified following internal control and reporting relevant to the attention of the Council.	No	The internal audit is performed by a independent company. It provides independent reports to CA members regarding the risks identified in the framework audit activity, how the executive respects, manages and address deficiencies and risks identified in the operational activity.
B.5.	The audit committee must assess conflicts of interest in connection with the transactions of the company and its subsidiaries with the parties affiliates.	No	The internal audit is performed by a independent company.
B.6.	The audit committee must assess the efficiency of the system internal control and risk management system.	No	The internal audit is performed by a independent company.
B.7.	The audit committee must monitor the application legal standards and general internal audit standards accepted. The audit committee must receive and assess internal audit team reports.	No	The internal audit is performed by a independent reporting company to the members of the Board.
B.8.	Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by	No	The internal audit is performed by a independent company.

	periodic (at least annually) or ad-hoc reporting required subsequently submitted to the Council.		
B.9.	No shareholder may be granted preferential treatment to other actinarians in connection with transactions and agreements concluded by the company with shareholders and their affiliates.	Yes	
B.10.	The Council must adopt a policy to ensure as any transaction of the company with any of the companies with which has close relations whose value is equal to or more greater than 5% of the company's net assets (according to last financial report) is approved by the Council a binding opinion of the Board's audit committee and correctly disclosed to shareholders and potential investors insofar as these transactions fall into the category events that are subject to reporting requirements.	No	The Board of Directors has not adopted a policy in this regard.
B.11.	Internal audits must be performed by a separate division structural (internal audit department) within company or by hiring an independent third party.	Yes	The internal audit is performed by a independent company.
B.12.	In order to ensure the fulfillment of the main functions of to the internal audit department, it must report from a functional point of view to the Council through audit committee. For administrative purposes and within management's obligations to monitor and reduce risks must report directly to the general manager.	No	The internal audit is performed by a independent company.

SECTION C - Fair reward and motivation

C.1.	<p>The company must publish the policy on its website remuneration and include in the annual report a statement on the implementation of the remuneration policy during the period which is the subject of the analysis.</p> <p>The remuneration policy must be formulated so as to allow shareholders understanding the underlying principles and arguments on the basis of the remuneration of the members of the Board and of the Director</p> <p>General . This should describe how to drive a process and decision-making regarding remuneration, sa detail the remuneration components of the executive management (such as salaries, annual premiums, long - term incentives related to the value of shares, benefits in kind, pensions and others) and describe the underlying purpose, principles, and assumptions each component (including general performance criteria related to any form of variable remuneration). Furthermore, the remuneration policy must specify the duration of the contract the Executive Director and the period of notice provided for in contract, as well as the eventual compensation for revocation</p>	Yes	The Policy has been developed and published remunerate.
------	--	-----	---

	without just cause [...]. Any essential change in the remuneration policy must be published in good time on the page the company's internet.		
--	--	--	--

SECTION D - Adding value through investor relations

D.1.	The company must organize a Relationship service with Investors - made known to the general public by person (s) responsible or as an organizational unit. Apart from the information imposed by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, with all relevant information of interest for investors, including:	No	The information required according to the provisions is posted on the website under the heading "Up-to-date information".
D.1.1.	The main corporate regulations: the articles of incorporation, the procedures regarding the general meetings of shareholders;	Yes	Posted on www.comelf.ro
D.1.2.	Professional CVs of the members of the management bodies of company, other professional commitments of the members of the Board, including executive and non-executive positions on boards of directors from non-profit companies or institutions;	Yes	Posted on www.comelf.ro

D.1.3.	Current reports and periodic reports (quarterly, half-yearly and annual) - at least those provided for in point D.8 - inclusive current reports with detailed information on non-compliance with this Code;	Yes	Posted on the website www.comelf.ro and sent the BVB.
D.1.4.4	Information regarding the general meetings of the shareholders: the order day and information materials; the procedure for electing members The Council; the arguments in support of the candidates' proposals for election to the Board, together with their professional CVs; shareholders' questions regarding the items on the agenda and the company's answers, including the decisions adopted;	Yes	Posted on www.comelf.ro
D.1.5.	Information about corporate events, such as payment dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to these operations. That information will be published in a timely manner allows investors to make investment decisions;	Yes	Posted on www.comelf.ro
D.1.6.	The name and contact details of a person who will be able to provide, upon request, relevant information;	No	The GMS convocations mention who can give additional relationships as well phone and contact email address.
D.1.7.	Company presentations (e.g., investor presentations, presentations on quarterly results, etc.), financial situations (quarterly, half-yearly, annual), audit reports and reports annual	Partial	Financial statements (quarterly, half-yearly, annual), audit reports and annual reports are posted on the site www.comelf.ro .
D.2.	The company will have an annual dividend distribution policy	No	The company is considering developing a

	<p>or other benefits to shareholders, proposed by the General Manager and adopted by the Council in the form of a set of guidelines which the company intends to follow them regarding the distribution net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.</p>		<p>policies in this regard. To date each time, after approval by The OGMS of the payment of dividends was posted on company website distribution procedure a</p> <p>The company distributes regularly a share of the net profit of financial year and the payment of dividends is made through the Depozitarul Central (Central Depository).</p>
D.3.	<p>The company will adopt a policy regarding the forecasts, either they are made public or not. The forecasts refer to quantified conclusions of some studies aimed at establishing the impact a number of factors for the future (so so-called hypotheses): by its nature, this projection has a level high uncertainty, the actual results may differ significantly significantly lower than originally projected. Policy on forecasts to determine the frequency, the period considered and the content of the forecasts. If published, forecasts can be included only in the annual, half-yearly or quarterly reports. The forecast policy will be published on the website of a</p>	No	<p>The company is considering developing a policies in this regard.</p>

	society.		
D.4.	The rules of general meetings of shareholders must not be limited shareholders' participation in general meetings and exercise their rights. Changes to the rules will take effect, at least earlier, starting with the next shareholders' meeting.	Yes	
D.5.	The external auditors will be present at the general meeting of the actinars when their reports are presented at these meetings.	Yes	
D.6.	The Board will present a brief to the annual general meeting of shareholders assessment of internal control and management systems a significant risks, as well as opinions on certain issues subject to the decision of the general assembly.	Yes	
D.7.	Any specialist, consultant, expert or financial analyst can participates in the shareholders' meeting based on a prior invitation from part of the Council. Accredited journalists can also participates in the general meeting of shareholders, unless which the President of the Council decides otherwise.	Yes	
D.8.	Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales, al operating profit, net profit and other financial indicators relevant, both from one quarter to another and from one year to another.	Yes	
D.9.	A company will organize at least two meetings / teleconferences with	No	During 2023 the company did not

	analysts and investors every year. The information presented with these opportunities will be published in the investor relations section of the internet of the company at the date of the meetings / teleconferences.		organized meetings with investors. The company considers the information published in the reports current and periodic ensures a degree high transparency that allows shareholders and potential investors make good investment decisions substantiated.
D.10.	If a society supports different forms of expression artistic and cultural activities, sports activities, educational activities or and consider their impact on character innovation and competitiveness of the company are part of the mission and its development strategy will publish the policy on Its activity in this field.	Partial	The company has financially supported various cultural, artistic, sporting activities, educational, student olympiads. The company is considering developing a policies in this regard.

Chairman of the Board of Directors, eng. Savu Constantin

General Manager,
eng. Cenusă Gheorghe

Financial Manager,
ec. Tatar Dana