

Report for the first quarter of 2022

Issued on: May 12, 2022

Company name: COMELF SA

Registered Office: no. 4, Industriei str., Bistrita

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 and the impact that they have on the financial position of the issuer and its subsidiaries.

The outbreak of the conflict in Ukraine, in February 2022, had as an immediate consequence, a temporary shortage of metal, the basic raw material for COMELF SA, on the background of which its price has accelerated to double in a very short time. Under these conditions, we had to urgently resume discussions and negotiations with customers who had already placed orders for which raw material was not secured, while identifying suppliers and purchasing raw material, based on acceptance and confirmations from customers. Also, the way of settling materials has completely changed, with most suppliers asking for advance payments when placing orders, followed by very short payment terms. In this context, against the background of doubling prices and short payment terms, while maintaining the collection terms from customers, the company has taken out an additional bank loan of EUR 1,500,000 to support its current activity and ongoing investment programme.

27.04.2022 the AGOA was held, which approved the distribution of 1.500.000 lei from the net profit for the year 2021 for the payment of dividends to the shareholders of the company. The effective payment date was set at 15.07.2022.

On 27.04.2022, the AGOA approved the REB for the year 2022, the investment program for the year 2022, the company's organization chart and the maximum credit limit for the current year, with the mention that a budget rectification has already been discussed in the middle of the current year, considering the effects of the current conflict in Ukraine on the price of raw materials which is directly reflected in the sales price and turnover.

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

The main indicators, thousands of lei	01.01.2022-31.03.2022	01.01.2021-31.03.2021	%
Total operating income, of which:	42,880	34,858	+23
Revenues from construction contracts	39,097	32,032	+22
Profit/(Loss) for the period	590	1,208	(51)
EBITDA	2,881	3,425	(16)
Interest-bearing Loans	34,857	32,840	+6
Average number of staff	655	659	-

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

❖ COMELF SA's operating revenues amounted to 42,880 thousand LEI as of 31.03.2022, up (34,858 thousand LEI as of 31.03.2021) compared to the same period of the previous year. The increase in revenues in the first quarter of 2022 compared to the first quarter of 2021 was influenced by the increase in the selling price of products (+29) due to: (i) higher raw material prices in Q12022 compared to Q12021 (+41%), the price of utilities and other materials; (ii) manufacturing of more complex products, including special or stainless materials.

❖ **Profit for the period** decreased in the first 3 months of 2022 compared to the same period of the previous year, the main factors influencing the profit evolution being:

- ✓ Expenditure on raw materials, whose purchase in March 2022, at higher prices than the average of the first two months, influenced the weighted average price and therefore consumption in value terms.
- ✓ Salary expenses, as a result of the global indexation of salaries at the company level starting with January 2022, by 10%, amid inflation and staff fluctuations at the national level, without being able to transfer it in full in the price of finished products or to compensate by an increase in productivity.
- ✓ Utility expenses due to higher prices for energy, natural gas and technical gas;
- ✓ Expenditure on fuel and packaging materials.

The company's assets as at 31.03.202 show that:

➤ Fixed assets: increasing, on the one hand, being influenced by new investments in progress, mainly in the 1.5 Mwp expansion of the photovoltaic system for the production of electricity for own consumption, with a cumulative value as at 31.03.2022 of RON 2,504 thousand and, on the other hand, by the depreciation of fixed assets put into operation (cumulative effect as at 31.03.2022: RON 1,923 thousand),

➤ Current assets increased by 10% on 31.03.2022 compared to 31.12.2021, due to:

(i) increase in raw material inventories (16%) based on orders actually launched in production and the increase in the price of related raw materials;

(ii) Finished goods inventory is maintained compared to the level recorded in December 2021 due to the postponement of delivery of some products by customers; these products are expected to be delivered in the second quarter;

(iii) Work in progress increased by 7%, in line with the increase in raw materials, with orders not yet completed, with delivery deadlines beyond Q2 2022;

(iv) Trade receivables increased as at 31.03.2022 by 2% compared to year-end 2021;

(v) Cash and cash equivalents increased by 1,850 thousand lei, as a result of collections at the end of March 2022;

➤ Equity increased compared to 31.12.2021 with the amount related to the net profit realized between 01.01.2022- 31.03.2022;

➤ Interest-bearing loans as at 31.03.2022 remained at approximately the same level as at 31.12.2021, as there are no additional loans committed until the end of Q1 2022. Working capital as at 31.03.2022 is 34,183,770 lei (31.12.2021: 34,191,371 lei);

➤ Supplier debts increased by 28% compared to December 2021 +6,705 thousand lei, an increase generated by the purchases of raw materials in March 2022, due to the increase in the purchase price.

Report for the first quarter of 2022 can be consulted on the company's website [www.comelf.ro/Updated information /](http://www.comelf.ro/Updated-information/) as well as in the link below.

General Manager,
eng. Cenușă Gheorghe

Financial Manager,
ec. Dana Tătar

The report for the first quarter of COMELF SA
According to the FSA Regulation no. 5/2018 Annex no. 13

Issued on: 5/12/2022

Company name: COMELF SA

Registered Office: no. 4, Industriei str., Bistrita,

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 period.

B. Economic and financial indicators for the first quarter of 2022

Indicator Name	Calculation model	March 31, 2022	March 31, 2021
<u>Current liquidity (general)</u>	Current assets/Current liabilities (the recommended value for this indicator is around 2)	1.19	1.14
<i>The current (general) liquidity at 31.03.2022 is 1.19 and represents the degree of coverage of current debts through current assets held by the company.</i>			
<u>Degree of indebtedness</u>	Borrowed capital/Committed capital	0.53%	0.89%
<i>The indebtedness of the company is 0.53% and represents the share held by borrowed capital-debts over 1 year, in the committed capitals;</i>			
debt collection time - Customers (days)	Average customer balance / Turnover X 90	75	88
Turnover speed of fixed assets	Turnover / Fixed Assets	0.51	0.39

General Manager,
eng. Cenușă Gheorghe

Financial Manager,
ec. Dana Tătar

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31st, 2022

In Lei

Nr.		31.12.2021	31.03.2022
Crt.	DENUMIREA POZITIEI	IFRS	IFRS
1	<i>Actives</i>		
2	<i>Development costs</i>	34,863	44,591
3	<i>Intangible assets</i>	464,585	440,237
4	<i>Tangible assets</i>	76,420,859	77,076,385
5	<i>Financial assets available for sale</i>	-	-
6	Total Fixed assets	76,920,307	77,561,213
7	<i>Advance payments for tangible assets</i>	485,196	259,565
8	<i>Stocks</i>	11,682,634	13,600,300
9	<i>Account receivables from construction contracts</i>	55,557,013	58,471,202
10	<i>Commercial account receivables and of other types</i>	4,096,772	5,763,776
11	<i>Current tax account receivables</i>	-	-
12	<i>Cash and cash equivalents</i>	7,563,505	9,413,391
13	Total Current Actives	79,385,120	87,508,234
14	Total Actives	156,305,427	165,069,447
15	<i>Capital</i>	13,036,325	13,036,325
16	<i>Adjustments of the capital</i>	8,812,271	8,812,271
17	<i>Other elements of equity</i>	(8,175,351)	(8,091,369)
18	<i>Reserves</i>	57,488,066	56,963,179
19	<i>Reported result</i>	(6,242)	4,720,676
20	<i>Year result</i>	4,285,589	590,020
21	Total shareholder's equity	75,440,658	76,031,102
22	<i>Debts</i>		
23	<i>Long term bank loans</i>	-	-
24	<i>Other loans and debts-leasing</i>	8,762,025	8,678,043
25	<i>Debts for postponed tax</i>	493,544	435,719
26	<i>Provisions for risks and expenses</i>	105,086	105,086
27	<i>Debts for postponed income</i>	4,661,145	4,263,585
28	Total long term debts	14,021,800	13,482,433
29	<i>Overdrafts</i>	34,191,371	34,183,770
30	<i>The current share for the long term loan</i>	-	-
31	<i>Defferend tax liabilities</i>	235,702	237,189
32	<i>The current other loans and liabilities - leasing</i>	335,928	335,928
33	<i>Commercial and other types of debts</i>	29,332,297	38,084,246
34	<i>Provisions for risks and expenses</i>	1,036,478	1,023,752
35	<i>Debts for postponed income</i>	1,711,193	1,691,027
36	Total current debts	66,842,969	75,555,912
37	Total Debts	80,864,769	89,038,345
38	Total shareholder's equity and debts	156,305,427	165,069,447

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	31.03.2021	31.03.2022
1	Revenue from contracts with customers	32,032,211	39,097,357
2	Income from selling goods	975	-
3	Other income connected to turnover	2,350,200	3,121,237
4	Other income	474,464	661,266
5	Total operating income	34,857,850	42,879,860
	<i>of that: turnover</i>	31,215,283	39,855,572
6	Raw materials and consumables expenses	16,433,387	22,375,386
7	Goods expenses	301	-
8	Staff expenses	10,287,083	11,861,160
9	Rent expenses	91,910	105,858
10	Expenses with premiums asigurate	90,580	87,157
11	Transport costs	1,431,768	1,428,900
12	Amortization and depreciation of fixed assets costs	1,865,953	1,923,167
13	Adjustments for depreciation of current assets, net	-	-
14	Provisions costs for risks and expenses , net	(56,276)	(12,726)
15	Other operating expenses	3,097,531	4,140,365
16	Total expenses	33,242,237	41,909,267
17	Profit from exloatation	1,615,613	970,593
18	Financial income	361,711	60,334
19	Financialexpenses	(550,794)	(360,059)
20	Financial loss	(189,083)	(299,725)
21	Total revenue	35,219,561	42,940,194
22	Total expenses	33,793,031	42,269,326
23	Profit before tax profit	1,426,530	670,868
24	Tax profit	218,073	80,848
25	Net income	1,208,457	590,020
26	Other elements of global results		
31	Diluted earnings per share	0.05	0.03

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager



COMELF S.A.

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

SITUAȚII FINANCIARE INTERIMARE IFRS LA 31 MARTIE 2022

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COMELF SA
INTERIM FINANCIAL STATEMENTS AS OF March 31, 2022 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31st, 2022

	Note	March 31,	December 31,
Assets			
Development costs		44.591	34.863
Intangible assets	5	440.237	464.585
Tangible fixed assets	5	77,076,385	76,420,859
Financial assets available for sale	6	-	-
Total Non-current Assets		77,561,213	76,920,307
Down-payments granted for tangible assets		259.565	485.196
Inventories	7	13,600,300	11,682,634
Receivables from contracts with customers	8	58,471,202	55,557,013
Trade receivables and other receivables	9	5,763,776	4,096,772
Current tax receivables		-	-
Cash and cash equivalents	11	9,413,391	7,563,505
Total current Assets		87,508,234	79,385,120
Total Assets		165,069,447	156,305,427
Registered capital	12	13,036,325	13,036,325
Registered capital adjustments	12	8,812,271	8,812,271
Other equity items	12	-	-
Reserves	12	48,871,810	49,312,715
Reported result	12	4,720,676	(6.242)
The result of the period	25	590.020	4,285,589
Total equity		76,031,102	75,440,658
Liabilities:			
Account overdrafts	13	-	-
Other loans and debt-leasing	13	435.719	493.544
Deferred tax liabilities	22	8,678,043	8,762,025
Provisions for risks and expenses	21	105.086	105.086
Debts on deferred income	23	4,263,585	4,661,145
Total Long-term debts		13,482,433	14,021,800
Account overdrafts	13	34,183,770	34,191,371
The current part of long-term loans	13	-	-
Deferred tax liabilities	22	335.928	335.928
Current items of other loans and debt-leasing	11	237.189	235.702
Trade and other payables	14	38,084,246	29,332,297
Provisions for risks and expenses	21	1,023,752	1,036,478
Debts on deferred income	23	1,691,027	1,711,193
Total current LIABILITIES		75,555,912	66,842,969
Total debt		89,038,345	80,864,769
Total equity and Liabilities		165,069,447	156,305,427

Cenușă Gheorghe
General Manager

Tătar Dana
Financial Manager

**STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

	Note	31.03.2022	31.03.2021
<i>Continuous operations</i>			
Income			
Revenues from construction contracts	15	39,097,357	32,032,211
Revenues from the sale of goods -			975
Other revenue related to turnover		3,121,237	2,350,200
Total revenue		42,218,594	34,383,386
<i>of which turnover</i>	3	39,855,572	31,215,283
Other income	16	661,266	474,464
Expenses			
Expenses with raw materials and other material expenses		(22,375,386)	(16,433,387)
Expenditure on energy and water		(1,978,148)	(1,321,367)
Expenditure on goods - (301)			
Staff costs	17	(11,861,160)	(10,287,083)
Shipping costs	18	(1,428,900)	(1,431,768)
Other revenue related expenditure 19 (2,262,449) (1,945,956)			
Depreciation and impairment of fixed assets	5	(1,923,167)	(1,865,953)
Financial expenses, net	25	(299,725)	(189,083)
Adjustments for impairment of current assets, net	8	-	-
Expenditure on provisions for risks and charges, net	21	12,726	56,276
Other expenses	19	(92,783)	(12,698)
Total expenses		(42,208,992)	(33,431,320)
Profit before income tax		670,868	1,426,530
Corporate Tax	20	(80,848)	(218,073)
Profit from continuing operations		590,020	1,208,457
Profit from discontinued operations - -			
PROFIT FOR THE PERIOD		590,020	1,208,457
Other elements of the overall result			
<i>Items not to be reclassified under expenditure or revenue</i>			
Changes in the value of assets used as a result of revaluation, net of taxes		-	-
<i>Items that can be reclassified to expenditure or revenue</i>			
Changes in the value of available-for-sale securities	3	-	-
Total profit or loss account and other items of comprehensive income		590,020	1,208,457
Earnings per share			
From continuous and discontinuous operations			
Basic earnings per share (lei per share)	24	0.03	0.05
Diluted earnings per share (lei per share)	24	0.03	0.05
From continuous operations			
Basic earnings per share (lei per share)	24	0.03	0.05
Diluted earnings per share (lei per share)	24	0.03	0.05
Cenușă Gheorghe General Manager		Tătar Dana, Financial Manager	

COMELF SA
INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2022 IN ACCORDANCE
WITH IFRS

STATEMENT OF CHANGES IN EQUITY	Registered Capital	Adjustments Capital Registered	Differences and from revaluation	Reserves legal	Other reserves	The Result retained	Total equity
Balance on January 01, 2022	13,036,325	8,812,271	30,844,391	2,607,265	15,861,059	4,279,347	75,440,658
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						590,020	590,020
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in value of assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Realized revaluation differences transferred to retained earnings-current year			(524,887)			441,329	(83,558)
Other equity items			83,982		0	0	83,982
Legal reserves established				0		0	0
Total profit or loss account and other elements of the overall result	0	0	(440,905)	0	0	1,031,349	590,444
Other retained earnings - correction of accounting errors	0	0	0	0	0	0	0
Other retained earnings - correction of accounting errors	0	0	0	0	0	0	0
Transactions with shareholders, recorded directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	0	0
Total transactions with shareholders	0	0	0	0	0	0	0
<i>Profit or loss account and other elements of the overall result</i>							
Balance on March 31st, 2022	13,036,325	8,812,271	30,403,486	2,607,265	15,861,059	5,310,696	76,031,102

COMELF SA
INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2022 IN ACCORDANCE
WITH IFRS

Continued on next page

STATEMENT OF CHANGE OF EQUITY	Capital Regist	Adjustments Capital Registe	Differences and fro m	Reserves legal	Other reserves	The Result retained	Total equity
Balance on January 01, 2021	13,036,325	8,812,271	32,608,011	2,607,265	14,658,196	1,204,995	72,927,063
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						4,285,589	4,285,589
<i>4. Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets							
Changes in value of assets used							
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Realised revaluation differences transferred to retained earnings			(2,099,548)			1,763,620	(335.928)
Other equity items			335.928	0	1,202,863	(1,202,863)	335.928
Legal reserves established							
Total profit or loss account and other elements of the overall result	0	0	(1,763,620)	0	1,202,863	4,846,346	4,285,589
Other items carried forward - correction of accounting errors			0	0	0	(271.994)	(271.994)
Other result items carried forward	0	0	0	0	0	(271,994)	(271,994)
Transactions with shareholders, recorded directly in equity	0	0	0	0	0	0	0
Contributions from and distributions to shareholders / employees	0	0	0	0	0	(1,500,000)	(1,500,000)
Total transactions with shareholders	0	0	0	0	0	(1,500,000)	(1,500,000)
Balance on December 31, 2021	13,036,325	8,812,271	30,844,391	2,607,265	15,861,059	4,279,347	75,440,658

CASH FLOW STATEMENT

	31.03.2022	31-12-2021
Net Profit	590,020	4,285,589
Depreciation and provisions	1,923,167	7,527,361
Gross operating cash	2,513,187	11,812,950
Working capital change		
Change in receivables	3,056,691	12,965,986
Change in stocks	1,917,666	4,334,363
Change in other current assets	1,387,846	1,544,623
Change in accrued inc./exp.	279,158	45,902
Change in suppliers	6,705,145	11,578,744
Customer advances variation	142,502	-1,858,664
Debt variation employees and assimilated	1,909,426	-582,390
Net operating cash	4,628,899	2,059,766
Cash flow from net investments	2,338,442	3,964,128
Change in debt		
Variation of short-term loans	-7,601	1,627,258
Variation of long-term loans	0	0
Debt variation associates	-2,942	-628,606
Other debt variation	-	-
Change in suppliers	-430,028	-2,371,005
Cash flow from financing	-440,571	-1,372,353
Total cash variations during the period	1,849,886	-3,276,715
Initial cash	7,563,505	10,840,220
Cash NET at end of period	9,413,391	7,563,505

Cenușă Gheorghe
 General Manager

Tătar Dana
 Financial Manager

OPIS NOTE

- | | | | |
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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’s registered office is in Bistrita, no. 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. The record of shares and shareholders is kept in accordance with the law by the SC Depozitarul Central S.A. Bucharest.

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the first quarter of the financial year 2022.

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, manufacture of weapons and ammunition, road transport vehicles and military combat vehicles.

2. Basics of preparation

a. Declaration of conformity

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

- International Financial Reporting Standards adopted by the European Union (“IFRS”);
These financial statements of the Company are prepared in accordance with the requirements of the Order of the Ministry of Finance no. 2844 of 2016, for the approval of Accounting Regulations compliant with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which replaces the Order no. 1286/2012.
International Financial Reporting Standards represent the standards adopted according to the procedure provided by Regulation (EC) no. 1,606 / 2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards. The transition date to International Financial Reporting Standards was January 1, 2011;
- Law 82 of 1991 on accounting republished and updated.

The financial statements prepared on March 31, 2022 are read together with the financial statements prepared for December 31, 2021 according to the same financial reporting framework.

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.

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

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

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

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

(a) Market risk

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

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk and there is a possibility that the value of the costs to complete the projects may be higher than the estimated value and the contracts may run at a loss. In order to cover the price risk generated by an increase in the price of the basic raw material, metal, the company has a protection clause in its commercial contracts with customers that allows it to update the selling price if the price of the basic raw material increases. In the current economic context marked by a significant fluctuation, especially of directly productive staff, for newly concluded contracts but also for some of the ongoing contracts, the company managed to complete the protection clause and updating the price of products taking into account the evolution of cost for labor force, based mainly on statistical, public wage developments on the Romanian labor market.

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

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	March 31, 2022		December 31, 2021	
	Book value	Value Fair	Book value	Value Fair
Receivables from contracts with Trade receivables and other receivables	58,471,202	58,471,202	55,557,013	55,557,013
Down-payments granted for tangible assets	5,763,776	5,763,776	2,600,683	2,600,683
Subsidy receivable	259.565	259.565	485.196	485.196
Cash and cash equivalents	-	-	1,496,089	1,496,089
Short-term bank loan	9,413,391	9,413,391	7,563,505	7,563,505
Current part-leasing contracts	-34,183,770	-34,183,770	-34,191,371	-34,191,371
Deferred tax liabilities (current part)	-237,189	-237,189	-235,702	-235,702
The current part of long-term loans	-335,928	-335,928	-335,928	-335,928
Trade and other payables	-	-	-	-
Total	-38,084,246	-38,084,246	-29,332,297	-29,332,297
	1,066,801	1,066,801	3,607,188	3,607,188

(ii) Interest rate risk

As of March 31st, 2022, most of the Company's assets and liabilities are not interest-bearing, except for contracted loans and leasing contracts. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

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

Currency risk

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

Most current assets are expressed in foreign currency (69%) and the Company's financial liabilities are expressed in foreign currency (53%) and in the national currency (47%) 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.

5. Tangible and intangible assets

On March 31, 2022 and December 31, 2021, tangible and intangible assets evolved as follows:

	Expenditure on research	Intangible assets	Lands	Construction	Technical installations and	Other installations and	Tangible assets in progress	Total
	203	205	211	212	213	214	231	
Balance on January 01, 2022	34.863	1,248,485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499
Procurement	9.728	7.651	0	0	35.491	7.509	2,503,693	2,564,072
Domestic production	0	0	0	0	0	0	0	0
Outputs (breakages)	0	0	0	0	-73.216	0	0	-73.216
Internal transfers	0	0	0	0	0	0	0	0
Internal transfers	2	0	0	0	0	0	0	0
Balance on March 31, 2021	44,591	1,256,136	21,247,075	40,590,779	94,541,989	450.855	2,920,930	161,052,355
Accumulated depreciation								
Balance on January 01, 2021	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192
Depreciation expense per year	0	31.999	0	661.787	1,223,282	6.098	0	1,923,166
Cumulative depreciation of outflows	0	0	0	0	-73.216	0	0	-73.216
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance on March 31, 2022	0	815.899	0	17,411,421	64,999,869	263.953	0	83,491,142

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Balance on January 01, 2021	7.973	1,225,184	21,247,075	40,259,156	91,859,494	466.796	1,139,686	156,205,364
Procurement	26.780	81.783	0	12.290	471.940	29.191	2,982,182	3,574,975
Domestic production	0	0	0	0	0	0	74.093	74.093
Outputs (breakages)	0	-58.482	0	0	-1,211,001	-23.450	0	-1,292,933
Internal transfers	110	0	0	319.333	3,459,281	0	-3,778,724	0
Internal transfers	0	0	0	0	0	0	0	0
Balance on December 31,	34.863	1,248,485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499
Accumulated depreciation								
Balance on January 01, 2021	0	656.741	0	14,134,616	60,257,029	257.128	0	75,305,514
Depreciation expense per year	0	127.159	0	2,615,018	4,682,051	24.177	0	7,448,405
Cumulative depreciation of	0	0	0	0	-1,089,277	-23.450	0	-1,112,727
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0
Balance on December 31,	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192
Net book value								
on March 31st, 2021	44,591	440.237	21,247,075	23,179,358	29,542,120	186.902	2,920,930	77,561,213
On December 31, 2021	34.863	464.585	21,247,075	23,841,145	30,729,911	185.491	417.237	76,920,307

6. Financial assets available for sale

As of March 31, 2022 and December 31, 2021, Comelf SA no longer holds financial assets available for sale.

7. Inventories

On March 31, 2022 and December 31, 2021, the stocks record the following balances:

	March 31st, 2022	December 31, 2021
Raw materials	13,043,520	11,009,245
Auxiliary materials	43.034	85.188
Fuel	43.938	50.902
Inventory items	378.881	412.865
Other	91.259	124.766
Adjustments for depreciation of raw materials -	<u>-332</u>	<u>-332</u>
Total -	<u>13,600,300</u>	<u>11,682,634</u>

The company did not record any value adjustments for the impairment of inventories as of March 31, 2022.

The accounting policies for the valuation of inventories are presented in Note 3. No inventories have been pledged for the contracted loans.

8. Receivables from contracts with customers

As of March 31, 2022 and December 31, 2021, the receivables from commercial contracts are as follows:

	March 31st,	December 31, 2021
Invoiced receivables from contracts with customers	34,757,887	34,206,720
Not-invoiced receivables from contracts with customers	25,929,153	23,566,131
Value adjustments regarding receivables from invoiced construction contracts -	<u>(2,215,838)</u>	<u>(2,215,838)</u>
Total -	<u>58,471,202</u>	<u>55,557,013</u>

On March 31, 2022 Receivables from contracts with customers are presented net by down-payments received in the amount of 1,093,670 lei (31 December 2021: 951,168).

9. Trade receivables and other receivables

On March 31, 2022 and December 31, 2021, trade and other receivables are as follows:

	March 31st, 2022	December 31, 2021
Receivables from sales of goods	-	-
VAT to be recovered	3,123,578	1,266,930
Down-payments made to internal suppliers (excluding those for	1,003,054	142.850
Down-payments made to external suppliers	246.660	93.588
Down-payments made to fixed-assets suppliers	259.565	485.196
Subsidy receivable	-	1,496,089
Various debtors	768.693	660.111
Other receivables	1,632,778	1,448,191
Value adjustments -	<u>-1,010,987</u>	<u>-1,010,987</u>
Total -	<u>6,023,341</u>	<u>4,581,968</u>

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Exposure to credit and currency risk and impairment losses on commercial contracts and other receivables, excluding construction contracts in progress, are disclosed after the Note on sundry debtors.

10. Impairment adjustments for current assets

The evolution of impairment adjustments on current assets as at 31 March 2022 was as follows:

	Balance as of 01 January 2022	Increases	Decreases	Balance on March 31, 2022
Value adjustments on receivables from customer contracts	2,215,838	-	-	2,215,838
Value adjustments for miscellaneous debtors	- <u>1,010,987</u>	-	-	- <u>1,010,987</u>
Total	3,226,825	-	-	3,226,825

The adjustment in the amount of 1,010,987 lei represents a value adjustment of 100% of the value of a long-standing receivable that is in dispute.

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

The adjustment in the amount of 474,516 lei is an adjustment of fixed assets with a seniority of more than 365 days; The reasons why the entity considered the financial assets to be impaired are mainly related to delays in receipts and / or non-compliances discussed with customers.

11. Cash and cash equivalents

As of March 31, 2022 and December 31, 2020, cash and cash equivalents are as follows:

	March 31, 2022	December 31, 2021
Amounts available in bank accounts in local currency	1,287,214	516.996
Amounts available in bank accounts in foreign currency	8,120,825	7,039,238
Cash	4.507	6.206
Other amounts available	- <u>845</u>	- <u>1.065</u>
Total	- <u>9,413,391</u>	- <u>7,563,505</u>

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

Liquidity management

The responsibility for the liquidity risk lies with the Board of Directors and the executive management of Comelf, which establishes the liquidity management through BVC and the cash flow, prepared on the whole company and for each subunit separately.

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

As of March 31, 2022, 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).

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	March 31, 2022			December 31, 2021		
	Number of	Total face value	%	Number of	Total face value	%
Uzinsider SA	18,189,999	10,550,199	80,93%	18,189,999	10,550,199	80,93%
Other	4,286,424	2,486,126	19,07%	4,286,424	2,486,126	19,07%
Total	22,476,423	13,036,325	100%	22,476,423	13,036,325	100%

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

The restated share capital contains the following components:

	March 31, 2022	December 31, 2021
Social capital	13,036,325	13,036,325
Share capital adjustments - IAS 29	-	8,812,271
Social capital portrayed	-	21,848,596

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

Capital management**(a) Legal reserves**

In accordance with legal requirements, the Company establishes legal reserves in the amount of 5% of the gross profit recorded under IFRS in 2021 but not more than 20% of the share capital valid at the date of establishment of the reserve.

Legal reserves cannot be distributed to shareholders but can be used to cover cumulative losses. On 31.03.2022, the company already had a legal reserve up to the amount within these limits.

(b) Revaluation reserves

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

(c.) Dividends

During 2021, 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, 2020. The Company declared Dividends the amount of 1,500,000 lei (representing 0.0667 lei/share) and paid during 2021 to the shareholders the amount of 2,129,062 lei representing dividends distributed for the current and previous years. As of March 31st, 2022, the balance of dividends to be paid is 545.051 lei

13. Loans**a) Credit line**

On December 31, 2021, the Company has a credit agreement for working capital, concluded with ING Bank Romania - contract no. 11438 / 09.11.2011, with a maturity of one year, it is renewed in November of each year. The object of the contract is represented by a credit facility in the amount of EUR 7,155,000, as we needed to support, through a short-term credit facility, the equivalent value of the grant to be received from the Implementing Authority, as part of the project with Norwegian funds for 1MWP photo-voltaic plant. (equivalent to EUR 340,000), the amount to be reimbursed in full at the time of receipt of the grant, but not later than 12.01.2022, initially, after this date the reimbursement due date was postponed until 31.05.2022. The loan has

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been accessed to provide working capital to cover the financial needs of the Company's current needs and potential commitments in the form of letters of guarantee with a maximum maturity of 12 months.

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 0.90% per year;

As of March 31, 2022, the Company registers a balance of the credit line in the amount of 34,183,770 lei (December 31, 2021: 34,191,371 lei).

b). Leasing contracts

During 2018, the Company undertook the acquisition of a vehicle for passenger transport, on lease. Leasing contract no. 30154891 was concluded on 16.02.2018, financier of Unicredit Leasing Corporation IFN, financed value 18,110.40 EUR, payable in 60 monthly installments.

During 2019, the Company undertook the purchase of three leased passenger vehicles. Leasing contract no. 30154891 was concluded on 16.02.2018, financier of Unicredit Leasing, financed value 38,443.31 EUR, payable in 60 monthly installments.

Also during 2019, the Company committed to the purchase of a CLOOS Robotic Welding System on lease. Lease contract no. 120882 was concluded on 22.05.2019, financier BRD Sogelease, financed amount EUR 179,660.70, payable in 60 monthly installments.

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 17894 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.
- Surety for technological equipment with a net book value on 31.12.2021 of 2,807,298 lei.

14. Trade and other payables

As of March 31, 2022 and December 31, 2021, trade payables and other payables are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2021</u>
Trade payables	30,496,125	23,790,980
Debts to budgets	4,133,227	2,325,826
Debts to staff	2,777,578	2,534,581
Silver dividend	545.051	547.993
Other Loans similar debts	-	<u>132.917</u>
Total	-	<u>29,332,297</u>

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The commercial debts in the amount of 30,496,125 lei (March 31st, 2022, December 31st, 2021: 23,790,980 lei) are in accordance with the contracts concluded with the suppliers.

As of March 31st, 2022 and December 31st, 2021, debts to budgets mainly include contributions related to wages.

15. Revenues from contracts with customers

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Revenues from contracts with customers related to the delivered goods, for which the full transfer of ownership to the customer was made (acct. 701)	36,734,335	28,864,109
TOTAL	<u>36,734,335</u>	<u>28,864,109</u>

In determining revenue from contracts with customers, the entity continually assesses the level of actual costs against the initial, pre-manufacturing estimated costs and recognizes revenue only at the level of costs that contribute to the entity's progress and that have been reflected in the contract price, weighted by the quantity and physical stage of completion of the contract. The company transfers over time (in phases), to the customer, control over the goods by fulfilling an obligation to perform, thus recognizing revenue over time at each phase of performance. The company manufactures goods based on designs, only at the request of customers, based on firm orders.

The evaluation of revenue from contracts with customers, by stage of execution, is carried out taking into account the physical stage of execution of the contracts which is determined at the end of each month by physical inventory, the costs actually accrued corresponding to the physical stage, which are compared and weighted with the budgeted costs specific to the physical stage of execution determined. Based on the evolution of the actual costs compared to the budgeted costs, without taking into account any unfavorable evolution of the actual costs, the Company recognizes a revenue, based on the total revenue to be obtained for the contract weighted by the evolution of the corrected actual cost (without negative variances) corresponding to the stage of execution of the contract.

16a. Other revenue related to turnover

The position includes:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Rental income	55.815	2.367
Income from various activities	1,681,557	788.301
Revenues from the sale of residual products	1,037,515	1,119,282
Revenue from services rendered	<u>346.350</u>	<u>440.249</u>
Total	<u>3,121,237</u>	<u>2,350,199</u>

16b. Other incomes

The position includes:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Income from investment grants	438.888	402.863
Income from operating subsidies	28.932	46.895
Income from disposed of fixed assets	-	-
Other incomes	<u>193.446</u>	<u>24.706</u>
Total	<u>661.266</u>	<u>474.464</u>

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17. Staff costs

The average number of employees on March 31st, 2022 and December 31st, 2021 was as follows:

	March 31, 2022	%	March 31, 2021	%
Direct productive staff	418	64%	421	64%
Management and administration	237	36%	238	36%
Total	655	100%	659	100%

Staff costs were as follows:

	March 31, 2022	March 31, 2021
Staff salary expenses	10,720,938	9,373,601
Expenses with meal vouchers	738.720	553.005
Expenses regarding insurance and social protection	- 401.502	360.477
Total	- 11,861,160	10,287,083

18. Shipping costs.

This position includes:

	March 31, 2022	March 31, 2021
Expenses for the transport of raw materials	281.032	320.010
Expenses for transporting finished products	979.663	934.422
Expenses for transporting employees	168.205	177.336
Other transport costs	- -	- -
Total	- 1,428,900	1,431,768

19a. Other expenses related to income

	March 31, 2022	March 31, 2021
Maintenance and repair expenses	233.609	305.285
Rent expenses	105.858	91.910
Insurance expenses	87.157	90.579
Expenses with personnel training	21.181	42437
Outsourcing expenses	599.567	273.877
Expenses regarding commissions and fees	273.855	183.436
Protocol expenses	7.642	4.363
Travel, secondment and transfer expenses	2.710	2.878
Postal and telecommunications charges	106.519	86.365
Expenses with banking and similar services	27.612	27.376
Other expenses with services provided by third	513.410	544.555
Expenses with other taxes and fees	- 283.329	292.895
Total	- 2,262,449	1,945,956

19b. Other expenses

	March 31, 2022	March 31, 2021
Total	- 92.783	12.698

20. Income tax

The Company's current profit tax as of March 31, 2022 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense as of March 31, 2022 and March 31, 2021 is detailed as follows:

	March 31, 2022	March 31,
Current income tax expense	80.848	218.073
(Income) / deferred income tax expense	-	-
Total	<u>80.848</u>	<u>218.073</u>

21. Provisions for risks and expenses

As of March 31, 2022, the Company has registered provisions for risks and expenses in the amount of 1,128,838 lei (1,141,564 lei as of December 31, 2021). Their summarized situation is presented below:

	Provision for guarantee	Pension provisi on	Provision for litigation	Other provisions	Total
Balance on January 01, 2022	0	105.086	0	1,036,478	1,141,564
Established during the interval	0	0		0	0
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (Acct. 2968)	0				0
Resumed during the interval	0	0	0	(12.726)	(56.276)
Balance on March 31, 2022	0	105.086	0	1,023,752	1,128,838
Long-term	0	105.086	0	0	105.086
short term	0	0	0	1,023,752	1,023,752

- **Pension provisions in the amount of 105,086 lei (December 31, 2021: 105.086 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 1,023,752 lei (December 31, 2021: 1,036,478 lei) include:**
 - The provision related to the redemption of pension insurance policies for the amount of 865.459 lei, are loyalty pension rights of COMELF employees, granted under the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 158,293 includes a provision for potential commercial penalties, according to commercial contracts.

22. Deferred tax liabilities

Deferred tax liabilities as of March 31st, 2022 and March 31, 2021 are generated by the items detailed in the following table:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Deferred tax receivables	-	-
Deferred tax liabilities related to reserves made up of reinvested earnings	(922.602)	(922.602)
Deferred tax liabilities related to revaluation differences of tangible assets.	-	-
	<u>(8,091,369)</u>	<u>(8,427,297)</u>
Deferred tax, net	-	-
	<u>(9,013,971)</u>	<u>(9,349,899)</u>

23. Deferred income

1) 1) In 2010, the Company concluded with the Ministry of Economy, Trade and Business Environment ("Ministry") the financing contract no. 3131/230303 whose object is the granting of non-reimbursable financial aid from the state budget through the "Program for increasing the competitiveness of industrial products" administered by the Ministry for the implementation of the project "Assimilation of advanced technologies for processing wind turbines, turbines and compressor units, process chambers within the photovoltaic cell manufacturing lines on state-of-the-art numerically controlled equipment, which uses a CNC boring machine with a continuously indexable processing head, in SC Comelf SA." The total cost of the project was 1,991,488 lei, of which the state aid was 836,760 lei. The equivalent value of the state aid was recognized by the Company as a government subsidy and amortized over a period of approximately 11 years. The objectives of granting state aid were represented by modernizing existing products, making new products, increasing productivity, reducing energy consumption, reducing material consumption, optimizing decision making, environmental protection, quality assurance, objectives met by the Company.

On March 31, 2022, the Company resumed in revenue the amount of 17.602 lei (2021: 17,602 lei), representing the amortization of subsidies.

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

The governmental subsidy was conditioned by the Beneficiary contributing with the amount of 27,635,774 lei, of which the eligible value is 16,848,613 lei, the outstanding amount being a non-eligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02.2013.

On March 31, 2022, the Company resumed in revenue the amount of 363.242 lei (2021: 364,119 lei), representing the amortization of subsidies.

3) 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. During 2018, subsidies amounting to 282,755 lei were collected, of which part we find in fixed assets in progress 45,051 lei and part we find in receivables, respectively advance payment of fixed assets suppliers 237,703 lei. In October 2019, the "Utilities and Production Consumption Monitoring System and Energy Management Software License" was put into operation, and revenues in the amount of 84,570 lei from grants under this project were recorded as of March 31, 2022 (2020: 21.143 lei).

4) The company signed in 2020 (11.06.2020) a financing contract within the EEA Grants and Norway 2014 - 2021, with the objective of granting a non-reimbursable financing by Innovation Norway for the implementation of the project "An investment in a better future smart and more efficient", the total value of the financing contract was 632,500 EUR, of which non-reimbursable financing amounting up to 350,000

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EUR. 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 amounted to 2,998,953 lei, of which the value of the subsidy/grant to be received is 1,513,994 lei.

As at 31 March 2022, the company has reversed to income the amount of 33,644 lei, representing depreciation of subsidies. The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Profit attributable to ordinary shareholders	590.020	1,208,457
Weighted average number of ordinary shares	- <u>22,476,423</u>	<u>22,476,423</u>
Basic earnings per share	- <u>0.03</u>	<u>0.05</u>

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:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Interest income	24	12.824
Income from exchange rate differences	30.003	22.663
Other items of financial income	- <u>30.307</u>	<u>326.224</u>
Total financial income	- <u>60.334</u>	<u>361.711</u>
Interest expenses	(79.408)	(78.410)
Expenses with exchange rate differences	(140,079)	(369.427)
Other items of financial expenditure, of which:	- <u>(140,572)</u>	<u>(102.957)</u>
Total financial expenses	- <u>(360,059)</u>	<u>(550,794)</u>

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on March 31, 2022 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:

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2022 IN ACCORDANCE WITH IFRS

- 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 S.A. has prepared the transfer pricing file for 2020 and will prepare an update for 2021.

27. Transactions and balances with affiliated parties

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

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

- commission contract, consulting 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, watching for the full observance of the contact clauses.

Affiliated party	Activity	Description of the type of business
Uzinsider SA	Consulting services	Uzinsider SA is the majority
Uzinsider Techo SA	Acquisition of steel plates and sections Sale of thermal power plant products	
Uzinsider General Contractor SA	Collaborations on turnkey objectives	
Promex SA	Collaborations in the manufacture of	
24 Ianuarie SA	Collaborations in the manufacture of	
Uzinsider Engineering SA	Providing services	

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

a) Receivables and payables from related parties

As at 31 March 2022 and 31 December 2021, receivables from related parties are as follows:

Receivables from:	March 31, 2022	March 31, 2021
Uzinsider Techo SA	5,242,231	6,095,612
Uzinsider General Contractor SA	266.263	237.418
Promex SA	-	30,754
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	5,508,494	6,363,784

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2022 IN ACCORDANCE WITH IFRS

As of March 31, 2022 and March 31st, 2021, the debts to the affiliated parties are as follows:

Debts to	March 31, 2022	March 31, 2021
Uzinsider SA	243.103	162.068
Uzinsider Techo SA	1,491,651	456.126
Uzinsider General Contractor SA	2,241,975	725.592
Promex SA	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	3,976,729	1,343,786

b) Affiliated party transactions

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

Sales in the year ended at:	March 31, 2022	March 31, 2021
Uzinsider Techo SA	3,655,533	2,624,462
Uzinsider General Contractor SA	24.235	-
Promex SA	-	-
24 Ianuarie SA	-	-
Uzinsider Engineering SA	-	-
Total	3,679.768	2,624,462

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

Purchases in the year ended at:	March 31, 2022	March 31, 2021
Uzinsider SA	204.288	204.288
Uzinsider Techo SA	312.871	151.444
Uzinsider Engineering Galati	-	-
Uzinsider General Contractor SA	2,758,363	1,382,516
Promex SA	-	-
24 Ianuarie SA	-	-
Total	3,275,522	1,738,248

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 set out in the relationships with affiliated parties are as follows: payment terms 60-90 days, payment means with payment orders and offsets, no collateral, and no penalties for non-payment.

28. Capital commitments

Procurement commitments for the period 2022 are limited to own funding sources and are estimated at 1.9 million Euro.

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, Bag-Filters and Electrostatic-Precipitators Factory (“FUET”)
- Earthmoving Components and Machines Factory (“TERRA”)

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

The Company regularly carries out review activities to identify and monitor ongoing litigations and trials. The essential decisions are taken by the Board of Directors. The operating segments are managed independently, as each of them represents a strategic unit with different products:

- FPI - the most important products are: stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly and equipment of wind installations, components for transcontainer handling machines);
- FUET - the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt cutters, components for excavators, motor housings and electric generators, equipment for industrial gas de-dusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;
- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks.

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NOTES ON THE FINAL SITUATIONS

INTERIM REPORT ON MARCH 31, 2022 IN ACCORDANCE WITH IFRS
n LEI, unless otherwise indicated)

(All amounts are expressed in million euros)

Operational-segment reporting	operating									
	FPI FUET TERRA						Center		Total	
	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,	March 31,
External revenues of the segment	12,031,807	9,999,825	18,297,125	15,959,660	9,575,279	6,873,738	2,975,649	2,024,627	42,879,860	34,857,850
Total segment revenues	12,031,807	9,999,825	18,297,125	15,959,660	9,575,279	6,873,738	2,975,649	2,024,627	42,879,860	34,857,850
Net financial costs	-43.394	6.016	-125.717	-84.429	-56.831	-45.729	-73.783	-64.941	-299.725	-189.083
Depreciation and amortization	440.430	452.290	750.268	743.236	497.064	493.919	235.405	176.508	1,923,167	1,865,953
Income tax expense	-	-	-28.075	-129.523	-3.194	-	-49.579	-88.550	-80.848	-218.073
The net result for the interval	-543.946	-249.626	143.201	687.994	13.706	-215.040	977.059	985.129	590.020	1,208,457
Segment assets	49,495,305	44,840,230	79,174,012	76,228,867	43,121,629	35,728,910	-6,721,499	-3,376,753	165,069,447	153,421,254
Investments in associated entities							0	0	0	0
Segment debts	37,447,266	32,511,546	46,546,415	43,001,502	31,910,879	24,904,773	-26,866,215	-21,050,046	89,038,345	79,367,775

All amounts shown as totals correspond to the amounts shown in the financial statements, without the need for reconciliation.
 Total segment revenue corresponds to the revenue plus other revenue item, and other items to similar items in the financial statements

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NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT MARCH 31st, 2022 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

30. Events subsequent to the date of the statement of financial position:

No new events occurred after the date of the statement of financial position.

31. Approval of financial statements

The financial statements were published on our website on 12.05.2022.

Cenușă Gheorghe
General Manager

Tătar Dana
Financial Manager