

Report on the third quarter 2024

Issued on: November 14, 2024

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.

On April 18th, 2024, the AGOA approved the full distribution of the net profit for the year 2023, in the amount of 9.328.420 lei, for the payment of dividends to the shareholders of the company. From the total amount of 9.328.420 lei, the amount of 4.680.872 lei was distributed as interim dividends in the first semester of 2023, for the difference in the amount of 4.647.548 lei the payment started on September 16, 2024.

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 | 01.01.2024- 30.09.2024 | 01.01.2023- 30.09.2023 | % |
|---|------------------------------------|---------------------------------|-----------------|
| Total operating income, of which: | 128925 | 140865 | (11,940) |
| Revenues from construction contracts | 126940 | 139451 | (12,511) |
| Profit/(Loss) for the period | 7078 | 7213 | (135) |
| EBITDA | 15412 | 14812 | +600 |
| Interest-bearing Loans | 33950 | 38134 | (4,184) |
| Average number of staff | 599 | 632 | (33) |
| | | | |
| The main indicators, thousands of lei | 3 rd QUARTER 2024 | 3 rd QUARTER 2023 | % |
| Total operating income, of which: | 40446 | 46489 | (6,043) |
| Revenues from construction contracts | 38945 | 45220 | (6,275) |
| Profit/(Loss) for the period | 2324 | 2532 | (208) |
| EBITDA | 4755 | 5419 | (664) |
| Interest-bearing Loans | 33950 | 38134 | (4,184) |
| Average number of staff | 588 | 635 | (47) |

**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 128,925 thousand LEI as at 30.09.2024, down (140,865 thousand LEI as at 30.09.2023) compared to the same period of the previous year. The decrease in revenues in the first 9 months of 2024 compared to the same period of the previous year was influenced by (i) the decrease in the selling price per ton of products by 6.45% due to: the decrease in the metal purchase price (ii) the decrease in physical volumes sold by 4.51%, as a result of the decrease in orders in the first part of the year, in the global economic context marked by a decrease in demand, especially in the earthmoving sector;

◆ **Operating expenses: the main expenses that adversely affected the company's profit were:**

- ✓ Personnel expenses increased by 6.5% as a result of the indexation of salaries by 10% starting February 2024 in the context of 2023 inflation of 12.24% and the increase of the minimum wage from 3000 lei gross to 3700 lei starting July 2024. Staffing fluctuation in the first 9 months of 2024 was 13.2% down 1pp compared to 2023, with the premise not to exceed 2023 fluctuation by the close of the current fiscal year;
- ✓ Depreciation and amortization expense increased in absolute amount as a result of new capital expenditures placed in service in late 2023 and early 2024;

◆ **Profit for the period** decreased insignificantly in the first 9 months of 2024 compared to the profit realized in the same period of the previous year, although, if we decrease the profit realized in 2023 by the amount of 1.010.987 lei, related to an outstanding debt, provisioned in a previous fiscal period, fully collected in January 2023, we obtain an increase in the profit for the activity of 2024.

- ✓ **EBITDA:** although turnover decreased, EBITDA improved as a result of:
- ✓ Optimization of raw materials and materials consumption;
- ✓ Savings generated by own sources of electricity;
- ✓ Tracking and minimizing the costs of third-party services;

The company's assets as at 30.09.2024 show that:

- Fixed assets: decreasing, on the one hand, being influenced by the depreciation of existing fixed assets (cumulative effect at 30.09.2024: 5,903 thousand LEI), the sale of some fully written off equipment not used in the production flow and, on the other hand, by new investments in progress (7,300 thousand LEI, including advances to suppliers of fixed assets, i.e. 286 thousand LEI);
- Current assets decreased by 14.50 % at 30.09.2024 compared to 31.12.2023, due to:
 - (i) decrease in stocks of raw materials (-14%) in line with the orders actually launched in production, against the backdrop of falling raw material prices and in the context of optimising material purchases for the fourth quarter of 2024;
 - (ii) Work in progress decreased by 20%, as physical volumes contracted for the last quarter were slightly reduced, but also on the back of falling selling prices due to the evolution of the cost of raw materials;
 - (iii) Trade receivables decreased by 17%, at 30.09.2024, compared to the end of 2023 and on the background of the use of reverse factoring facilities with some customers and also on the background of lower invoiced value of products due to the decrease in the purchase price of raw materials;
 - (iv) Cash increased by 5,394 thousand lei, due to the use of reverse factoring facilities as a collection/payment solution for customers;
- Equity decreased compared to 31.12.2023 with the amount related to the net profit realized in the period 01.01.2024-30.09.2024 (RON 7,078 thousand), decreased by the amount of net profit for 2023 (RON 9,328 thousand) fully allocated for dividend payment;
- Interest-bearing loans as at 30.09.2024 decreased by the amount of instalments paid, due in the first three quarters of 2024, with no additional loans committed until the end of the third quarter of 2024. Available working capital at 30.09.2024 is 33.836.800 lei (31.12.2023: 36,812,040 lei);
- Supplier payables decreased by 17% compared to December 2023 , 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 2024 may be viewed on the company's website [www.comelf.ro/Informatii la zi/](http://www.comelf.ro/Informatii-la-zi/) , as well as in the link below.

**General Manager,
eng. Cenușa Gheorghe**

**Financial Manager,
ec. Dana Tatar**

COMELF SA Third Quarter Report

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

Issued on: 11/14/2024

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 2024

| Indicator Name | Calculation model | 01.01-30.09.2024 | 01.01-30.09.2023 |
|--|---|------------------|------------------|
| <u>Current liquidity (general)</u> | Current assets/Current liabilities (the recommended value for this indicator is around 2) | 1.20 | 1.24 |
| <i>The current (general) liquidity as at 30.09.2024 is 1.24 and represents the coverage of current liabilities by current assets held by the company.</i> | | | |
| <u>Degree of indebtedness</u> | Borrowed capital/Committed capital | - | 4.83 % |
| debt collection time - Customers (days) | Average customer balance / Turnover X 270 | 94 | 81 |
| Turnover speed of fixed assets | Turnover / Fixed Assets | 1.66 | 1.90 |

General Manager,
eng. Cenușa Gheorghe

Financial Manager,
ec. Dana Tatar



SITUAȚII FINANCIARE INTERIMARE IFRS LA 30 SEPTEMBRIE 2024

| | |
|--|---------------|
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COMELF S.A.**NOTES TO THE IFRS-COMPLIANT INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024***(All amounts are expressed in lei, unless otherwise indicated)***STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30, 2024**

| | Nota | 30.09.2024 | 31.12.2023 |
|---|------|--------------------|--------------------|
| Assets | | | |
| | | 60,281 | 60,281 |
| Intangible assets | 5 | 237,462 | 263,726 |
| Tangible assets | 5 | 76,505,406 | 75,025,009 |
| Financial assets available for sale | 6 | - | - |
| Total non-current assets | | 76,803,149 | 75,349,016 |
| Advance payments for tangible assets | | 747,626 | 1,033,263 |
| Stocks | 7 | 18,094,369 | 21,474,210 |
| Receivables from contracts with customers | 8 | 40,610,023 | 49,155,099 |
| Trade receivables and other receivables | 9 | 6,258,324 | 12,648,949 |
| Current tax receivables | | - | - |
| Cash and cash equivalents | 11 | 13,017,283 | 7,623,636 |
| Total Current Assets | | 78,727,625 | 91,935,157 |
| Total Assets | | 155,530,774 | 167,284,173 |
| 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 | 49,149,948 | 49,424,268 |
| Reported outcome | 12 | 1,133,783 | 1,190,100 |
| Financial year outcome | 25 | 7,077,890 | 9,328,420 |
| Total Equity | | 79,210,217 | 81,791,384 |
| Debts | | | |
| Other loans and debts-leasing | 13 | - | 66,771 |
| Deferrend tax liabilities | 22 | 5,258,775 | 5,211,782 |
| Provisions for risks and expenses | 21 | 249,196 | 249,196 |
| Deferrend income liabilities | 23 | 4,900,189 | 5,711,499 |
| Total long-term debts | | 10,408,160 | 11,239,248 |
| Overdrafts | 13 | 33,836,800 | 36,812,040 |
| Deferrend tax liabilities | 22 | 180,356 | 279,601 |
| The current other loans and liabilities - leasing | 11 | 115,483 | 203,782 |
| Commercial debts and other debts | 14 | 29,365,600 | 34,652,136 |
| Provisions for risks and expenses | 21 | 806,419 | 1,009,742 |
| Income recorded in advance | | 397,896 | - |
| Deferrend tax liabilities | 23 | 1,209,843 | 1,296,240 |
| Total current debts | | 65,912,397 | 74,253,541 |
| Total Debts | | 76,320,557 | 85,492,789 |
| Total equity and debts | | 155,530,774 | 167,284,173 |

Cenusa Gheorghe,
General ManagerTatar Dana
Economic Manager

COMELF S.A.

NOTES TO THE IFRS-COMPLIANT INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024

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

| | Nota | 30.09.2024 | 30.09.2023 |
|---|------|----------------------|----------------------|
| Continuous operations | | | |
| Revenues | | | |
| Revenue from contracts with customers | 15 | 119,638,770 | 131,275,327 |
| Revenues from sales of goods | | 893,838 | 0 |
| Other elements related to the turnover | 16 | 6,407,529 | 8,175,020 |
| Total revenues | | 126,940,137 | 139,450,347 |
| Other revenues | 16 | 1,985,241 | 1,414,487 |
| Expenses | | | |
| Raw material costs and other expenses | | (52,411,273) | (68,980,721) |
| Electricity and water costs | | (1,823,141) | (2,573,904) |
| Commodity expenses | | (884,880) | - |
| Employment charges | 17 | (44,131,354) | (41,425,649) |
| Transport costs | 18 | (3,957,328) | (4,384,438) |
| Other expenses related to revenues | 19 | (9,219,136) | (8,246,676) |
| Cost depreciaton charge | 5 | (5,902,845) | (5,671,062) |
| Financial costs , net | 25 | (2,215,587) | (1,912,226) |
| Ajustments related to curret assets depreciation ,net | 10 | (30,463) | 1,010,987 |
| Provision costs for risks and expenses, net | 21 | 33,802 | 201,370 |
| Other expenses | 19 | (260,201) | (441,910) |
| Total expenses | | (120,802,406) | (132,424,229) |
| Pre-tax profit | | 8,122,972 | 8,440,605 |
| Profit tax | 20 | (1,045,082) | (1,227,200) |
| Profit from continuous operations | | 7,077,890 | 7,213,405 |
| Profit from discontinuous operations | | - | - |
| PROFIT OF THE PERIOD | | 7,077,890 | 7,213,405 |
| Other comprehensive income | | | |
| <i>Items that can be reclassified to expenses and revenues</i> | | - | - |
| Value changes of securities available for sale | 3 | | |
| Total profit and loss account and other comprehensive income | | | |
| Outcome per share | | - | - |
| From continuous and discontinuous operations | | | |
| Outcome per basic share (lei per share) | | 7,077,890 | 7,213,405 |
| Diluted outcome per share (lei per share) | | | |
| Din operatiuni continue | | | |
| Outcome per basic share (lei per share) | 24 | 0.21 | 0.21 |
| Diluted outcome per share (lei per share) | 24 | 0.21 | 0.21 |

Cenusa Gheorghe,
General ManagerTatar Dana ,,
Economic Manager

COMELF S.A.**NOTES TO THE IFRS-COMPLIANT INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024***(All amounts are expressed in LEI, unless otherwise indicated)*

| STATEMENT OF CHANGE OF EQUITY | Capital Social | Adjustments of share capital | Differences and reserves from revaluation | Reserves legal | Other reserves | The Result withheld | Total equity |
|--|---------------------------|---|--|---------------------------|---------------------------|--------------------------------|-------------------------|
| Balance as of January 01, 2024 | 13036325 | 8812271 | 30955944 | 2607265 | 15861059 | 10518520 | 81791384 |
| <i>Profit or loss account and other elements of the overall result</i> | | | | | | | |
| Profit or loss | | | | | | 7077890 | 7077890 |
| <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 | 0 | 0 | -326.572 | 0 | 0 | 274.320 | -52.252 |
| Other equity items | 0 | 0 | 52.252 | 0 | 0 | 0 | 52.252 |
| Legal reserves established | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total profit or loss account and other elements of the overall result | 0 | 0 | -274.320 | 0 | 0 | 7352210 | 7077890 |
| Other elements retained result - correction of accounting errors | 0 | 0 | 0 | 0 | | -330.637 | -330.637 |
| Other elements retained result - correction of accounting errors | 0 | 0 | 0 | 0 | 0 | -330.637 | -330.637 |
| 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 | -9328420 | -9328420 |
| Total transactions with shareholders | 0 | 0 | 0 | 0 | 0 | -9328420 | -9328420 |
| <i>Profit or loss account and other elements of the overall result</i> | | | | | | | |
| Balance as of September 30, 2024 | 13036325 | 8812271 | 30681624 | 2607265 | 15861059 | 8211673 | 79210217 |

COMELF S.A.**NOTES TO THE IFRS-COMPLIANT INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024***(All amounts are expressed in LEI, unless otherwise indicated)**Continued on next page***STATEMENT OF CHANGE OF EQUITY**

| | Capital | Adjustments of share capital | Differences and reserves from revaluation | Reserves | Other | The Result | Total |
|---|-----------------|---------------------------------------|--|----------------|-----------------|-----------------|-----------------|
| | Registered | | | legal | reserves | withheld | equity |
| Balance as of January 01, 2023 | 13036325 | 8812271 | 32423851 | 2607265 | 15861059 | 5503751 | 78244522 |
| <i>Profit or loss account and other elements of the overall result</i> | | | | | | | |
| Profit or loss | | | | | | 9328420 | 9328420 |
| <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 | 0 | 0 | -1747508 | 0 | 0 | 1467907 | -279.601 |
| Other equity items | 0 | 0 | 279.601 | 0 | 0 | -1639346 | -1359745 |
| Legal reserves established | | | | | | | |
| Total profit or loss account and other elements of the overall result | 0 | 0 | -1467907 | 0 | 0 | 9156981 | 7689074 |
| Other items carried forward - correction of accounting errors | | | 0 | 0 | 0 | 0 | 0 |
| Other result items carried forward | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | -4142212 | -4142212 |
| Total transactions with shareholders | 0 | 0 | 0 | 0 | 0 | -4142212 | -4142212 |
| Balance as of December 31, 2023 | 13036325 | 8812271 | 30955944 | 2607265 | 15861059 | 10518520 | 81791384 |

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024 IN ACCORDANCE WITH IFRS

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

CASH FLOW STATEMENT

| | 30.09.2024 | 31-12-2023 |
|---------------------------------------|--------------------|-------------------|
| Pre - tax profit | 7,077,890 | 9,328,420 |
| Depreciation of fixed assets | 5,902,845 | 7,601,133 |
| Cash operational brut | 12,980,735 | 16,929,553 |
| Workong Capital Variation | | |
| Variation receivables | -7,654,562 | 12,192,587 |
| Variation stocks | -3,379,841 | -13,544,728 |
| Variation in other current assents | -6,625,620 | 8,269,417 |
| Variation Income/Expenses in advances | -162,316 | 40,728 |
| Variation suppliers | -4,161,943 | -2,521,428 |
| Variation customer advances | 890,514 | -264,812 |
| Variation employees and assimilated | -1,331,329 | 2,408,041 |
| Net operating Cash | 26,200,316 | 9,585,864 |
| Cash flow dfrom net investment | 7,071,342 | 6,439,712 |
| Debts change | | |
| Variation of short-term loans | 9,520 | -2,783,480 |
| Variation of long-term loans | -2,984,760 | -973,160 |
| Variation of associated debts | - | -2,374 |
| Variation of other liabilities | - | - |
| Variation of capitalluri | -10,760,087 | -6,083,381 |
| Cash flow from financing | -13,735,327 | -9,842,395 |
| Total chas variation between | 5,393,647 | -6,696,243 |
| Initial Cash | 7,623,636 | 14,319,879 |
| Net Cash at end of period | 13,017,283 | 7,623,636 |

Cenusa Gheorghe,
General ManagerTatar Dana
Economic Manager

COMELF S.A.**NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024 IN ACCORDANCE WITH IFRS***(All amounts are expressed in LEI, unless otherwise indicated)*

OPIS NOTE

- | | |
|--|---------------------------------------|
| 1. Reporting entity | 17. Staff costs |
| 2. Basics of preparation | 18. Shipping costs |
| 3. Significant accounting policies | 19. Other operating expenses |
| 4. Significant risk management | 20. Income tax |
| 5. Tangible and intangible assets | 21. Provisions for risks and expenses |
| 6. Financial assets available for sale | 22. Deferred tax liabilities |
| 7. Inventories | 23. Deferred income |
| 8. Receivables from contracts with customers | 24. Earnings per share |
| 9. Trade receivables and other receivables | 25. Financial elements |
| 10. Value adjustments | 26. Contingent assets and liabilities |
| 11. Cash and cash equivalents | 27. Affiliated parties |
| 12. Equity | 28. Capital commitments |
| 13. Loans | 29. Operational segment reporting |
| 14. Trade and other payables | 30. Approval of financial statements |
| 15. Revenues from construction contracts | 31. Management statement |
| 16. Other incomes | |

NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

1. Reporting entity

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

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

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

Interim financial statements in accordance with International Financial Reporting Standards have been prepared for the third quarter of 2024.

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

2. Basics for preparation

a. Declaration of conformity

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

- International Financial Reporting Standards adopted by the European Union (“IFRS”);
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on September 30, 2024 are read together with the financial statements prepared for December 31, 2023 according to the same financial reporting framework.

The financial statements as at September 30, 2024 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 on the assumption that the Company will continue in business for the foreseeable future. To assess the applicability of this hypothesis, management reviews forecasts of future cash inflows.

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 2024 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, 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. 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.

(ii) Interest rate risk

As at 30 September 2024 the majority of the Company's assets and liabilities are non-interest bearing, with the exception of bank loans and leases. As a result, the Company is not materially affected by the risk of interest rate fluctuations. The Company does not use derivative financial instruments to hedge against interest rate fluctuations.

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.

Part of the current assets are denominated in foreign currency (46%) and the Company's current financial liabilities are denominated in foreign currency (31%) and in national currency (69%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. The exposure to exchange rate fluctuations is mainly due to current currency conversion transactions required for current payments in LEI.

COMELF S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024 IN ACCORDANCE WITH IFRS

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

On September 30, 2024 and December 31, 2023, tangible and intangible assets evolved as follows:

| | Exp. on develop ment | Intangible assets | Lands | Buildings | Technical installati ons and machinery | Other installati ons and furnitur e | Tangible assets in progress | Total | Advance p. for tangible assets | Total fixed assets* |
|---|-------------------------------|----------------------|-----------------|-----------------|---|---|-----------------------------------|------------------|---|------------------------|
| Cost | 203 | 205 | 211 | 212 | 213 | 214 | 231 | | 4093 | |
| Balance as of January 01, 2024 | 60.281 | 1400383 | 21247075 | 42361645 | 93580010 | 462.485 | 8240266 | 167352145 | 1033263 | 168385408 |
| inputs | 0 | 13.748 | 0 | 141.824 | 591.339 | 3.361 | 6023977 | 6774249 | 160.269 | 6934518 |
| Domestic production | 0 | 0 | 0 | | 0 | 0 | 582.831 | 582.831 | 0 | 582.831 |
| Outflow (discarded assets) | 0 | 0 | 0 | 0 | -27.071 | 0 | 0 | -27.071 | 0 | -27.071 |
| Internal transfers | 0 | 147.681 | 0 | 38.496 | 895.435 | 0 | -1081612 | 0 | -445.906 | -445.906 |
| Revaluation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of September 30, 2024 | 60.281 | 1561812 | 21247075 | 42541965 | 95039713 | 465.846 | 13765462 | 174682154 | 747.626 | 175429780 |
| Balance as of January 01, 2024 | 0 | 1136657 | 0 | 22087936 | 68512014 | 266.522 | 0 | 92003129 | 0 | 92003129 |
| Depreciation expense per year | 0 | 187.693 | 0 | 2075576 | 3610061 | 29.516 | 0 | 5902846 | 0 | 5902846 |
| Cumulative depreciation of outflows | 0 | 0 | 0 | 0 | -26.971 | 0 | 0 | -26.971 | 0 | -26.971 |
| Depreciation cancellation for revalued fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of September 30, 2024 | 0 | 1324350 | 0 | 24163512 | 72095104 | 296.038 | 0 | 97879004 | 0 | 97879004 |

*Total fixed assets includes advances fixed assets, for verification with line 26, balance sheet code S_1045;

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

| | Exp. on develop ment | Intangible Assets | Lands | Buildings | Technical installat ions and machinery | Other installat ions and furnitur e | Tangible assets in progress | Total | Real estate advances. | Total fixed assets* |
|---|----------------------------|----------------------|-----------------|-----------------|---|---|-----------------------------------|------------------|-----------------------------|------------------------|
| Cost | 203 | 205 | 211 | 212 | 213 | 214 | 231 | | 4093 | |
| Balance as of January 01, 2023 | 59.864 | 1347543 | 21247075 | 40789917 | 95404980 | 503.867 | 6405825 | 165759071 | 995.184 | 166754255 |
| inputs | 417 | 52.840 | 0 | 243.853 | 1267715 | 29.318 | 4491271 | 6085414 | 794.822 | 6880236 |
| Domestic production | 0 | 0 | 0 | | 0 | 0 | 594.410 | 594.410 | 0 | 594.410 |
| Outflow (discarded assets) | 0 | 0 | 0 | 0 | -5086750 | 0 | 0 | -5086750 | 0 | -5086750 |
| Internal transfers | 0 | 0 | 0 | 1327875 | 1994065 | -70.700 | -3251240 | 0 | -756.743 | -756.743 |
| Revaluation of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of December 31st, 2023 | 60.281 | 1400383 | 21247075 | 42361645 | 93580010 | 462.485 | 8240266 | 167352145 | 1033263 | 168385408 |
| Accumulated depreciation | | | | | | | | | | |
| Balance as of January 01, 2023 | 0 | 892.149 | 0 | 19398223 | 68634598 | 285.585 | 0 | 89210555 | 0 | 89210555 |
| Depreciation expense per year | 0 | 244.508 | 0 | 2689713 | 4629098 | 37.814 | 0 | 7601133 | 0 | 7601133 |
| Cumulative depreciation of outflows | 0 | 0 | 0 | 0 | -4751682 | -56.877 | 0 | -4808559 | 0 | -4808559 |
| Depreciation cancellation for revalued fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as of December 31, 2023 | 0 | 1136657 | 0 | 22087936 | 68512014 | 266.522 | 0 | 92003129 | 0 | 92003129 |
| Net book value | | | | | | | | | | |
| On September 30, 2024 | 60.281 | 237.462 | 21247075 | 18378453 | 22944609 | 169.808 | 13765462 | 76803150 | 747.626 | 77550776 |
| On December 31, 2023 | 60.281 | 263.726 | 21247075 | 20273709 | 25067996 | 195.963 | 8240266 | 75349016 | 1033263 | 76382279 |

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

6. Financial assets available for sale

As of September 30, 2024 and December 31, 2023, Comelf SA no longer holds financial assets available for sale.

7. Inventories

On September 30, 2024 and December 31, 2023, the stocks record the following balances:

| | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Raw materials | 8570528 | 9820860 |
| Auxiliary materials | 92.164 | 64.011 |
| Fuel + Machine oil | 20.053 | 19.572 |
| Inventory items | 124.409 | 411.475 |
| Other | 189.214 | 173.194 |
| Production in progress | 8789921 | 10960899 |
| Finished product | 308.080 | 24.531 |
| Adjustments for depreciation of raw materials | 0 | -332 |
| Total | 18094369 | 21474210 |

The company has registered value adjustments for the depreciation of stocks as of September 30, 2024 as of 31 December 2023 in the amount of 332 lei.

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

8. Receivables from contracts with customers

As of September 30, 2024 and December 31, 2023, the receivables from commercial contracts are as follows:

| | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Invoiced receivables from contracts with customers | 43424881 | 52816163 |
| Unbilled receivables from contracts with customers | 0 | 0 |
| Value adjustments regarding receivables from invoiced construction contracts | (2,814,858) | (3,661,064) |
| Total | 40610023 | 49155099 |

Receivables from contracts with customers are presented net by down-payments received in the amount of 1.080, 515 lei (31 December 2023: 190,000). During the year 2024, provisioned receivables amounting to 880,901 lei were removed from the financial-accounting records, following the bankruptcy proceedings for a number of 4 clients, these were recorded in the accounts receivable losses against the write-off of the provision.

9. Trade receivables and other receivables

On September 30, 2024 and December 31, 2023, trade and other receivables are as follows

| | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Receivables from sales of goods | - | - |
| VAT to be recovered | 1534071 | 3030168 |
| Down-payments made to domestic suppliers (excluding those for fixed assets) | 11.164 | 8.175 |
| Down-payments made to external suppliers | 61.565 | 90.413 |

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

| | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Down-payments made to fixed assets suppliers | 747.626 | 1033263 |
| Grants receivable | - | 845.000 |
| Different debtors | 1038800 | 938.063 |
| Dividend receivables distributed during the financial year | 0 | 4680872 |
| Other receivables | 3612724 | 3056258 |
| Value adjustments | - | - |
| Total | 7005950 | 13682212 |

Exposure to credit risk and currency risk, as well as impairment losses related to commercial contracts and other receivables, excluding construction contracts in progress, are presented after the Note on miscellaneous debtors.

10 . Impairment adjustments for current assets

The evolution of impairment adjustments on current assets at September 30, 2024 was as follows:

| | Balance on 01 January 2024 | increases | Decreases | Balance as of September 30, 2024 |
|---|----------------------------|-----------|----------------|----------------------------------|
| Value adjustments regarding receivables from contracts with customers | 3661064 | - | 846.206 | 2814858 |
| Total | 3661064 | - | 846.206 | 2814858 |

The decrease in the provision for doubtful receivables is offset by an expense from losses on receivables, **in the amount of 880,901 LEI**, following the bankruptcy of 4 companies, for which COMELF SA created a provision at the time of fulfillment of the conditions for its constitution.

Value adjustments in the amount of 2,814,858 lei are constituted for a number of 18 customers, of which one is in litigation for the amount of 949,436 lei, and another customer has entered bankruptcy proceedings for the amount of 1,115,995 lei.

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

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

11. Cash and cash equivalents

At September 30, 2024 and December 31, 2023, cash and cash equivalents are as follows:

| | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Amounts available in bank accounts in local currency | 1874166 | 1481067 |
| Amounts available in bank accounts in foreign currency | 11139689 | 6135726 |
| Cash | 3.115 | 6.843 |
| Other amounts available | 313 | - |
| Total | 13017283 | 7623636 |

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

Liquidity management

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The responsibility for the liquidity risk lies with the Board of Directors and the executive management of Comelf, which establishes the liquidity management through BVC and the cash flow, prepared on the whole company and for each subunit separately. 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, 2024, no changes were made on the value of the share capital (13,036,325.34 LEI) and on the number of shares (22,476,423 shares).

On 30 September 2024 and 31 December 2023, the Company's shareholding structure is:

| | September 30, 2024 | | | December 31, 2023 | | |
|--------------------|--------------------|------------------|--------------|-------------------|------------------|--------------|
| | Number of shares | Total face value | % | Number of shares | Total face value | % |
| Uzinsider SA | 18189999 | 10550199 | 80.93 % | 18189999 | 10550199 | 80.93 % |
| Other shareholders | 4286424 | 2486126 | 19.07 % | 4286424 | 2486126 | 19.07 % |
| Total | 22476423 | 13036325 | 100 % | 22476423 | 13036325 | 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, 2024 | December 31, 2023 |
|------------------------------------|--------------------|-------------------|
| Social capital | 13036325 | 13036325 |
| Share capital adjustments - IAS 29 | 8812271 | 8812271 |
| Social capital portrayed | 21848596 | 21848596 |

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 2024 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. On 30.09.2024 the Company had already constituted legal reserves up to the amount of these limits.

(b) Revaluation reserves

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(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 2024, 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, 2023. The company distributed dividends in the amount of 9,328,420 lei (representing 0.415 lei/share). The company has paid until September 30, 2024 to the shareholders dividends in the amount of 8,881,040 lei representing dividends distributed in the current and previous years. The balance of dividends as at 30.09.2024 is 1,767,904 lei.

13.Loans**a) Account overdraft**

As at September 30, 2024 the Company has a working capital loan agreement with ING Bank Romania - contract no. 11438/09.11.2011, with maturity UFN, renewable in November each year. The object of the contract was a credit facility in the initial amount of EUR 8,400,000, of which EUR 1,600,000 was repaid in equal quarterly installments, according to the due date, the last installment having maturity on 30.09.2024. At September 30, 2024 the remaining balance of the facility is EUR 6,800,000. The loan was accessed for temporary working capital provision to support operational activities in line with the new cash conversion cycle.

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

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

As at 30 September 2024, the Company has a total credit line balance of 33,836,800 lei (31 December 2023: 36,812,040 lei).

b). Leasing contracts

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

Leasing contracts no.234267,234268,234269 were signed on 08.01.2019, lender Porsche Leasing, financed amount EUR 38.443,31, payable in 60 monthly installments, the lease was paid off on April 30, 2024.

Also during 2019, the Company has committed the purchase of a CLOOS robotized welding system, in leasing. Leasing contract no.120882 was signed on 22.05.2019, lender BRD Sogelease, the financed amount 179.660,70 eur, payable in 60 monthly installments. The balance at 30.09.2024 is 23.208,09 EUR, maturing in 2025.

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

- Land with an area of 13,460 sqm and buildings with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings with a built-up area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and buildings with a built-up area of 572.93 sqm, bearing the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, cad.C1 top: 8118/1/5: SIDUT monobloc hall.
- Pledge of technological equipment with a net book value at 30.09.2024 of **1,177,805 lei**.

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14. Trade and other payables

As of September 30, 2024 and December 31, 2023, trade payables and other payables are as follows:

| | September 30, 2024 | December 31, 2023 |
|-------------------------------|---------------------------|--------------------------|
| Trade payables | 20197711 | 24359654 |
| Debts to budgets | 3217542 | 4976829 |
| Debts to staff | 4051949 | 3769338 |
| Silver dividend | 1767904 | 1330551 |
| Other loans and similar debts | 130.494 | 215.179 |
| Total | 29365600 | 34651551 |

Trade payables at 30 September 2024 in the amount of 29,365,600 lei (31 December 2023: 34,651,551 lei) are in accordance with the contracts concluded with the suppliers.

As at 31 September 2024 and 31 December 2023, 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, 2024 | September 30, 2023 |
|---|---------------------------|---------------------------|
| Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was achieved (ct 701) | 119638770 | 131275327 |
| TOTAL | 119638770 | 131275327 |

In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues in execution stages proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in stages), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution stage. The company manufactures goods based on designs, only at the request of customers, based on firm orders. The evaluation of the revenues from the contracts with the clients, on execution stages, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company recognizes an income, based on the total income to be obtained related to the contract balanced with the evolution of the corrected actual cost (without negative deviations) for the execution of the contract.

16a. Other revenue related to turnover

The position includes:

| | September 30, 2024 | September 30, 2023 |
|---|---------------------------|---------------------------|
| Rental income | 104.355 | 7.047 |
| Income from various activities | 3817849 | 5211528 |
| Revenues from the sale of residual products | 1917766 | 2230526 |
| Revenue from services rendered | 567.559 | 725.919 |
| Total | 6407529 | 8175020 |

16b. Other incomes

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The position includes:

| | September 30, 2024 | September 30, 2023 |
|--------------------------------------|--------------------|--------------------|
| Income from investment grants | 897.707 | 964.586 |
| Income from operating subsidies | 210.826 | 59.466 |
| Income from disposed of fixed assets | 268.509 | - |
| Other | - | 390.435 |
| Total | 999.805 | 1414487 |

17. Staff costs

The average number of employees at September 30, 2024 and September 30, 2023 was as follows:

| | September 30, 2024 | % | September 30, 2023 | % |
|-------------------------------------|--------------------|--------------|--------------------|--------------|
| Direct productive staff | 359 | 60 % | 386 | 61 % |
| Management and administration staff | 240 | 40 % | 247 | 39 % |
| Total | 599 | 100 % | 633 | 100 % |

Staff costs were as follows:

| | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Staff salary expenses | 39357330 | 36747123 |
| Expenses with meal vouchers | 3139373 | 3149306 |
| Expenses regarding insurance and social protection | 1634651 | 1529220 |
| Total | 44131354 | 41425649 |

The company did not grant loans or advance payments to the members of the administrative, management or supervisory bodies on September 30, 2024 and September 30, 2023.

As of September 30, 2024, the management of COMELF SA was composed of the following:

- Members of the Company's Board of Directors:

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

- Members of the Executive Management of the Company:

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

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

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

- Members of the Company's Board of Directors:

| | |
|-----------------|----------|
| Savu Constantin | Chairman |
| Babici Emanuel | member |
| Mustata Costica | member |
| Sofroni Vlad | member |
| Parvan Cristian | member |
- Members of the Executive Management of the Company:

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

18. Shipping costs.

This position includes:

| | September 30, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Expenses for the transport of raw materials | 673.928 | 1071000 |
| Expenses for transporting finished products | 2672598 | 2677308 |
| Expenses for transporting employees | 610.802 | 636.130 |
| Other transport costs | - | - |
| Total | 3957328 | 4384438 |

19a. Other expenses related to income

| | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Maintenance and repair expenses | 932.375 | 907.197 |
| Rent expenses | 190.021 | 171.876 |
| Insurance expenses | 301.609 | 279.850 |
| Expenses with personnel training | 86.384 | 180.069 |
| Consulting expenses | 528.327 | 547.113 |
| Outsourcing expenses | 2081128 | 2111858 |
| Expenses regarding commissions and fees | 1506829 | 1692879 |
| Protocol expenses | 102.770 | 54.088 |
| Expenses with travel, secondments and transfers | 103.889 | 47.435 |
| Postal charges and telecommunications charges | 419.187 | 392.805 |
| Expenses with banking and similar services | 83.998 | 82.790 |
| Other expenses with services provided by third parties | 1267459 | 888.758 |
| Expenses with other taxes and fees | 1615160 | 889.958 |
| Total | 9219136 | 8246676 |

19b. Other expenses

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

| | September 30, 2024 | September 30, 2023 |
|--------------|--------------------|--------------------|
| Total | 260.201 | 441.910 |

20. Income tax

The Company's current profit tax as of September 30, 2024 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of September 30, 2024 and September 30, 2023 is detailed as follows:

| | September 30, 2024 | September 30, 2023 |
|----------------------------|--------------------|--------------------|
| Current income tax expense | 1045082 | 1227200 |
| Total | 1045082 | 1227200 |

21. Provisions for risks and expenses

As of September 30, 2024, the Company has registered provisions for risks and expenses in the amount of 1,055,615 lei (1,258,939 lei as of December 31, 2023). Their summarized situation is presented below:

| | Provision for guarantees | Pension provision | Provision for litigation | Other provisions | Total |
|---|--------------------------|-------------------|--------------------------|------------------|----------------|
| Balance as of January 01, 2024 | 0 | 249.196 | 0 | 1009742 | 1258938 |
| Established during the interval | 0 | 0 | 0 | 0 | 0 |
| Used during the interval | 0 | 0 | 0 | (33.802) | (33.802) |
| Real estate receivables value adjustments (ct 2968) | 0 | 0 | 0 | 0 | 0 |
| Resumed during the interval | 0 | 0 | 0 | (169.521) | (169.521) |
| Balance as of September 30, 2024 | 0 | 249.196 | 0 | 806.419 | 1055615 |
| Long-term | 0 | 249.196 | 0 | 0 | 249.196 |
| short term | 0 | 0 | 0 | 806.419 | 806.419 |

- **Pension provisions in the amount of 249,196 lei (December 31, 2023: 249.196 lei).**
According to the collective labor contract, the Company offers cash benefits depending on the length of service upon retirement for employees. The provisioned amount was calculated taking into account the amount provided for retirement based on seniority in the company, the time left until retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, i.e. 23.55%.
- **Other provisions in the amount of 806.419 lei (December 31, 2023: 1,009,742 lei) include:**
 - The provision related to redemptions of pension insurance policies for the amount of 725,514 lei, are loyalty pension rights of COMELF employees, granted based on the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 80,905 includes a provision for potential commercial penalties, according to commercial contracts and customer notifications.

22. Deferred tax liabilities

Deferred tax liabilities on September 30, 2024 and December 31, 2022 are generated by the elements detailed in the following table:

| | September 30, 2024 | December 31, 2023 |
|---|---------------------------|--------------------------|
| 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. | (4,516,529) | (4,568,781) |
| Deferred tax, net | (5,439,131) | (5,491,383) |

23. Deferred income

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

The government subsidy was conditioned by the Beneficiary's contribution of 27,635,774 lei of which the eligible amount was 16,848,613 lei, the difference being the ineligible amount, including VAT within the project, during the project implementation period which was 24 months from 04.02.2013.

On September 30, 2024, the Company resumed in revenue the amount of 723.434 lei (September 30, 2023: 825,399 lei), representing the amortization of subsidies.

2) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application of utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. In October 2019 the "Utilities consumption and production monitoring system and energy management software license" was put into operation. The amount of the grant received was 892,572 lei.

As at September 30, 2024, the Company wrote back to income the amount of 72,389 lei (September 30, 2023: 63,418 lei), representing amortization of subsidies.

3) The company signed in 2020 (11.06.2020) a financing contract within the EEA and Norway Grants 2014 - 2021, with the objective of granting non-refundable financing by Innovation Norway for the implementation of the project, "An investment in a smarter future and more efficient", the total value of the financing contract was EUR 632,500, of which non-refundable financing in the amount of up to EUR 350,000. In November 2021, "a unit for the production of renewable energy from photovoltaics with a capacity of 1,200 MWH / year" was put into operation. The total value of the investment on 31.12.2021 was 2,998,953 lei, of which the amount of the subsidy received in March 2022 is 1,513,994 lei.

As of September 30, 2024, the Company has reversed to income the amount of 75,770 lei (September 30, 2023: 75,770 lei, representing amortization of subsidies.

4) The company has signed in 2023 (08.03.2023) a financing contract within the POIM, with the objective of granting a grant for the implementation of the project "energy efficiency measurements by changing the lighting system at COMELF SA", the total amount of the financing contract is 1,110,499.22 lei, of which the grant is 845,016.39 lei (718,263.93 lei ERDF funds + 126,752.46 lei funds from the national budget). By the end of 2023 the implementation of the project was finalized. In March 2024, 90% of the value of the grant of 760,500 lei was received for this project, the difference of 84,500 lei was received in May 2024.

As of September 30, 2024, the Company resumed in revenue the amount of 26,114 lei.

The accounting policies adopted are presented in Note 3.

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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:

| | September 30, 2024 | September 30, 2023 |
|--|--------------------|--------------------|
| Profit attributable to ordinary shareholders | 7077890 | 7213405 |
| Balanced average number of ordinary shares | 22476423 | 22476423 |
| Basic earnings per share | 0.31 | 0.32 |

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, 2024 | September 30, 2023 |
|---|--------------------|--------------------|
| Interest income | 20.130 | 46.032 |
| Income from exchange rate differences | 166.154 | 746.516 |
| Other items of financial income | 1.331 | 669.230 |
| Total financial income | 187.615 | 1461778 |
| Interest expenses | (1,368,297) | (1,065,065) |
| Expenses with exchange rate differences | (609.014) | (1,319,785) |
| Other elements of financial expenses | (425.891) | (989.154) |
| Total financial expenses | (2,403,202) | (3,374,004) |

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, 2024 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remediation plans, on environmental elements.

The Company's management does not consider the expenses associated with possible environmental problems to be significant.

(b) Transfer price

According to Order 442/2016, the category of large taxpayers that exceed the following value thresholds in transactions with affiliated parties:

- 200,000 euros, in case of interest collected / paid for financial services, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 250,000 euro, in the case of transactions regarding the provision of services received / provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350, .000 euro, in case of transactions regarding acquisitions / sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year.

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

Comelf SA has prepared the file of transfer prices for 2023.

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27. Transactions and balances with affiliated parties

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

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

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

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

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

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

| Affiliated party | Activity | Description of the type of business relation |
|---------------------------------|---|--|
| Uzinsider SA | Management consulting services | Uzinsider SA is the majority shareholder |
| Uzinsider Techo SA | Trade intermediation services for industrial products | |
| Uzinsider General Contractor SA | 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.

a) Receivables and payables from related parties

As of September 30, 2024 and December 31, 2023, receivables from affiliated parties are as follows:

| Receivables from | September 30, 2024 | December 31st, 2023 |
|---------------------------------|--------------------|---------------------|
| Uzinsider Techo SA | 12600987 | 19687762 |
| Uzinsider General Contractor SA | 237.418 | 237.418 |
| Promex SA | 17.162 | - |
| 24 Ianuarie SA | - | - |
| Total | 12855567 | 19925180 |

As of September 30, 2024 and December 31, 2023, liabilities payables to related parties are as follows:

| Debts to | September 30, 2024 | December 31st, 2023 |
|---------------------------------|--------------------|---------------------|
| Uzinsider SA | 908.135 | 698.566 |
| Uzinsider Techo SA | 606.423 | 1289688 |
| Uzinsider General Contractor SA | 962.022 | 1931797 |
| Promex SA | - | - |
| 24 Ianuarie SA | - | - |
| Total | 2476580 | 3920051 |

b) Affiliated party transactions

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

| Sales in the year ended at: | September 30, 2024 | September 30, 2023 |
|------------------------------------|---------------------------|---------------------------|
| Uzinsider Techo SA | 20885492 | 24873947 |
| Uzinsider General Contractor SA | - | 0 |
| Promex SA | 21.913 | 0 |
| 24 Ianuarie SA | 17.285 | 21.508 |
| Total | 20924690 | 24895455 |

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

| Acquisitions in the year ended at: | September 30, 2024 | September 30, 2023 |
|---|---------------------------|---------------------------|
| Uzinsider SA | 528.327 | 547.113 |
| Uzinsider Techo SA | 1253938 | 1863531 |
| Uzinsider General Contractor SA | 4991019 | 6938745 |
| Promex SA | 106.971 | - |
| 24 Ianuarie SA | - | - |
| Total | 6880255 | 9349389 |

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

The general terms and conditions provided in the relations concluded with the affiliated parties are the following: payment terms 60-120 days, payment method - payment orders, no guarantees, and no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2024 are limited to own sources of financing and are estimated at EUR 1.568 million. On September 30, 2024, the value of fixed assets was 7.3 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 air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors,

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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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| | FPI | | FUET | | TERRA | | Center | | Total | |
|----------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| External revenues of the segment | 47502661 | 45574030 | 47064550 | 52745839 | 28731607 | 34401996 | 5452990 | 8142969 | 128925378 | 140864834 |
| Total segment revenues | 47502661 | 45574030 | 47064550 | 52745839 | 28731607 | 34401996 | 5452990 | 8142969 | 128925378 | 140864834 |
| Net financial costs | -483.380 | -293.161 | -539.149 | -533.879 | -511.330 | -443.013 | -681.728 | -642.173 | -2215587 | -1912226 |
| Depreciation and amortization | 1490989 | 1370812 | 2035799 | 2015078 | 1552096 | 1507874 | 823.961 | 777.298 | 5902845 | 5671062 |
| Income tax expense | -442.661 | -313.643 | -272.394 | -175.252 | -211.417 | -294.612 | -118.610 | -444.693 | -1045082 | -1227200 |
| The net result for the interval | 2937994 | 790.433 | 1498744 | 485.240 | 1226933 | 791.888 | 1414219 | 2613311 | 7077890 | 7213405 |
| | September 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 | September 30, 2024 | December 31, 2023 |
| Segment assets | 49625938 | 24386369 | 50948309 | 45179052 | 28912747 | 18701660 | 26043780 | 79016507 | 155530774 | 167283588 |
| Segment debts | 6236345 | 9492066 | 8524023 | 11262735 | 4824354 | 5551039 | 56735835 | 59186364 | 76320557 | 85492204 |

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024 IN ACCORDANCE WITH IFRS

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30. Approval of financial statements

The financial statements were approved by the Board of Directors for publication on November 14, 2024.

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 results of the company in accordance with applicable accounting standards.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager