DIRECTORS' REPORT

Annual Report in accordance with the ASF Regulation no. 5/2018 on the issuers of securities and security transactions and the Ordinance no. 2844/2016 of the Ministry of Public Finance on the approval of the Accounting Regulations according to the International Financial Reporting Standards, for

THE CONSOLIDATED FINANCIAL STATEMENTS ON DECEMBER 31 2022

Reporting date December 31, 2022

E L E C T R O A R G E S SA - CURTEA DE ARGES

Registered office: str. Horatiu, nr. 8 – 10, sector 1, Bucharest
Telephone: 0248/724000
Fax: 0248/724 004
E-mail: electroarges@electroarges,ro
Tax Registration Code: RO 156027
Trade Register Registration number and date: J40/8487/2022

Regulated market trading the securities issued by ELECTROARGES SA: Bucharest Stock Exchange, 2nd category: Shares.

Subscribed and fully paid share capital: 6,976,465 lei

Main characteristics of the securities issued by the company:

- Nominative shares: 69,764,650
- Nominal value per share: 0.1 lei

STATEMENT OF FINANCIAL POSITION ON DECEMBER 31 2022

	December 31 2021	December 31 2022
Assets		
Fixed assets		
Tangible assets	75,186,611	86,785,995
Goodwill	3,734,837	-
Intangible assets	852,328	242,242
Equity	4,844,753	4,802,179
Securities held as financial assets	2,110,895	1,534,857
Other fixed receivables	132,797	153,483
Deferred tax	1,858,019	-
Real estate investments	2,780,884	-
Total fixed assets	**91,501,124**	**93,520,756**
Current assets		
Inventories	13,610,743	4,631,090
Trade and other receivables	23,730,913	10,451,953
Other financial assets	232,044	6,931
Cash and cash equivalents	11,183,650	2,402,421
Restricted cash	-	1,000,000
Total current assets	**48,757,350**	**18,492,394**
Assets classified as held for vanzarii	**-**	**10,033,056**
TOTAL ASSETS	**140,258,474**	**122,046,206**
Liabilities		
Current liabilities		
Trade and similar liabilities	54,712,950	39,999,069
Short-term loans from banking institutions	8,379,508	3,862,984
Financial leasing	2,892,508	2,600,056
Employee benefits due in short term	129,691	1,522,592
Liabilities with the tax on profit	231,374	-
Long-term loans from banking institutions – current maturity	416,666	4,999,992
Total current liabilities	**66.762.697**	**52.984.693**
Long-term liabilities		
Bond loans	-	5,015,000
Long-term loans from banking institutions	9,580,699	4,580,816
Financial leasing	5,252,277	2,704,173
Employee benefits due in long term	222,815	127,105
Deferred tax	-	182,438
Subsidies	4,190,123	511,282
Total long-term liabilities	**19,245,915**	**13,120,814**
TOTAL LIABILITIES	**86,008,612**	**66,105,507**
NET ASSETS	**54,249,862**	**55,940,700**
Share capital	6,976,465	6,976,465
Own shares	(118,748)	(9,518)
Other equity	122,497	139,628
Net reserves from revaluation	8,174,015	26,873,566
Legal reserve	2,513,708	2,513,708
Other reserves	48,024,337	48,024,337
Retained earnings	(12,940,197)	(29,830,718)
Interests that do not control	1,497,786	1,253,231
TOTAL EQUITY	**54,249,863**	**55,940,700**
TOTAL LIABILITIES AND EQUITY	**140,258,475**	**122,046,206**

STATEMENT OF COMPREHENSIVE INCOME ON DECEMBER 31 2022

	The year ended on December 31 2021	**The year ended on December 31 2022**
Income from sales	**305,043,384**	**78,637,348**
Other operating income	4,475,854	2,487,427
Changes in inventories	768,580	(1,587,900)
Raw materials and consumables	(227,379,482)	(53,413,427)
Expenses on personnel	(35,424,369)	(11,246,017)
Amortization	(13,737,874)	(11,218,900)
Other operating expenses	(40,624,530)	(22,550,768)
Loss from equity titles	(850,415)	(42,452)
Financial income	1,105,999	-
Financial costs	(2,106,569)	(1,487,456)
(Loss) / Profit before taxation	**(8,729,422)**	**(20,422,233)**
Income/(expenses) with the tax on profit	**307,586**	**1,800,122**
(Loss) / Profitul for the period	**(8,421,836)**	**(18,622,111)**
Other comprehensive income		
Items that will not be reclassified:		
Revaluation of tangible assets	-	24,041,057
Remeasurement of pension benefit schemes granted	73,391	134,037
Revaluation of financial investments at fair value	353,428	(139,173)
Deferred tax	(68,291)	(3,832,202)
Other itema		(84,045)
Total other comprehensive income	**358,528**	**20,203,719**
Total comprehensive income	**(8,063,308)**	**1,581,608**
(Loss) / Profit for the period related to:		
The Group	(8,512,725)	(18,409,452)
The minority interests	90,889	(212,660)
Total comprehensive income related to:		
The Group	(8,154,197)	1,794,267
The minority interests	90,889	(212,660)
BASIC/DILUTED PER SHARE RESULT	**(0.122)**	**(0.264)**

1. ANALYSIS OF THE COMPANIES' BUSINESS ACTIVITY

1.1. a) Description of the companies' basic business activity:

ELECTROARGES SA - Curtea de Arges- ***parent company*** - was established as a joint stock company, following the reorganization and concomitant division of IPEE ELECTROARGES Curtea de Arges, based on Law 15/1990 and according to G.D. no. 1224/22 of November 1990, in two distinct trade companies: S.C. ELECTROARGES S.A. - manufacturer of consumer electrical goods and IPEE S.A. - manufacturer of passive electronic components.

Registered office: str. Horatiu, nr. 8 – 10, sector 1, Bucharest
Telephone: 0248/724000; 0763/676160
Fax: 0248/724 004
E-mail: electroarges@electroarges.ro;
Tax Registration Code: RO/156027
Trade Register registration number and date: J40/8487/2022

ELECTROARGES SA, a company with 100% private capital, is traded on the market regulated by the Bucharest Stock Exchange, second category, the quarterly and annual financial reporting obligations, in accordance with art. 227 of the "Law 297 on the capital market" and ASF Regulation no. 5/2018 on the issuers and the operations with securities and we found that they were fulfilled.

ELECTROARGES SA Curtea de Arges' object of activity:

- manufacturing consumer electrical goods;
- manufacturing machines and electronic devices;
- manufacturing tools, devices, verifiers, specific to the field of activity.

The Electroarges SA's activity is carried out based on the environmental authorization no. 205 revised on 07.01.2015 issued by the Pitesti Regional Agency for Environmental Protection and the water management authorization no. 274/12.09.2013 issued by the "Apele Romane" National Administration - Arges-Vedea Pitesti Water Directorate issued for the activity of manufacturing household appliances NACE code 2971/2751, carried out in Curtea de Arges, strada Albesti, nr. 12, jud. Arges.

The share capital subscribed and paid on 31.12.2022 is of 6,974,465 lei, representing 69,764,650 shares with a nominal value of 0.10 lei / share.

The shareholding structure on 31.12.2022 was the following :

Shareholder	Shares	Percent %
Investments Constantin SRL	25,699,543	36.8375%
Trans Expedition Feroviar SRL	8,963,266	12.8479%
Standard Equity SRL	7,542,172	10.8109%
Legal persons	5,867,728	8.4107%
Natural persons	21,691,941	31.0930%
TOTAL	**69,764,650**	**100%**

Administrators' participation to the share capital is the following:

Item no.	Surname	Given names	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Cardinal Main SRL	By permanent representative Mrs. Roxana Scarlat	Vice-Chairman of the Board	0
3.	Csoarpi Saints SRL	By permanent representative Mr. Adrian Ionescu	Board Member	0

The consolidation of the accounts is carried out by global integration, by proportional integration or by equity, after possible restatements in order to harmonize them with the principles and rules of consolidation.

The consolidation method is chosen depending on the control percentage, which conditions the type of control.

The control percentage is determined starting from the voting rights and is equal to the ratio between the voting rights held in a company and the total number of its voting rights.

The parent company as well as the other consolidated companies modify an accounting policy only if the modification:

- is imposed by a standard or an interpretation; or
- results in financial statements that provide reliable and more relevant information about the effects of transactions, other events or conditions on the financial position, entity's

financial performance or cash flows.

The evaluation of the items included in the consolidated financial statements for the financial year 2021 were performed in accordance with Law 82/1991 as republished and further amended and in compliance with the following accounting principles for amending and supplementing the Accounting Regulations compliant with European directives and OMFP 2844/2016 on the approval of accounting regulations according to the international financial reporting standards:

Entities in which ELECTROARGES helds shares:

Name	No. of shares held	Percent held	Fair value on December 31 2022
Amplo SA Ploiesti	2,777,626	84.41%	4,278,976
Mecanoenergetica SA Drobeta Turnu Severin	4,640,888	28.85%	0
Sigstrat SA Sighetul Marmatiei	2,398,896	10.32%	791,636
Tarnava SA Sighisioara	214,163	3.99%	64,249
Braiconf SA Braila	14,124,057	22.49%	4,802,179
Elars SA Rimnicu Sarat	20,555,276	88.16%	2,079,577
Ceprocim SA Bucuresti	3,817	0.28%	7,367
Iprolam SA Bucuresti	59,341	5.85%	403,519
Uztel SA Ploiesti	137,424	2.56%	247,363
TOTAL			**12,674,866**

2. ELARS SA, a subsidiary to which ELECTROARGES SA helds 20,555,276 shares, with a nominal value of 2,055,527.60 lei, representing 88.16% of the share capital.

Registered office: Ramnicu Sarat, str. Industriei, nr. 4, judetul Buzau

Trade Register Registration Number: J10/124/1991

Tax Registration Code: RO1168275

Main business activity: manufacturing screws, bolts and other threaded articles, manufacturing rivets and washers

At ELARS SA, the shareholding structure was as follows:

Shareholder	*Share capital value*	*%*
1. ELECTROARGES SA	2,055,527.60	***88.1611***
2. Legal persons	5,618.10	***0.2410***
3. Natural persons by PPM	270,412.40	***11.5979***
TOTAL	**2,331,.558.1**	***100.00***

3. AMPLO SA*,* a subsidiary to which ELECTROARGES SA helds 2,668,396 actiuni, with a nominal value of 6,670,990 lei, reprezentand 84.4119% din capitalul social.

Registered office: Ploiesti, str. Petrolului, nr. 10, judetul Prahova

Trade Register Registration Number: J29/13/1991

Tax Registration Code: RO1359038

Main business activity: manufacturing instruments and appliances for measuring, checking, supervising, navigating

At AMPLO SA, the shareholding structure was as follows:

Shareholder	*Share capital value*	*%*
1. ELECTROARGES SA	6,670,990	***84.4119***
2. Legal persons	500,450	***6.3325***
3. Natural persons	731,462.50	***9.2556***
TOTAL	**7,902,902.5**	***100.00***

1.1. b) Establishment of the parent company:

Electroarges SA was put into operation in 1973 as the ELECTROARGES Factory, a manufacturer of electrical consumer goods operated by electric motors of its own production, as well as portable electrical tools, as a result of the investments made between 1970-1973.

Production collaboration with Rotel - Switzerland began in 1975, and also the co-operation with several companies from Italy, France, Germany, USA, Lithuania etc.

Following the development and unification with I.C.E.P Factory of Passive Electronic Components, built in the immediate vicinity, the factory was renamed the Electronic and Electrical Products Factory I.P.E.E. ELECTROARGES Curtea de Arges, name by which it was known until 1990.

It was approved that, under the provisions of Law no. 15/1990 by the Government Decision no. 1224/23 November 1990, I.P.E.E. ELECTROARGES is to split into two independent joint stock companies:

- I.P.E.E. SA Curtea de Arges, passive electronic component manufacturer;
- Electroarges SA Curtea de Arges, electrical and electronic consumer goods manufacturer, a joint stock company, the shares being nominative.

Beginning with December 27th, 1995, the company was fully privatized under Law no. 55/1995 and Law no. 77/1994, keeping the same name.

1.1. c) Description of any company's merging or significant reorganization, its subsidiaries or controlled companies during the financial year:

It is not the case.

1.1. d) Acquisitions or description of acquisitions and / or disposals of assets:

In 2022, the priority Electroarges SA's priority was the support and payment of trade liabilities to suppliers and current fiscal obligations to state budgets, as well as the development of existing and new projects.

The company experienced a financial stability that allowed it to modernize the existing constructions, out of which completed in the amount of 10,695,606 lei and in the process of completion in the amount of 1,133,795 lei.

Also, during 2022, the company took over construction works worth 1,695,606 lei and put into operation technological equipment worth 2,434,414 lei.

In 2022, the company disposed of fixed assets worth 222,939 lei, out of which: fully depreciated 109,4352 lei and 113,587 lei not fully depreciated.

1.1. e) Description of the main results of the parent company's activity evaluation:

The company completed the modernization of the existing constructions for the already initiated contacts and put new equipment into operation, such as:

- thermostatic devices for injection machines;
- electric pallet trucks;
- 3D printers;

- electrical panels, Transformer points.

Injected plastic parts, subassemblies, kits and pad-printed parts for Arctic SA were assimilated into production, reaching up to 120 products. The company continued its collaboration with Steinel Electronic SRL, Haier Tech SRL and Cer Cleaning Equipment SRL in the production of injection molded parts.

In 2022, the Research and Development Department within Electroarges SA had as its main objective the development of new products, as follows:

- in the field of railways – a vibration absorbing carpet;

- the introduction of some restyled Electroarges brand projects, such as the EA Cleaner vacuum cleaner, coffee grinder and hair dryer.

Against this background, combined with the difficulties of operating on the Romanian market, sales on the domestic market have increased slightly; currently the manufacture of household appliances and products is being carried out at the level of existing or short-term anticipated orders.

In 2022, the range of Arctic products was expanded, with the manufacture of new plastic injection molded parts and subassemblies, parts stamped with “hot stamping” technology, “hot printing”, washing machine door subassemblies, including plastic injection molded parts for them.

Opportunities for collaboration in production with important manufacturers will be identified and initiated, especially with those in the area of plastic injection molded parts.

At present, the integrated management system records the implementation and certification of the quality management system and the environmental management system.

At the end of 2022, Electroarges SA performed the supervision audit for the quality management system according to ISO 9001: 2015 and for the environmental management system according to ISO 14001: 2015. The results were positive, without deviating from the standards. The action was carried out with the company TUV Rheinland Romania.

During 2022, audits were carried out in Electroarges by the companies TUV Rheinland, Nemko, Grup Arcelik, DQS Turcia. Each of the listed companies performed audits to verify the processes and the quality management system. The results were positive and allowed Electroarges SA to remain in the group of accepted suppliers.

At the same time, audits were carried out by:

- Groupe Haier - following this audit the Haier group decided to continue the collaboration adding 5 more molds to the current portfolio;

- Ecovadis (sustainability and social responsibility audit where Electroarges is in the top 30% of companies in Europe, obtaining the Bronze rating);

- Makita - following this audit it was decided to continue the projects M9 and M10 for which the order of molds was started and the production starting in the first half of 2023;

- Fuchs - following this visit, the Fuchs group decided to start a partnership and start production in the second half of 2023.

The visits of two other companies active in the field of household appliances led to the planning in the first part of 2023 of some quality audits, audits that lay the foundations for future collaborations.

1.1.1. Elements of general evaluation

On 31.12.2022, the net operating result was negative in the amount of 10,596,808 lei and also the net result registered a negative value in the amount of 12,039,510. This loss is due to customer and inventory value adjustments made during 2021.

In 2022, the income from the contracts with the clients had the value of 75,715,347 lei, decreasing by 75% compared to 2021. Out of this value, 28,947,463 lei represented exports.

Within the group there are entities paying profit tax and income tax.

Liquidity and credit

On December 31, 2022, the general liquidity rate is 0.45 points lower than the previous year.

Cash available on 31.12.2022 in the amount of 3,329,028 lei, represents money deposited in current bank accounts in Romania.

The cash available of the group companies on 31.12.2022 are as follows:

- Amplo SA has cash available in the amount of 56,859 lei;

- Elars SA has cash available in the amount 23,000 lei.

The turnover component at ELARS SA is as follows:

- Finished products;
- Residual products;
- Other income.

The turnover component at AMPLO SA is as follows:

- The production sold;
- Providing services;
- Rentals;
- Goods;
- Other income.

1.1.2. Evaluation of the companies' technical level:

Description of the main products manufactured and/or services provided:

a) Main markets and distribution methods:

The products manufactured in 2022 were delivered both on the domestic and the foreign market, where we tried to consolidate the position as manufacturers of electrical consumer goods, household appliances, professional semi-industrial and hotel appliances, industrial equipment and parts/sub-assemblies for industrial manufacturers.

The main export markets were: Germany (vacuum cleaners), Slovakia (vacuum cleaners) and France (vacuum cleaners and incubators).

On the domestic market, Electroarges products were sold by our distributors and by direct sales. Electroarges has also had other collaborations : Arctic SA, Steinel Electronic SRL, Cer Cleaning Equipment SRL, Haier Tech SRL and others.

At **ELARS SA**, the requirements of the internal and external markets focused on other types of assembly bodies that can be executed with superior technical equipment; with the one that the company currently has, metric screws and rivets can be executed, for which the market requirements are very small, and the technical trends worldwide are to replace these assembly bodies with adhesives, giving up on traditional joints. The main market is Romania.

At **AMPLO SA**, the main sales market and the main collaborations are in

Romania.

b) The share of each category of products or services in the income and total turnover for the last 3 years:

The assortment sales situation for the last three years is presented in the table below:

Item no.	Product group name	2022		2021		2020	
		%	Value thousand lei	%	Value thousand lei	%	Value thousand lei
1.	Karcher Vacuum cleaners	34.80	26,385	84.64	256,340	92.03	226,299
2.	Vacuum cleaners	0	0	0	0	0	0
3.	Injected parts	0	0	0	0	0	0
4.	Appliances	0	21	0	7	0.03	71
5.	Household appliances	0.50	352	0.06	172	0.09	215
6.	Spare parts	61.0	46,170	11.82	35,788	6.99	17,181
7.	Others	3.70	2,787	3.48	10,554	0.87	2,132

c) The new products considered for which the substantial volume of assets will be affected in the future financial year, as well as their development stage at the parent company:

In 2023, the range of Arctic products will be expanded, with the manufacture of new plastic injection molded parts and subassemblies, hot stamping technology parts, washing machine door subassemblies, including plastic injection molded parts for them.

In 2023, the range of Haier group products will be expanded, with the manufacture of new plastic injection molded parts and subassemblies, hot stamping technology parts, washing machine door subassemblies, including plastic injection molded parts for them.

In 2023, the range of Fuchs group products will be expanded, with the manufacture of new plastic injection molded parts.

Also, in 2023, the following projects will be prioritized and implemented:

Production of Electroarges brand vacuum cleaners with the new design and assessment of the possibility to introduce the industrial EA vacuum cleaner in the market.

Completion of the feasibility study, technology and manufacturing flow for the introduction into production of the Carpet for vibration absorption.

Opportunities for collaboration in production with important manufacturers will be identified and initiated, especially with those in the area of plastic injection molded parts.

1.1.3. Evaluation of the technical-material supply (domestic and imported sources). Oferring information about the supply source safety, raw material prices and raw material and materials inventory sizes:

The activity of acquisitions of raw materials and materials necessary for the production and operation of other activities within the company was carried out by prioritizing the sources of the domestic market and only when there were no domestic possibilities, or when there were impositions of external customers, were also purchased from suppliers on the foreign market through imports.

The main acquisitions of raw material and materials on the domestic market were provided under contracts and/or firm orders – signed with manufacturers or their distributors, such as: Arctic SA, Prysmian Cabluri si Sisteme SA, Italinox Romania SRL, DS Smith Packaging SRL, Greiner Assistec SRL, VM Comp SRL, etc.

The selection, comparison, negotiation and capitalization of the most advantageous offers for our company have been and still are priorities in the activity of purchasing raw materials and materials from suppliers.

Important actions carried out within the company were the capitalization of the not or slow moving inventories, according to the manufacturing program or other emergencies in the company’s activities, and minimizing orders to suppliers in order to prevent the formation of such inventories.

An important role in the acquisition programs is held by the foreign market acquisitions, determined by the beneficiaries’ punctual demands, the domestic market not offering acceptable prices and the required quality.

Among the providers of raw materials in the EU and outside EU we shall mention:

- EDS International INC and Domel D.O.O.– for vacuum cleaner motors;
- Inno-Comp KFT- for plastics;
- Truplast Hungaria, Emilsider Meccanica SPA, Domel D.o.o, Aspect III Ltd, Arwed Loeseke, Everel Group SPA, etc. - for vacuum cleaner parts.

Under these circumstances, there is concern and interest in assimilating raw material and materials produced by Romanian companies or Romanian subsidiaries of important foreign companies, even if the process of assimilation and taking over as a supplier is quite difficult.

1.1.4. Evaluation of sales.

a). Sequential description of the evolution of sales on the domestic and foreign market and the sales prospects in the medium and long term:

1.ELECTROARGES SA

Item no.	Indicator	Earned 2021	Earned 2022
1.	Sales (thousand lei)	304,202	75,715
2.	Sales (thousand EUR)	61,802	15,296
3.	Domestic sales (thousand lei)	47,862	46,478
4.	Domestic sales (thousand EUR)	9,720	9,440
5.	Export sales (thousand lei)	256,340	28,947
6.	Export sales (thousand EUR)	52,078	5,856

2. ELARS SA

Item no.	Indicator	Earned 2021	Earned 2022
1.	Sales (thousand lei)	1,680	2,361
2.	Sales (thousand EUR)	340	477
3.	Domestic sales (thousand lei) out of which products (thousand lei)	1,680	2,361
4.	Domestic sales (thousand EUR)	340	477
5.	Export sales (thousand lei)	0	0
6.	Export sales (thousand EUR)	0	

3. AMPLO SA

Item no.	Indicator	Earned 2021	Earned 2022
1.	Sales (thousand lei)	1,878	1,481
2.	Sales (thousand EUR)	1	9
3.	Domestic sales (thousand lei) out of which products (thousand lei)	1,873	1,437

4.	Domestic sales (thousand EUR)	798	1,106
5.	Export sales (thousand lei)	0	0
6.	Export sales (thousand EUR)	5	44
7.	Sales (thousand lei)	1	9

Compared to the total value of sales from previous years, in 2022 there is a significant decrease in sales compared to 2021, determined by the termination of the collaboration with the main customer Kaercher.

Export sales decreased significantly in 2022 compared to 2021, while domestic sales remained approximately at the same level.

An important share of the turnover results from the commercial relationship with the Kaercher company from Germany.

The most important share of the turnover results from the commercial relationship with the companies Arctic and Haier for injection molded parts.

Against this background, corroborated with the difficulties of operating on the Romanian market, sales on the domestic market decreased slightly, currently the manufacture of household appliances and products being carried out at the level of existing or anticipated short-term orders.

At present, the integrated management system records the implementation and certification of the quality management system and the environmental management system.

b). Description of the competitive situation in the companies' business field, the market share of the company's products and services and the main competitors:

Also for 2022, the competition on the market of household appliances and products was accentuated by the economic evolutions in Europe, for example the change of the euro/dollar parity, but especially by the influence on the sales by the COVID – 19 pandemic situation. The market was overcrowded with branded products at comparable prices or even lowers than those of Electroarges products. Also on the market are many products manufactured by Asian manufacturers at very low prices and with a more attractive design, under well-known domestic or Western brands, which are offered for sale on tempting payment terms.

We add to those presented above the acquisition behavior of the final customer manifested by a very low interest in the purchase of appliances in general.

The main competitors of Electroarges are the companies that manufacture under recognized brands, having sales through chains of supermarket type stores, in the conditions of considerable marketing-sales budgets.

The other entities in the group face the same problems, because the competitors of the other entities on the market are also manufacturers with costs and respectively prices below the level of those offered by the ELARS SA and AMPLO SA companies, and even BRAICONF SA, which faces a fierce competition on the market for the manufacture of linen articles or even imports.

c). Description of any company's significant dependence to a single client or group of clients whose loss would have a negative impact on the company's earnings:

In 2022, the company run several contracts, with Alfred Kaercher Germany only for the months of January and February 2022, and for plastic injection part with Arctic SA and Haier Tech SRL, contracts that represent a significant share of the turnover. The termination of the contract with Alfred Kaercher had a negative impact on the company's evolution over time with negative social implications. Evidently, Electroarges SA finds itself in this situation.

Also, in 2022, the collaboration with Arctic SA and Haier Tech SRL was consolidated, which represents 53% of the turnover.

The conclusion is only one, namely that the company must make a sustained effort in intensifying and identifying methods for developing the range of own products and collaborations for increasing the turnover and loading the existing production capacities.

In this sense, Electroarges implemented and started the collaboration with the client Makita, by contracting the production of injection molds related to future projects that will be implemented in Q2 2023 in the production of plastic mass injection.

At the same time, the discussions for offering and implementing future projects with various prestigious companies such as SEB Groupe, Philips, Hamilton, Steinel, Martur, Polti SpA, Stratos, Valeo, etc. were continued and established contacts with various such as Wagner, Rosti, Yazaki, etc.

At the same time, Electroarges started research and development programs and implementation of its own product projects.

Thus, the company makes the necessary efforts and registers achievements in the sense of increasing the client portfolio and loading the available production capacities, weighting and diversifying the client base, diversifying the industrial fields as well as increasing the share of the turnover of its own products.

The other group entities do not depend on a single customer, but their sales experienced both decreases, for Amplo, and increases, for Elars.

1.1.5. Evaluation of the aspects related to the companies' employees / staff

a). Specifying the number and level of training of the company's employees, as well as the degree of unionization of the labor force:

On 31.12.2022 the total number of Electroarges SA employees was 177, out of which:

- 121 employees with an employment contract for an indefinite period;
- 47 employees for a definite period;
- 9 employees with a suspended employment contract (7 employees – maternity leave and 2 employees - elective position).

The staff structure on 31.12.2022 was as follows:

Total staff:	**- 177 (85 women, 92 men)**
Working staff:	- out of which:
- direct workers	- 104
- indirect workers	- 29
Foremen:	- 3
TESA staff	- 41 out of which:
-engineers:	- 16
-engineer assistents:	-2
-economists	- 14
-technicians	- 0
-other categories	- 0

Regarding the training level of Electroarges SA's employees; the need to develop professional skills for integration into a professional standard qualification differentiated by jobs and professions was taken into account.

Professional training in 2022 for Electroarges' employees was made according to the actual financial possibilities and in relation to the budget for the previous year approved in this regard.

The human resources development and training strategy in 2022 aimed mainly at developing the workforce to become more adaptable to the structural changes in the context of skills shortages identified in domestic labor with emphasis on qualification and requalification of the workforce directly at the workplace. In this regard, the development of professional skills for integration into a professional standard was taken into account, offering employees the knowledge necessary to master the trade or occupation based on their experience at work, manufacturing products to better meet the foreign partners' evolving needs and quality requirements.

Also in 2022 was organized the personal testing program specialized in the trades of forklift drivers, crane operators, stokers, laboratory testers and binders for the extension of work permits in the year that ended. They passed the exam and were re-authorized by ISCIR for 2022.

In the same vein, on 31.12.2022, out of 177 employees, 46 were union members and 131 employees are not union members.

Degree of unionization:	- non union members	74.02%
	- union members	25.98%

Most issues related to labor jurisdiction have been settled amicably.

Item no.	Company participating in consolidation	Average number of employees during 2021 - persons	Average number of employees during 2022 - persons
1	ELECTROARGES SA	329	161
2	ELARS SA	15	14
3	AMPLO SA	12	13
	Total	**356**	**188**

Item no.	Company participating in consolidation	Average number of employees at the end of 2021 - persons	Average number of employees at the end of 2022 - persons
1	ELECTROARGES SA	202	177
2	ELARS SA	19	18
3	AMPLO SA	12	13
	Total	**233**	**208**

It is found that both in the category of average number of employees, and in the category of number of employees at the end of the year, the number of employees is decreasing at Electroarges SA and Elars SA.

b). Description of the relationship between manager and employees and any conflicting issues that characterize this relathionship:

Relationships between manager and employees were and are governed by the Collective Labor Contract and the legislation in force.

The objectives set by the manager were always discussed with employees' union representatives and each time a common ground was found (ie collective labor contract negotiation and setting up of the salary scale). Although there were also conflicting situations between management and union, they were settled by direct negociation.

Starting from the company's development policy, the manager reviewed the way leaders exercise authority, the importance of applying the legal procedures and the individual or team results. These were the most important factors in applying structural changes which were not accepted every time by the union or the people involved.

To address these situations, the manager accepted opinions contrary to his personal views, encouraged expression of personal opinions with tolerance to others' ideas, accepting a way of solving issues and situations in the interest of company's stability.

1.1.6. a). Evaluation of the issuer's basic activity impact on the environment:

Electroarges SA's activity is carried out under the Environmental Authorization no. 205 of 08.08.2011 revised on 01.07.2019 issued by the Arges Environmental Protection Agency for the activities of ''Manufacture of electric domestic appliances (manufacturing machinery and household appliances)'' - NACE code 2751 and ''Treatment and coating of metals'' – NACE code 2561, carried out in Curtea de Arges, str. Albesti, nr.12, judetul Arges. The authorization is currently being reviewed

The status of compliance with the legal and other identifiable applicable requirements associated with the company's environmental aspects on environmental factors is as follows:

Environmental factor AIR:

Emissions and immissions of pollutants into the atmosphere, resulting from the company's activity, are periodically monitored in accordance with the provisions of the environmental authorization.

The concentrations of pollutants released into the atmosphere are measured quarterly in accordance with the requirements of the environmental authorization. Electroarges SA has signed the Service Contract no.C-013 / 23.02.2015 with Muntenia SRL General Environmental Analysis Laboratory for sampling and release of Test Reports on the monitoring of environmental factors. The values of the emissions and immissions measured (mentioned in the Test Reports) are within the allowed limits provided by the regulatory acts and legal provisions (Ordinance 462/1993 of the Ministry of Waters, Forests and Environmental Protection, Law 104/15.06.2011, respectively STAS 12574/1987).

The provisions of Law 278/2013 on industrial emissions: the measures to reduce the emissions of volatile organic compounds (VOC) due to use of organic solvents in certain technological processes are followed.

Environmental factor WATER:

The provisions of Water Law no. 107/1996 as further amended and supplemented, as well as the requirements of the Water Management Authorization are known and implemented.

The rules implemented concern:

Water Management Authorization no. 33/15.09.2020 on ''Electrical consumer goods factory (portable electrical tools, low electric power motors and other electrical equipment) Curtea de Arges'' issued by the APELE ROMANE National Administration–ARGES-VEDEA Water Basin Administration.

Water flows and volumes obtained from own sources and those released are measured, monitored and reported to the water management and environmental authorities according to the law ;

The frequency of determining the quality indicators of wastewater, treated and released in the city sewers is carried out in accordance with the conditions imposed in the water management and environmental authorizations.

Maximum limits allowed for the quality indicators (provided by the Water Management and Environmental Authorization) of the wastewater released in the city sewers established under regulation NTPA 002/2002, approbed by the Government Decision no. 188/2002, as further amended and supplemented, are followed. Monitoring of the imposed values is carried out by performing quarterly chemical tests of the water treated and released in the city sewers in authorized laboratories (Muntenia SRL General Environmental Analysis Laboratory, Apa Canal 2000 SA Pitesti).

Environmental factor SOIL and WASTE:

Waste management records, pursuant to COMMISSION DECISION of December 18th, 2014 amending the Decision 2000/532/EC on establishing a list of wastes pursuant to Directive 2008/98/EC of the European Parliament and Council, as further amended and supplemented, are followed. There is waste coding and identification, the amount produced, temporary storing, transport and capitalization or elimination method.

The provisions of the GEO 92/2021 on waste are followed.

Hazardous waste is collected selectively, temporarily stored in appropriate comtainers placed in special premises, identified and managed by type (ie waste oil, galvanic slurry, etc.).

The formation of raw materials, materials, product and by-product inventories that may deteriorate or become waste due to expiry of shelf life is avoided.

The provisions the Government Emergency Ordinance 92/2011 on the management of waste oil are applied by : providing collection of waste oil on types, use of appropriate collection containers, avoiding soil or groundwater contamination, their storage in specially designed premises, capitalization of the waste oil by authorized economic agents, after requesting and receiving the Dangerous Goods Transport / Shipment Form.

Primary, secondary and third packaging and for transport used for packing products placed on the domestic market were managed quantitatively and reported to the Arges Environmental Protection Agency and the Administration of the Environment Fund as required by law.

The selective documented collection process is implemented (by packaging material type / range), management, reuse, recycling and management recording of the packaging and generated packaging waste of the materials introduced on and from the domestic market, in terms of environmental protection and compliance with the legal requirements. The traceability of the generated packaging and packaging waste was made by relevant accounting and extra-accounting documents, from entering the company and up to the collecting and capitalizing economic agent.

The transport of non-hazardous and hazardous waste to the economic operators is made based on the Loading – Unloading Forms, or Shipment – Transport Forms, in accordance with the Government Decision no. 1061/2008.

The provisions of Government Emergency Ordinance no.196 / 2005 as further amended and supplemented (ie Order 1032/2011) regarding the Environment Fund are followed. The annual targets for the recovery, respectively recycling of the packaging waste, by type of packaging material, were made according to the legal requirements.

The provisions of Governement Decision 124/2003 as further amended and supplemented on prevention, reduction and control of environmental azbestos pollution are well known and implemented based on the gradual program of elimination of the azbestos tiles.

The electrical and electronic equipment waste are implemented as follows : on designing the products, the specialists of the Technical Department comply with the special environmental and /or security requirements, the requirements for facilitating the part dismantling and recovery ; provide options of reuse and recycling of the electrical and electronic equipment waste.

Management responsibility of the electrical and electronic equipment waste was transferred from 2009 to CCR Logistics Systems SRL Bucuresti by Transfer of Responsibility Contract on the the electrical and electronic equipment waste collection, capitalization and recycling.

Also, the company’s electrical and electronic equipment waste are transferred to companies authorized in their reuse and capitalization.

The introduction in the product’s instructions of the special marking for the electrical and electronic equipment and environmental warnings is made in accordance with the requirements of Ordinance no. 556/2006.

Chemical substances:

The provisions of the Government Decision 173/2000 as further amended and supplemented on regulating the special regime for the management and control of the polychlorinated biphenyls (PCB) and similar compounds are being followed. The company is using power equipments with liquid which are not containing designated compounds in concentration higher than 50 ppm and are no environmental risks throughout the remanining useful life.

The Law no. 360/2003 as further amended and supplemented on the regime of hazardous chemical substances and compounds, conditions: decisions on the personnel responsible for managing, storing and handling the hazardous chamical substances; permit for transportation, possession and use of toxic products and substances; the amounts of the toxic substances used are monitored through the ‘’Records for the movment of toxic products and substances’’; the need to supervise the purchase of hazardous chemical substances accompanied by Safety Data Sheets in accordance with Regulation 453/2010; complying with the conditions provided in the Safety Data Sheets of the hazardous products on packaging transportation, storage, handling/use and management of these substances.

Possession of classified substances must be in compliance with the obligations established in the Government Emergency Ordinance 121/2006 approved by Law no. 186/2007, Regulation no. 273/2004, Regulation no. 111/2005, Regulation no. 1277/2005 as further amended and supplemented on the legal regime of the precursors used in the ilegal manufacture of drugs. The rules applied are: the strict registering of the precursor consumers in special registers; decisions on the personnel in charge of managing, storing, handling and use of the precursors; purchasing the substances is done in packaging according to the law, the daily track of the precusors is kept in special registers, the hazardous substances packaging are being managed (they are returned to the suppliers, for purchasing chemical substances).

The provisions of the Government Decision 322/2013 on the limiting of use of certain hazardous substances in electrical and electronic equipment are met by the following implemented measures: changing the internal technologies for the production of parts, monitoring suppliers, including the introduction of the requirements of the RoHS Directive in contracts/orders.

We aimed to maintain the implementation of the provisions of the European Regulation 1907/2006/EC (REACH) as further amended and supplemented (ie Regulation no. 1272/2008 CLP) on chemical products and their safe management according to the Safety Data Sheets prepared in accordance with Annex II of the Regulation, amended by Regulation no. 453/2010. The company's various duties and responsibilities under REACH were identified and we kept in touch with the companies which supply us with substances, mixtures, items (by category of materials). Declarations of compliance with the REACH requirements and Safety Data Sheets for certain substances, mixtures were requested/submitted from/by suppliers, and as downstream users, declarations of compliance were submitted (ie Karcher customer, Steinel customer).

Elars SA obtained the Environmental Authorization no. 248 of 30.10.2012, valid for 10 years.

b). Summary description of the impact of the issuer's basic activity on the environment as well as any existing or expected disputes regarding the violation of the environmental protection legislation:

Electroarges SA does not perform activities with significant environmental impact.

It should be mentioned that Electroarges SA has all the necessary legal authorizations (Environmental Authorization, Water Management Authorization) to carry out the business activity.The fact that Electroarges location is in the industrial area of Curtea de Arges does not affect the quality of life, the population's health condition, or the vegetation and fauna.

The impact of Electroarges S.A. activity in terms of social and economic environment is positive by creating new jobs.

1.1.7. Evaluation of research and development activity. Indication of research and development expenses for the financial year, as well as those expected in the next financial year :

In 2022, the collaboration in production with Arctic was extended, by assimilating into the manufacturing process of an important range of plastic injection molded parts, pad printed parts, subassemblies and part kits. Also in 2022, the collaboration with Haier

Tech SRL started. Also, the collaboration with Steinel in the production of plastic injection molded parts continued and the offers and discussions with the automotive manufacturers continued.

In 2022, the department's expenses will be directed towards the development and implementation of the main projects such as:

• EA Cleaner brand vacuum cleaner (3 different models);
• Vibration absorption carpet, together with the production line;
• Electroarges brand restyled products;
• Other new projects.

1.1.8. Evaluation of the companies' activity regarding the risk management. Description of the parent company's exposure to price, credit, liquidity and cash flow risk.

Electroarges SA is facing two major risks:

- Considering the termination starting from March 2022 of the collaboration in production with the Alfred Kaercher company, certain equipment are not loaded to maximum capacity;
- loan at one bank - Raiffeisen Bank, Pitesti branch - any change of the bank's policy in the current situation may also have consequences on the Electroarges SA's capacity to support interest and reimbursement rates.

Description of the company's policies and objectives regarding risk management.

In order to reduce and even eliminate these risks, the Board of Directors defined its strategy for the following years, consisting of:

- ensuring profitability on the traditional market (increasing the competitiveness of products through redesign, controlling manufacturing costs, reducing non-quality costs, stimulating sales by changing marketing policies);

- penetrating new markets and diversification of the range of services / products offered;

- providing services and making products for third parties in related fields (for which there are insufficiently exploited technological capabilities);

- participating in inter-disciplinary programs at national and international level; attracting non-reimbursable structural funds;
- developing the client portfolio.

1.1.9. Prospects regarding the company's activity :

1.1.9.a). Presentation and analysis of uncertainty trends, items, events or factors that affect or could affect the company's liquidity compared to the same period of the previous year

Based on the above, the approach applied within the company has as main objective the refocus of the activity on the profitability analysis under increasing turnover and running parallel activities enabling cost control and strengthening the market position.

In order to achieve these objectives and to eliminate uncertainty events or factors that may affect the company's liquidity, action is taken to :

-diversifying the client portfolio ;

-reduce and liquidize inventories ;

-reduce funding costs by renegotiating contracts with suppliers and clients ;

-refocusing the sales from the need to ensure volume to ensuring profitability ;

-sales-production-acquisitions relational planning with consolidating all categories of inventories;

-personnel management by optimizing the organizational chart and introducing efficiency criteria.

1.1.9.b). Presentation and analysis of the effects of equity expenses, current or anticipated, on the company's financial situation, compared to the same period last year.

Group economic and financial indicators December 31, 2022:

EQUITY PROFITABILITY AND RETURN	**December 31 2022**	**December 31 2021**
Efficiency of the available equity		
Profit before interests and tax (A)	(20,422,233)	(8,729,422)
Available equity (B)	2,402,421	11,183,650
A/B	**-8.50**	**-0.78**

Efficiency of the own equity		
Net profit / loss (A)	(18,622,111)	(8,421,836)
Own equity (B)	55,940,700	54,249,862
A/B	**-0.33**	**-0.16**
Operating profit rate		
Profit before interests and tax (A)	(18,892,235)	(6,878,437)
Operating income (B)	79,536,875	310,287,818
A/B	**-0.24**	**-0.02**
Net profit rate		
Net profit (A)	(18,622,111)	(8,421,836)
Total income (B)	79,536,875	310,287,818
A/B	**-0.23**	**-0.03**
Total assets rate		
Profit before interests and tax (A)	(18,892,325)	(6,878,437)
Total assets (B)	122,046,206	140,258,474
A/B	**-0.15**	**-0.05**

SOLVABILITY	**December 31 2022**	**December 31 2021**
Liability rate		
Total obligations (A)	66,105,507	86,008,612
Total assets (B)	122,046,206	140,258,474
A/B	**0.54**	**0.61**
Financial autonomy rate		
Own equity (A)	55,940,700	54,249,863
Total assets less net current liabilities (B)	69,061,513	73,495,777
A/B	**0.81**	**0.74**

LIQUIDITY AND WORKING EQUITY	**December 31 2022**	**December 31 2021**
General liquidity rate		
Current assets	18,492,394	48,757,350
Current obligations	52,984,693	66,762,697
(A/B)	**0.35**	**0.73**
Fast liquidity rate		
Current assets	18,492,394	48,757,350
Inventories	4,631,090	13,610,743
Current obligations	52,984,693	66,762,697
(A-B)/C	**0.26**	**0.52**
Customer collection period		

Trade receivables (A)	8,457,687	16,212,368
Net turnover (B)	78,637,348	310,287,818
(A/B)*365 days	**39**	**19**
Inventory immobilization period		
Inventories (A)	4,631,090	13,610,743
Net turnover (B)	78,637,348	310,287,818
(A/B)*365 days	**21**	**16**
Suppliers payment period		
Suppliers (A)	8,928,202	54,712,950
Material and external expenses (B)	53,413,427	227,379,482
(A/B)*365 days	**61**	**88**

The parent company has no outstanding obligations to the state budget.

1.1.9.c). Presentation and analysis of the events, transactions, economic changes that significantly affect the income from the basic activity.

Electroarges SA operates on the going concern principle, based on the Income and Expenditure Budget and the development programs evaluated in accordance with the commercial contracts underlying the economic collaborations.

Electroarges SA is a production company that has been active in the home appliance industry since 1971, so it is not immune to the drastic changes in the economic environment that characterize the immediate past and the near future, mainly caused by the COVID 19 pandemic, and marked by major challenges and uncertainties for any production unit.

Currently, in addition to the general situation in the market, Electroarges SA terminated its collaboration with the majority client, Alfred Kaercher GMBH, which also gives the advantage of being able to respond and implement new projects promptly.

On 06.12.2021 Electroarges SA received the Notification of Alfred Karcher SE & Co. KG announcing the termination of the Supply Contract concluded with Electroarges starting with 30.06.2022 and the Notification of Alfred Karcher SE & Co. KG announcing the termination of the Tool Loan Agreement concluded with Electroarges starting with 30.04.2022 and their returning until 30.04.2022.

In this sense, the company took the necessary measures in time, by resizing the staff and expenses, by re-planning the way of working, by the strategies and commercial activities but also by acquisitions.

Regarding the staff resizing, the company closed the contract with Manpower Romania SRL, which had as object staff leasing. From this action results the resizing of the staff with a number of 360 people. Also, within the company, the staff was resized, reaching a number of 177 employees.

The company renegotiated the contracts with the service providers related to the operating activity, thus obtaining significant reductions in the operating expenses.

Given the decrease in production activity, utility expenses will decrease significantly.

With the close of cooperation with Alfred Kaercher, transport expenses for imports will decrease.

For the year 2023, the company has a sales forecast with a total turnover of 93,000,000 lei, which means an increase of 22.50% compared to the turnover of 2022.

At the same time, the company makes sustained steps and efforts to ensure increased efficiency and productivity, a context in which a long-term investment plan has been implemented and developed in all sectors: personnel, technologies, equipment and buildings.

Thus, in the current situation, as well as in the general pandemic context, the company intends to increase the ongoing collaborations but also to diversify the client portfolio, as well as the services.

The measures already implemented, as well as the planned ones, ensure the continuity and stability of the company.

2. COMPANY’S TANGIBLE ASSETS

2.1. Location and characteristics of the company’s main production facilities

Electroarges SA has its registered office in Bucharest, str. Horatiu, nr. 8 – 10 and the operating division where the production activity takes place, in Curtea de Arges, str.Albesti, nr.12, jud. Arges. Total area of the land owed by the company was 59,346 sqm, acquired with the Title Deed series M03, NO. 0674/08.12.1993, of which the land adjoining the Studio Block was sold to the tenants in 1995 and the land adjoining the

Bachelors' Hostel was conveyed by enforcement in 2001.

The remaining area of 57,702.12 sqm has been structured as follows:

1. Total built area = 31,313.15 sqm

out of which:

- production and administrative departments = 31,297.34 sqm

2. Area related to the transport routes = 18,221.97 sqm

3. Area related to the municipal networks = 932.00 sqm

4. Free area = 7,235.00 sqm

out of which: suitable for construction = 2,104.25 sqm.

Depending on the activities that take place whitin the company, the following classification may be used:

- production activity - takes place in 2 main units of production, namely: BLC and Plastics, structured in workshops and working lines depending on the specific technological operations and 2 supporting workshops, Tool Room and Mechanical & Energy;

- quality assurance activity;

- research and development activity;

- marketing-sales and service activitiy;

- logistics, acquisitions and transportation;

- financial-accounting activity;

- production planning and monitoring;

- human resources and administrative management.

The investments made in 2022 are in the amount of 13,569,158 lei, out of which:

- Modernized fixed assets: 10,695,606 lei;

- Technological equipment (machines, equipment): 2,434,714 lei;

- Furniture, equipment, office supplies: 438,838 lei.

2.2. Analysis of the company's property wear :

The wear of all the company's capabilities is 62,11%, by category of assets fluctuating from minimum to maximum.

Accounting wear of the company's properties was calculated according to Law

15/1994 and Law no. 227/2015 regarding the Fiscal Code, the straight-line method, being influenced by the subsequent regulations on the utilization of fixed assets.

Regarding the moral and physical wear, it could be said to have a different level for each category of fixed assets. Fixed assets purchased in the past 3 years do not have a high moral wear, on the date of purchase being some of the most efficient, unlike other facilities, which are mostly at the 1970-1980's level, but their performances were increased by upgrading. The other group companies are in a similar situation.

2.3. Issues related to the property right on the company's tangible assets

It is not the case.

3. PARENT COMPANY-ISSUED SECURITY MARKET

3.1. Electroarges SA is registered at the Financial Regulator with a number of 69,764,650 shares with a nominal value of 0.10 lei, representing 6,976,465 lei subscribed and fully share capital. This is stated in the Securities Registration Certificate No. AC-2208-6/09.06.2016.

Electroarges SA's securities (shares) are traded on the Bucharest Stock Exchange, 2nd Category: Shares. Information on the market evolution of these shares can be found on the BSE website, www.bvb.ro, consulting the ELECTROARGES SA issuer's sub-site for the "**ELGS**" logo.

Electroarges SA's Shareholders Register records are carried out in accordance with the legal provisions by the register company SC Depozitarul Central SA – Bucharest.

3.2. Electroarges SA made a profit in 2005 and 2006, but due to the fact that in the previous years, respectively from 1999 to 2004, the Profit and Loss Account was negative, in accordance with Law 31/1990 and the Accounting Law the shareholders were forced to use the profit to cover the loss, and the profit of 2007 and 2008 was assigned as own funding sources, of which the amount of 636,006.20 lei in in 2007 and the amount of 954,009.30 lei in 2008 were used to increase the share capital by allocating free shares without any change in previous ownership percentage.

In 2008, gross dividends were distributed amounting to 0.0232 lei / share, and in 2009 the gross dividend distributed was 0.0595 lei / share.

Profit of 2010 remaining after setting up the legal reserve was fully distributed as own funding source.

In 2011, Electroarges SA's share capital was increased with the amount of 3,335,506 lei, through subscription of shares at a nominal value of 0.1 lei / share to the existing shareholders according to the Shareholders Register issued by the SC Depozitarul Central.

Profit of 2011 in the amount of 6,874,531 lei, remaining after setting up the Legal Reserve of 436,035 lei, was assigned to "Other reserves-own development sources".

In 2012, with the General Ordinary Meeting of Shareholders Decision no. 82/21.04.2012, it was approved to cover the loss from the previous years, in the amount of (-) 8,156,411 lei, loss resulted from increases and penalties accumulated between 1999-2004 for overdue tax debts. We mention the fact that by rescheduling the payment of these debts registered on 31.12.2004, the company benefited from increase and penalty cancellations and reductions in the amount of 9,172,397 lei, which are found in the group ''Other reserves-tax reserve from rescheduled tax debts cancellations and reductions''. Coverage of the accounting loss was made using ''Other reserves-own funding&development sources'' set up from the profit of 2010 and partially of 2009.

In 2016, by applying the Court Sentence no. 225/CC, the share capital was increased with a number of 7,789,310 shares, representing 778,931 lei, by approving the shareholders' Tudor Dumitru and Vidraru S.A.'s subscriptions. Also in 2015, by applying the Court Sentence no. 474/CC the share capital was decreased with 18,874,931 shares, representing 1,887,493.10 lei, by cancelling the share capital increase of 2012. The same was applied when refunding shareholders participating in subscription, with 0.30 lei/share, respectively.

Distribution of profit in 2017

On 31.12.2017 Electroarges SA registered a net profit of 12,874,618.94 lei, which was approved for distribution as follows:

Net profit in 2017	**12,874,618.94**
Reserves – Fixed Assets from Reinvested Profit	1,557,497.75
Dividends (69,764,650 shares * 0.12 lei).	8,371,758.00
Net profit distributed to directors	611,544.00
Net profit distributed to employees	547,171.30
Other reserves	1,786,647.89

Distribution of profit in 2018

On 31.12.2018 Electroarges SA registered a net profit of 12,258,120.32 lei, which was approved for distribution as follows:

Net profit in 2018	**12,258,123.32**
Reserves – Fixed Assets from Reinvested Profit	1,525,967.84
Dividends (69,764,650 shares * 0,12 lei).	8,371,758.00
Other reserves	2,360,394.48

Distribution of profit in 2019

On 31.12.2019 Electroarges SA registered a net profit of 2,036,988.50 lei, which was approved for distribution as follows:

Net profit in 2019	**2,036,988.50**
Reserves – Fixed Assets from Reinvested Profit	625,249.90
Other reserves	1,411,738.60

In 2020, the company registered a net loss of 12,411,167 lei, and in 2021 a net loss of 11,849,219 lei, so that these values were carried forward.

In 2021, the group companies, Elars SA and Amplo SA, recorded a profit, but this is distributed in order to cover past losses.

In 2022, the company registered a net loss of 10,569,929 lei.

3.3. The Board of Directors of Electroarges SA was not put in the situation to approve the acquisition by the Company of its own shares, but based on the EGMS Decision no. 80 of 11.06.2011 and of the OGMS Decision no. 82/21.04.2012, the shares subscribed and not paid following the action to increase the share capital were canceled.

In December 2017, by the EGMS decision 104/11.12.2017, a program for the redemption of own shares was approved, a decision that was suspended by the Arges Specialized Tribunal.

3.4.Electroarges SA classifies the company's subsidiaries in which, by the holding share in these companies' capital, it holds the control. With these, Electroarges SA enters consolidation, and prepares consolidated financial statements.

Companies classified as subsidiaries are:

1. Amplo SA, in which Electroarges helds 2,723,011 shares (86.14% of the share capital);
2. Elars SA, in which Electroarges helds 20,555,276 shares (88.16% of the share capital);
4. Braiconf SA, in which Electroarges helds 14,124,057 shares (22.49% of the share

capital).

Electroarges SA does not have branches.

3.5. Electroarges SA issued 2,006,000 registered bonds, in dematerialized form, corporate, non-convertible, guaranteed, at a nominal value of 2.5 lei, in December 2022, for a total value of 5,015,000 lei, with an annual interest of 4.75% and with a maturity (maturity) of 5 (five) years.

1. COMPANIES' MANAGEMENT

4.1. a) List of Electroarges SA's directors

Based on the OGMS Decision no. 110 of 26.04.2021, ***the structure of the Electroarges SA's Board of Directors*** is as follows:

Item no.	Surname	Given names	Position
1.	Stefan	Constantin	Chairman of the Board
2.	Cardinal Main SRL	by permanent representative Roxana Scarlat	Vice-Chairman of the Board
3.	Csoarpi Saints SRL	by permanent representative Adrian Ionescu	Board Member

4.1.b) Any agreement, understanding or family relationship between the respective director and another person due to which the respective person was appointed director

Not the case.

4.1.c) Directors' participation to the share capital.

Item no.	Surname	Given Names	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Cardinal Main SRL	by permanent representative Roxana Scarlat	Vice-Chairman of the Board	0

3.	Csoarpi Saints SRL	by permanent representative Adrian Ionescu	Board Member	0

4.1. d) List of persons affiliated to the parent company

Item no.	Full name	Share capital participation rate
1.	Stefan Constantin – indirect holding through Investments Constantin SRL and Benjamin United SRL	37.73%
2.	Investments Constantin SRL	36.84%
3.	Benjamins United SRL	-
4.	Amplo SA – Electroarges holdings	86.14%
5.	Elars SA – Electroarges holdings	88.16%
6.	Braiconf SA – Electroarges holdings	22.49%
7.	Metalica SA – indirect affiliation through joint management	-
8.	General Autorent SRL – indirect affiliation through joint management	-
9.	Gate Development SRL – indirect affiliation through joint management	-
10.	Csoarpi Saints SRL - indirect affiliation through joint management	-
11.	Cardinal Main SRL - indirect affiliation through joint management	-

4.1. e) List of the executive management:

Item no.	Surname	Given Names	Position	Period as a member of the executive management
1.	Borgia	Michele	Deputy General Manager	16.12.2020–20.06.2022
2.	Caramida	Valentin	Deputy General Manager	20.06.2022–31.12.2022
3.	Caramida	Valentin	Operational Manager	05.06.2020–19.06.2022
4.	Petre	Iulia	Financial Manager	01.05.2020–indefinite
5.	Balanescu	Madalina	Financial-Accounting Head	29.08.2022- indefinite
6.	Onu	Patricia	Project Manager	17.05.2021–indefinite

4.1. f) Any agreement, understanding or family relationship between the person in question and another person due to which the person in question was appointed as a member of the executive management

Not the case.

4.1. g) The participation of the members of the executive management in the the parent company's share capital

Item no.	Surname	Given Names	Position	Share capital participation
1.	Borgia	Michele	Deputy General Manager	0
2.	Caramida	Valentin	Deputy General Manager	0
3.	Caramida	Valentin	Operational Manager	0
4.	Petre	Iulia	Financial Manager	0
5.	Balanescu	Madalina	Financial-Accounting Head	0
6.	Onu	Patricia	Project Manager	0

4.2. a) List of AMPLO SA directors and theit participation in the company's share capital:

Item no.	Surname	Given Names	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Benjamins United SRL	By permanent representative Silvu Bogdan Dumitrache	Board Member	0
3.	Cardinal Main SRL	By permanent representative Mihaela Mircescu	Board Member	0

4.2.b) Any agreement, understanding or family relationship between the respective director and another person due to which the respective person was appointed director

Not the case.

4.2. c) List of the executive management and their participation in the company's share capital:

Item no.	Surname	Given Names	Position	Share capital participation

1.	Mircescu	Mihaela	General Manager	0

4.2. d) Any agreement, understanding or family relationship between the person in question and another person due to which the person in question was appointed as a member of the executive management

Not the case.

4.3. a) List of ELARS SA directors and theit participation in the company's share capital:

Item no.	Surname	Given Names	Position	Number of shares
1.	Investments Constantin SRL	By representative Constantin Stefan	Sole Administrator	0

4.3.b) Any agreement, understanding or family relationship between the respective director and another person due to which the respective person was appointed director

Not the case.

4.3. c) List of the executive management and their participation in the company's share capital:

Item no.	Surname	Given Names	Position	Number of shares
1.	Robe	Valeriu Daniel	General Manager	0

4.3. d) Any agreement, understanding or family relationship between the person in question and another person due to which the person in question was appointed as a member of the executive management

Not the case.

4.4. Presentation of any litigation or administrative procedures in which they have been involved in the last 5 years, related to the activity of the persons in the

administrative management.

Not the case.

5. STATEMENT OF FINANCIAL ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

At the date of first application of IFRS (31.12.2012), the accounts according to RCR were adjusted, where necessary, to bring the separate financial statements, in all material respects, in line with IFRS. The most significant changes to the financial statements prepared in accordance with RCR in order to align them with the IFRS requirements adopted by the European Union are:

- Adjustments of the assets, liabilities and equity in accordance with IAS 29, due to the fact that the Romanian economy was a hyperinflationary economy until December 31, 2003, using consumer price indices.

5.a. Statement of assets, liability and equity:

	31.12.2022	31.12.2021
Fixed assets	93,520,756	91,501,124
Current and other assets	28,525,450	48,757,350
TOTAL ASSETS	**122,046,206**	**140,757,350**
Short-term liabilities	52,984,693	66,762,697
Long-term liabilities	13,120,814	19,245,914
TOTAL LIABILITIES	**66,105,507**	**86,008,612**
NET ASSETS	**55,940,700**	**54,249,862**
Share capital	6,976,465	6,976,465
Own shares	(9,518)	(118,748)
Adjusting value of assets held for sale	139,628	68,616
Net reserves from revaluation	26,873,566	8,174,015
Other reserves	50,538,045	50,591,927
Retained earnings	(29,830,718)	(12,940,197)
Non-controlling interests	1,253,231	1,497,786
TOTAL CAPITALURI PROPRII	**55,940,700**	**54,249,863**

5. b. Statement of income and expenses

Indicator	**31.12.2022**	**31.12.2021**
OPERATING INCOME		
Net turnover	**78,637,348**	**305,043,384**
Other operating income	2,487,427	4,475,854
Changes in inventories	(1,587,900)	768,577
TOTAL operating income	**79,536,875**	**310,287,815**
OPERATING EXPENSES		
Expenses on raw materials and consumables	(53,413,427)	(227,379,482)
Expenses on personnel	(11,246,017)	(35,424,369)
Expenses on amortization and provisions	(11,218,900)	(13,737,874)
Other operating expenses	(22,550,768)	(40,624,530)
TOTAL operating expenses	**(98,429,112)**	**(317,166,254)**
OPERATING EXPENSES	**(18,892,236)**	**(6,878,438)**
Financial income	-	1,105,999
Financial expenses	(1,529,908)	(2,956,984)
GROSS RESULT OF THE FINANCIAL YEAR	**(20,422,233)**	**(8,729,423)**
Current tax on profit expense		
Deferred tax on profit (expense)/income	**1,800,122**	**307,586**
NET RESULT OF THE FINANCIAL YEAR	**(18,622,111)**	**(8,421,836)**

6. CORPORATE GOVERNANCE

ELECTROARGES SA, in its capacity as issuer listed on BSE Main Market 2nd Category - Shares, always has in mind the compliance with the corporate governance principles of the BSE Corporate Governance Code.

The company developed a Corporate Governance Regulations describing the main aspects of corporate governance, available on the company website www.electroarges.ro .

In the Corporate Governance Regulations there are detailed the corporate governance structures, the Board of Directors and executive management's functions, powers and responsibilities, transparency, financial reporting, the corporate information system and the company's social responsibility for its activities.

ELECTROARGES SA follows the shareholders' rights, providing them fair treatment.

For the General Meetings of Shareholders, on the company's website, were posted details of business meetings, Summoning Notes, materials related to the agenda, Special Power of Attorney and Absentee Ballot forms, the participatory and voting procedures that ensure efficient meeting sessions and entitle any shareholder to freely express their opinion on the issues under discussion, the decisions adopted by the shareholders.

For the financial year 2022, information on the financial calendar, annual, half-yearly, quarterly and current reports were posted on time.

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS,

ROXANA SCARLAT

**ELECTROARGES SA GROUP REMUNERATION REPORT
FOR 2022**

Starting with the 2022 Electroarges SA Group has prepared and published the Remuneration Report for Administrators and Directors for the year 2021, in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations. The report was put to the vote (having an advisory character) during the Ordinary General Meeting of Electroarges SA Shareholders on 28.04.2022 and was approved by unanimous votes.

The Electroarges SA Board of Directors prepared in accordance with the remuneration policy of the company's directors this annual report ("Remuneration Report") which includes the remuneration granted to the company's directors during the financial year ended on December 31, 2022, in accordance with GEO no. 109/2011 on the corporate governance of public enterprises and Law no. 24/2017 on the issuers of financial instruments and market operations.

The company complies with the remuneration principles established in the Remuneration Policy approved by the Electroarges SA General Meeting of Shareholders, but also the applicable legal regulations taking into account the extent to which they are appropriate to its size, internal organization and the nature and complexity of its activities.

The remuneration policy was applied to all the Electroarges SA Group Administrators and Executive Directors, regardless of the date of appointment or the date of termination of the mandate.

The Remuneration Report is subject to the advisory vote of the general meeting of shareholders along with the approval of the financial statements for 2022 and will be published on the website electroarges.ro and remain available to the public for 10 years from publication, in accordance with applicable legal provisions.

The remuneration of the directors is set by the Electroarges SA general meeting of the shareholders, in accordance with the provisions of Law no. 31/1990 and the Company's Articles of Incorporation.

The additional remunerations of the directors are set in general limits by the decision of the general meeting of shareholders. The total annual value of the additional remunerations paid to the directors may not exceed the limits set by the decision of the general meeting of shareholders.

The additional remunerations are fixed and based exclusively on factors such as the time devoted to the performance of the duties, participation in the board of directors' meetings, responsibilities assumed within the board of directors, participation in the activities of special committees set up at the board level, and the like factors that do not depend on and do not take into account the company's results and performance.

The Board of Directors is responsible for the fulfillment of all necessary measures, both for the development of the company's activity and for its supervision. Its composition, organization, attributions and responsibilities are established by the Articles of Incorporation. In accordance with the provisions of the company's Company's Articles of Incorporation, starting with 28.04.2021, the Board of Directors consists of three members, appointed by Electroarges SA OGMS for a four-year term.

The Board of Directors will ensure the proportionality of the remuneration granted with the specific responsibilities of the management positions, according to the approved remuneration policy, so as to ensure an adequate and responsible remuneration leading to the increase of performances in order to increase the company's value, for the benefit of its shareholders.

1. The remuneration structure of the company's directors for 2022

The remuneration of the members of the Board of Directors has two main components, a fixed monthly remuneration and a variable remuneration, as follows:

- The fixed monthly remuneration is established by the OGMS: 6,000 lei net for natural person directors and 12,000 lei for legal person directors;
- The variable remuneration is established by the OGMS and must not exceed 2.75% of the net assets.

Also, for the members of the Board of Directors, a series of financial and non-financial benefits are provided in the management contracts approved by the OGMS, as follows:

- Reimbursement of all expenses related to the fulfillment of the mandate;
- A compensation in case of unjustified revocation;
- Any equipment/means necessary for the proper fulfillment of the duties and obligations stipulated by the Administration Contract.

Expenses settled by the company and carried out by directors in the interest and for the purpose of exercising the mandate of director are not considered remuneration in the sense of the Remuneration Policy.

The Electroarges SA Board of Directors' structure in 2022 was as follows:

- Stefan Constantin - Chairman of the Board;
- Cardinal Main SRL by permanent representative Roxana Scarlat– Vice-Chairman of the Board;
- Csoarpi Caints SRL by permanent representative Adrian Ionescu – Member.

The structure of the Directorate was as follows:

- Michele Borgia held the position of Deputy General Manager from 01.01.2022 until 20.06.2022.
- Valentin Nicolae Caramida held the position of Deputy General Manager between 20.06.2022 - 31.12.2022. Starting with 01.01.2023, the Board of Directors decided that Mr. Valentin Nicolae Caramida to hold the position of General Manager, for a term of 4 (four) years.

Full name	**Position**	**Duration**	**Remuneration set**	**Fixed**	**Variable**
Stefan Constantin	Chairman	01.01.2022 – 31.12.2022	According to the OGMS Decision – 28.04.2022	123,084 lei	16,000 lei
Cardinal Main SRL by permanent representative Roxana Scarlat	Vice-Chairman	01.01.2022 – 31.12.2022	According to the OGMS Decision – 28.04.2022	136,000 lei – 2022	444,000 lei
Csoarpi Saints SRL by permanent representative Adrian Ionescu	Member	01.01.2022 – 31.12.2022	According to the OGMS Decision – 28.04.2022	136,000 lei	904,000 lei
Michele Borgia	Deputy General Manager	01.01.2022 – 20.06.2022	According to the Agreement	127,698 lei	-
Valentin Nicolae Caramida	Deputy General Manager	20.06.2022 – 31.12.2022	According to the Agreement	127,816 lei	-

Non-financial benefits for Electroarges SA administrators and executive directors:

Full name	**BD status**	**Period of activity**	**Non-financial benefits**			
			Laptop	**Telephone**	**Car**	**Company housing**
Constantin Stefan	Chairman	01.01.2022 – 31.12.2022	YES	YES	YES	YES
Cardinal Main SRL by permanent representative Roxana Scarlat	Vice-Chairman	01.01.2022 – 31.12.2022	YES	YES	NO	YES
Csoarpi Saints SRL	Member	01.01.2022 –	YES	YES	YES	NO

by permanent representative Adrian Ionescu		31.12.2022				
Michele Borgia	Deputy General Manager	01.01.2022 – 20.06.2022	YES	YES	YES	NO
Valentin Nicolae Caramida	Deputy General Manager	20.06.2022 – 31.12.2022	YES	YES	YES	NO

Non-financial benefits for Amplo SA administrators and executive directors:

Full name	**BD status**	**Period of activity**	**Non-financial benefits**			
			Laptop	**Telephone**	**Car**	**Company housing**
Constantin Stefan	Chairman	01.01.2022 – 30.04.2022	NO	NO	NO	NO
Mihaela Mircescu	General Manager	01.01.2022 – 31.12.2022	NO	NO	NO	NO

Non-financial benefits for Elars SA administrators and executive directors:

Full name	**BD status**	**Period of activity**	**Non-financial benefits**			
			Laptop	**Telephone**	**Car**	**Company housing**
Investments Constantin SRL by permanent representative Constantin Stefan	Sole Administrator	01.01.2022 – 30.04.2022	NO	NO	NO	NO
Investments Constantin SRL by permanent representative Mihaela Mircescu	Sole Administrator	01.05.2022 – 31.12.2022	NO	NO	NO	NO
Valeriu – Daniel Robe	General Manager	01.01.2022 – 31.12.2022	YES	YES	YES	NO

The general limits of all the additional remunerations of the members of the Board of Directors were approved in the General Meeting of Shareholders at the amount of 2.75% of the turnover. For the year 2022, the value of the additional remunerations reaches the value of 2.35%, so that the approved value has not been exceeded.

The Chairman of the Board of Directors, Stefan Constantin, received in 2022 a total gross remuneration of 20,512 lei and Benjamins United SRL a fixed remuneration in the amount of 140,000 lei and an additional remuneration in the amount of 280,700 lei from Amplo SA.

Investments Constantin SRL received in 2022 fixed remuneration in the amount of 28,500 lei and an additional remuneration in the amount of 150,100 lei from Elars SA.

2. Comparative information on the modification of the remunaration and the company's performance

Full name	Position	Duration	Gross Annual Fixed Remunaration				
			2022	2021	2020	2019	2018
Stefan Constantin	Chairman	01.01.2022 – 31.12.2022	123,084 lei	123,084 lei	123,084 lei	123,084	123,084 lei
Cardinal Main SRL by permanent representative Roxana Scarlat	Vice-Chairman	01.01.2022 – 31.12.2022	136,000 lei	80,000 lei	-	-	-
Csoarpi Saints SRL by permanent representative Adrian Ionescu	Member	01.01.2022 – 31.12.2022	136,000 lei	80,000 lei	-	-	-
Michele Borgia	Deputy General Manager	01.01.2022 – 20.06.2022	127,698 lei	249,834 lei	9,999 lei	-	-
Valentin Nicolae Caramida	Deputy General Manager	20.06.2022 – 31.12.2022	127,814 lei	-	-	-	-

Full name	Position	Duration	Gross Annual Variable Remunaration				
			2022	2021	2020	2019	2018
Stefan Constantin	Chairman	01.01.2022 – 31.12.2022	16,000 lei	56,000 lei	0 lei	0 lei	0 lei
Cardinal Main SRL by permanent representative Roxana Scarlat	Vice-Chairman	01.01.2022 – 31.12.2022	444.000 lei	1,075,000 lei	-	-	-
Csoarpi Saints SRL by permanent representative Adrian Ionescu	Member	01.01.2022 – 31.12.2022	904,000 lei	1,120,000 lei	-	-	-
Michele Borgia	Deputy General Manager	01.01.2022 – 20.06.2022	-	-	-	-	-
Valentin Nicolae	Deputy	20.06.2022 –	-	-	-	-	-

Caramida	General Manager	31.12.2022					

Evolution of the remuneration	2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018	
	Fixed	Var	Fixed	Var	Fixed	Var	Fixed	Var
Stefan Constantin	0	-71.43%	0	-	0	-	0	-
Cardinal Main SRL	+70%	-58.70%	n/a	n/a	n/a	n/a	n/a	n/a
Csoarpi Saints SRL	+70%	-19.29%	n/a	n/a	n/a	n/a	n/a	n/a
General Manager/ Deputy General Manager	+ 2.27%	-	-24.2%	-	-22.9%	-	-41.4%	-
Employees' remuneration		-	+4.1%	-	+3.9%	-	+18.5%	-
Turnover	Decrease by 75%		Increase by 23.4%		Increase by 27.4%		Increase by 0.7%	
Net profit/loss	Decrease by 0.8%		Increase by 1.6%		Decrease by 709.3%		Decrease by 83.4%	

In 2022, there were no deviations from the Remuneration policy regarding the remuneration of the members of the Board of Directors, being followed the structure and principles presented in the Remuneration Policy approved by the shareholders for all the components of the remuneration.

This report was drawn up in accordance with the requirements of the Law 24/2017 and was approved by the Electroarges SA Board of Directors on 24.03.2023, to be subject to approval at the Annual Ordinary General Meeting of Shareholders, provided for in art. 111 of the Law 31/1990, the shareholders' opinion in the general meeting regarding the Remuneration Report, following the vote, having an advisory character. The Issuer will explain in the next Remuneration Report how the vote of the General Assembly was taken into account.

ELECTROARGES SA

Consolidated financial statements for the year ended on December 31st 2022

prepared in accordance with IFRS adopted by the European Union

SUMMARY **PAGE**

STATEMENT OF COMPREHENSIVE INCOME ON DECEMBER 31 2022
(expressed in lei, unless specified otherwise)

	Note	The year ended on December 31 2022	The year ended on December 31 2021
Income from sales	4	**78,637,348**	**305,043,384**
Other operating income	4	2,487,427	4,475,854
Changes in inventories		(1,587,900)	768,580
Raw materials and consumables	5	(53,413,427)	(227,379,482)
Expenses on personnel	6	(11,246,017)	(35,424,369)
Amortization		(11,218,900)	(13,737,874)
Other operating expenses	7	(22,550,768)	(40,624,530)
Loss from equity titles	8	(42,542)	(850,415)
Financial income	8		1,105,999
Financial costs	8	(1,487,456)	(2,106,569)
(Loss) / Profit before taxation		**(20,422,233)**	**(8,729,422)**
Income/(expenses) with the tax on profit	9	**1,800,122**	**307,586**
(Loss) / Profitul for the period		**(18,622,111)**	**(8,421,836)**
Other comprehensive income			
Items that will not be reclassified:			
Revaluation of tangible assets		24,041,057	-
Remeasurement of pension benefit schemes granted		134,037	73,391
Revaluation of financial investments at fair value		(139,173)	353,428
Deferred tax		(3,748,157)	(68,291)
Other itema		(84,045)	
Total other comprehensive income		**20,203,719**	**358,528**
Total comprehensive income		**1,581,608**	**(8,063,308)**
(Loss) / Profit for the period related to:			
The Group		(18,409,452)	(8,512,725)
The minority interests		(212,660)	90,889
Total comprehensive income related to:			
The Group		1,794,267	(8,154,197)
The minority interests		(212,660)	90,889
BASIC/DILUTED PER SHARE RESULT	10	**(0.264)**	**(0.122)**

The financial statements were approved by the Board of Directors on 19.06.2023.

Vice-Chairman of the Board of Directors, Roxana Scarlat

Head of the Financial Accounting-Department, Giorgiana Elena Ionita

STATEMENT OF FINANCIAL POSITION ON DECEMBER 31 2022

(expressed in lei, unless specified otherwise)

	Note	December 31 2022	December 31 2021
Assets			
Fixed assets			
Tangible assets	11	86,785,995	75,186,611
Goodwill	12	-	3,734,837
Intangible assets	12	244,242	852,328
Equity titles	13	4,802,179	4,844,753
Other financial fixed assets	13	1,534,857	2,110,895
Real estate investments	15	153,483	132,797
Deferred tax	11	-	2,780,884
Total fixed assets	20	-	1,858,019
Assets		**93,520,756**	**91,501,124**
Current assets			
Inventories	14	4,631,090	13,610,743
Trade and similar receivables	15	10,451,953	23,730,913
Other financial assets		6,931	232,044
Restricted cash	16	1,000,000	-
Cash and cash equivalents	16	2,402,421	11,183,650
Total current assets		**18,492,394**	**48,757,350**
Assets classified as held for vanzarii	**14**	**10,033,056**	**-**
TOTAL ASSETS		**122,046,206**	**140,258,474**
Liabilities			
Current liabilities			
Trade and similar liabilities	17	39,999,069	54,712,950
Short-term loans from banking institutions	19	3,862,984	8,379,508
Financial leasing	19	2,600,056	2,892,508
Employee benefits due in short term	21	1,522,592	129,691
Liabilities with the tax on profit		-	231,374
Long-term loans from banking institutions – current maturity	19	4,999,992	416,666
Total current liabilities		**52,984,693**	**66,762,697**
Long-term liabilities			
Long-term loans from banking institutions	19	4,580,816	9,580,699
Bond loans	19	5,015,000	
Financial leasing	19	2,704,173	5,252,277
Employee benefits due in long term	21	127,105	222,816
Deferred tax		182,438	-
Subsidies		511,282	4,190,123
Total long-term liabilities		**13,120,814**	**19,245,915**
TOTAL LIABILITIES		**66,105,507**	**86,008,612**
NET ASSETS		**55,940,700**	**54,249,862**

	Note	December 31 2022	December 31 2021
Share capital	22	6,976,465	6,976,465
Own shares		(9,518)	(118,748)
Other equity		139,628	122,497
Net reserves from revaluation		26,873,566	8,174,015
Legal reserve	23	2,513,708	2,513,708
Other reserves	23	48,024,337	48,024,337
Retained earnings	23	(29,830,718)	(12,940,197)
Interests that do not control		1,253,231	1,497,786
TOTAL EQUITY		**55,940,700**	**54,249,863**
TOTAL LIABILITIES AND EQUITY		**122,046,206**	**140,258,475**

The financial statements were approved by the Board of Directors on 19.06.2023.
The accompanying notes from 9 to 76 are an integral part of these financial statements.

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Head of the Financial Accounting-Department,
Giorgiana Elena Ionita

STATEMENT OF CHANGES IN EQUITY ON DECEMBER 31 2022
(expressed in lei, unless specified otherwise)

	Share capital	Own shares	Other equity	Earnings/losses from the equity sale/cancellation	Reserves from revaluation	Legal reserves	Other reserves	Retained earnings	Total attributable to the group	Minority interest	Total equity
January 1st 2021	**6,976,465**	**(9,518)**	**(166,999)**	**-**	**10,461,645**	**2,577,844**	**48,095,405**	**(7,717,287)**	**60,217,554**	**2,229,232**	**62,446,786**
Profit of the financial year	-	-	-	-	-	-	-	(8,512,725)	**(8,512,725)**	**90,889**	**(8,421,836)**
Other comprehensive income	-	-	358,528	-	-	-	-	-	**358,528**	-	**358,528**
Total comprehensive income	**-**	**-**	**358,528**	**-**	**-**	**-**	**-**	**(8,512,725)**	**(8,154,197)**	**90,889**	**(8,063,308)**
Acquisitions of own shares	**-**	**(109,230)**	**-**	**-**	**-**	**-**	**-**	-	**(109,230)**	**-**	**(109,230)**
Transfer to reserves after sale	**-**	**-**	**883,768**	**-**	**-**	**-**	**-**	(883,768)	**-**	**-**	**-**
Decrease due to Concifor exit	**-**	**-**	**(952,799)**	**-**	**-**	(64,136)	(144,460)	1,885,954	**724,559**	**(822,335)**	**(97,776)**
Increases	**-**	**-**	**-**	**-**	**-**	-	73,391	**-**	**73,391**	**-**	**73,391**
Allocation of other reserves	-	-	-	-	(2,287,629)	-	-	2,287,629	**-**	**-**	**-**
December 31st 2021	**6,976,465**	**(118,748)**	**122,497**	**-**	**8,174,015**	**2,513,708**	**48,024,337**	**(12,940,197)**	**52,752,077**	**1,497,786**	**54,249,863**
January 1st 2022	**6,976,465**	**(118,748)**	**122,497**		**8,174,015**	**2,513,708**	**48,024,337**	**(12,940,197)**	**52,752,077**	**1,497,786**	**54,249,863**
Profit of the financial year	-	-	-	-	-	-	-	(18,409,452)	(18,409,452)	(212,660)	(18,622,111)
Revaluation of financial investments at fair value			(139,173)						(139,173)		(139,173)
Remeasurement of the pension benefit schemes			134,037						134,037		134,037
Revaluation of tangible assets					24,041,057				24,041,057		24,041,057
Deferred tax related to the above items			22,267		(3,770,424)				(3,748,157)		(3,748,157)
Other items	-	-		-		-	-	(84,045)	**(84,045)**	**-**	(84,045)
Other comprehensive	-	-	17,131	-	20,270,633	-	-	(84,045)	**20,203,719**	**-**	20,203,719

income											
Total comprehensive income	-	-	**17,131**	-	**20,270,633**	**-**	**-**	**(18,493,497)**	**1,794,267**	**(212,660)**	**1,581,608**
Acquisitions of own shares	**-**	**109,230**	**-**	**-**	**-**	**-**	**-**	**-**	**109,230**	**-**	**109,230**
Transfer to reserves from sale	-	-	-	-	-	-	**-**	31,895	**31,895**	**(31,895)**	**-**
Allocations of other reserves	**-**	**-**	**-**	**-**	(1,571,082)	-	-	**1,571,082**	**-**	**-**	**-**
December 31st 2022	**6,976,465**	**(9,518)**	**139,628**	**-**	**26,873,566**	**2,513,708**	**48,024,337**	**(29,830,717)**	**54,687,469**	**1,253,231**	**55,940,700**

The financial statements were approved by the Board of Directors on 19.06.2023.

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Head of the Financial-Accounting Department,
Giorgiana Elena Ionita

CASH-FLOW STATEMENT ON DECEMBER 31 2022

	Dec-31-2022	Dec-31-2021
Flows from operating activities		
Profit / (Loss) before taxation	**(20,422,233)**	**(8,729,422)**
Adjustments for:		
Expenses on amortization	7,625,077	14,439,588
Income retakes	(141,013)	(701,713)
Net result from disposal of assets	1,282,148	625,913
Income from sale of participation titles	419,610	1,827,609
Net effect due to revaluation of participations at market value	(860,473)	(1,251,060)
Net effect on client value adjustments	1,117,684	(814,179)
Net effect on inventory value adjustments	451,308	4,435,471
Net effect on goodwill adjustments	3,734,837	-
Interest income	(32)	(11,577)
Expenses on interest	1.038,002	587,807
Equity loss (profit)	(121,637)	850,415
Cancellation of assets due to subsidiary deconsolidation	-	1,146,810
Other non-monetary items	588,256	2,725
Profit before working capital change	**(5,288,469)**	**12,408,387**
Receivable increase / (decrease)	12,386,390	9,811,311
Inventory (increase) / decrease	8,528,345	(6,089,184)
Liability (decrease)	(17,019,976)	(1,268,640)
Cash from operating activities	**(1,393,710)**	**14,861,874**
Financial costs paid	(1,038,002)	(587,807)
Net cash from operating activities	**(2,431,712)**	**14,274,067**
Flows from investment activities		
Acquisitions of tangible and intangible assets	(3,651,822)	(27,013,784)
Acquisitions of participation interests	(146,194)	(578,846)
Cashings from sale of participation interest	246,708	4,080,132
Interest collected	32	11,577
Sale of tangible assets	314,902	801,754
Income from subsidies	-	3,537,828
Net cashings from subsidiary sale	-	103,766
Net flows from investment activities	**(3,236,374)**	**(19,057,573)**
Flows from financing activities		
Loan withdrawals	16,236,949	10,111,352
Loan repayments	(20,753,474)	(5,615,975)
Payments related to financial leasing	(2,609,983)	(2,588,465)
Cashings from bond issues	5,015,000	-
Dividends paid	(1,635)	(16,158)
Repurchase of own shares	-	(109,230)
Net flows from financing activities	**(2,113,143)**	**1,781,524**
Net cash increase / (decrease)	**(7,781,229)**	**(3,001,982)**
Cash and cash equivalents at the beginning of the period	**11,183,650**	**14,185,632**
Cash and cash equivalents at the end of the period	**3,402,421**	**11,183,650**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Head of the Financial Accounting-Department,
Giorgiana Elena Ionita

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ending on December 31st 2022

1 OVERVIEW OF THE ENTITIES THAT HAVE ENTERED THE CONSOLIDATION PERIMETER

These consolidated financial statements for the financial year ending on December 31st 2022 are prepared for the Electroarges Group, consisting of the Parent Company and its subsidiary.

GROUP CONSOLIDATION BOARD

Company	Percentage of control held	Percentage of interest held	Control type	Consolidation method
ELARS SA	88.1611%	88.1611%	Sole control by right	Global integration
AMPLO SA	86.1396%	86.1396%	Sole control by right	Global integration
BRAICONF SA	22.4934%	22.4934%	Significant influence	Equity

In 2020, the consolidation perimeter also included the company Concifor SA. In May 2021, the participation of Electroarges SA was sold, so the consolidated financial statements on December 31, 2022 do not include in the consolidation perimeter the company Concifor SA. Comparatively they include the effect of the sale transaction.

When separate financial statements are prepared in accordance with IFRS 5, investments in subsidiaries, jointly controlled entities and associates that are not classified as held for sale (or included in a group to be disposed of that is classified as held for sale) in accordance with IFRS 5 must be accounted for either:

a) at cost, or

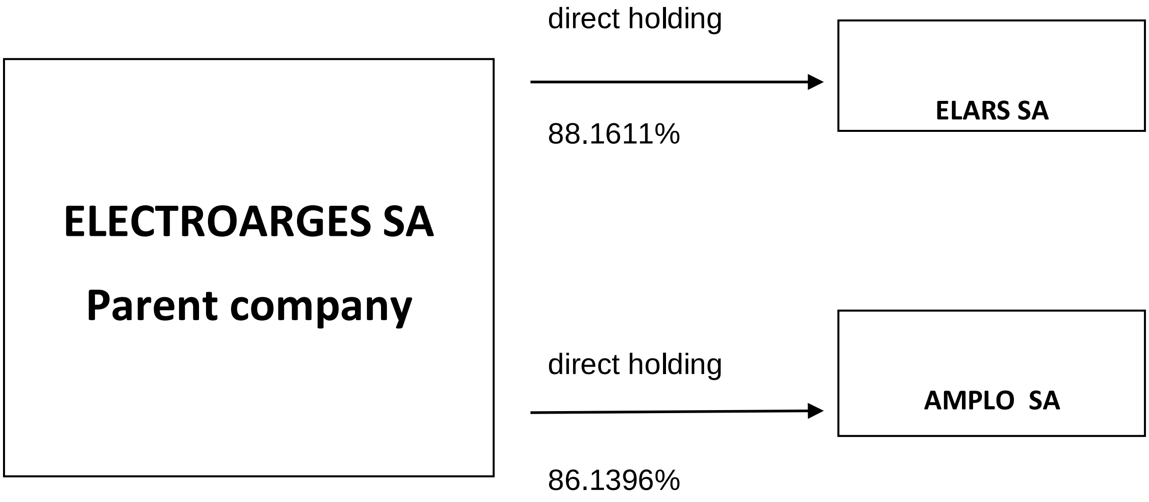
b) according to IFRS 9

c) using the equity method, as described in IAS 28.

The percentage of integration in the consolidated financial statements is the following:

Company	Percentage of integration in the consolidated financial statements
ELARS SA	100%
AMPLO SA	100%

GROUP ORGANIZATIONAL CHART



1. ELECTROARGES SA - Curtea de Arges ***parent company*** - was established as a joint stock company, following the reorganization and concomitant division of IPEE ELECTROARGES Curtea de Arges, based on Law 15/1990 and according to G.D. no. 1224/22 of November 1990, in two distinct trade companies: S.C. ELECTROARGES S.A. - manufacturer of consumer electrical goods and IPEE S.A. - manufacturer of passive electronic components.

Registered office: str. Horatiu, nr. 8 – 10, sector 1, Bucharest

Telephone: 0248/724000 ; 0763/676160

Fax: 0248/724 004

E-mail: electroarges@electroarges.ro;

Tax Registration Code: RO/156027

Trade Register Registration no. and date: J40/8487/2022

ELECTROARGES SA CURTEA DE ARGES, a company with 100% private capital, is traded on the market regulated by the Bucharest Stock Exchange, second category, the quarterly and annual financial reporting obligations, in accordance with art. 227 of the “Law 297 on the capital market” and CNVM Reg. no. 1/2006 on the issuers and the operations with securities and we found that they were fulfilled.

ELECTROARGES SA's business activity:

- manufacturing consumer electro technical goods;
- manufacturing electronic machines and devices;
- execution of specific field-activity tools, devices, verifiers.

Electroarges SA's activity is carried out based on the environmental authorization no. 205 revised on 1.07.2019 issued by the Arges Regional Agency for Environmental Protection and the water management authorization no. 33 / 15.09.2020 issued by the "Apele Romane" National Administration - Arges-Vedea Water Basin Administration issued for the activity of manufacturing household appliances NACE code 2971/2751, carried out in Curtea de Arges, strada Albesti, nr. 12, judetul Arges.

The share capital subscribed and paid on 31.12.2022 is of 6,974,465 lei, representing 69,764,650 shares with a nominal value of 0.10 lei / share.

The shareholding structure on 31.12.2022 was the following :

Shareholder	Shares	Percent %
Investments Constantin SRL	25,699,543	36.8375
Trans Expedition Feroviar SRL	8,963,266	12.8479
Standard Equity SRL	7,542,172	10.8109
Natural persons	21,691,941	31.0930
Legal persons	5,867,728	8.4107
TOTAL	**69,764,650**	**100%**

Administrators' participation to the share capital is the following:

Item no.	Surname	Given names	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Cardinal Main SRL	By permanent representative Mrs. Roxana Scarlat	Vice-Chairman of the Board	0
3.	Csoarpi Saints SRL	By permanent representative Mr. Adrian Ionescu	Board Member	0

The consolidation of the accounts is carried out by global integration, by proportional integration or by equity, after possible restatements in order to harmonize them with the principles and rules of consolidation.

The consolidation method is chosen depending on the control percentage, which conditions the type of control.

The control percentage is determined starting from the voting rights and is equal to the ratio between the voting rights held in a company and the total number of its voting rights.

2. ELARS SA, a subsidiary to which ELECTROARGES SA helds 20,555,276 shares, with a nominal value of 2,055,527.60 lei, representing 88.16% of the share capital.

Registered office: Ramnicu Sarat, str. Industriei, nr. 4, judetul Buzau

Trade Register Registration Number: J10/124/1991

Tax Registration Code: RO1168275

Main business activity: manufacturing screws, bolts and other threaded articles, manufacturing rivets and washers

At ELARS SA, the shareholding structure was as follows:

Shareholder	***Share capital value***	***%***
1.ELECTROARGES SA	2,055,527.60	***88.1611***
2.Legal persons	5,618.10	***0.2410***
3.Natural persons by PPM	270,412.40	***11.5979***
TOTAL	**2,331,558.1**	***100.00***

3. AMPLO SA, a subsidiary to which ELECTROARGES SA helds 2,723,011 shares, with a nominal value of 6,807,527.50 lei, representing 86.1396% of the share capital.

Registered office: Ploiesti, str. Petrolului, nr. 10, judetul Prahova

Trade Register Registration Number: J29/13/1991

Tax Registration Code: RO1359038

Main business activity: manufacturing instruments and appliances for measuring, checking, supervising, navigating

At AMPLO SA, the shareholding structure was as follows:

Shareholder	***Share capital value***	***%***
1.ELECTROARGES SA	6,807,527.50	***86.1396***
2.Legal persons	454,021.75	***5.7450***
3.Natural persons	641,352.15	***8.1154***
TOTAL	**7,902,902.5**	***100.00***

4. BRAICONF SA, a subsidiary to which ELECTROARGES SA helds 14,124,057 shares, with a nominal value of 1,412,405.70 lei, representing 22.4934% of the share capital.

Registered office: Braila, str. Scolilor, nr. 53, judetul Braila

Trade Register Registration Number: J09/5/1991

Tax Registration Code: RO2266085

Main business activity: manufacturing underwear

At BRAICONF SA, the shareholding structure was as follows:

Shareholder	***Share capital value***	***%***
1. Industrie Benjmin SRL	3,191,748.7	***50.8306***
2. ELECTROARGES SA	1,412,405.7	***22.4934***
3. Toderita Stefan Alexandru	989,992	***10.5279***
4. Natural persons	661,065	***15.7662***
5. Legal persons	23.981.9	***0.3819***
TOTAL	**6,279,193.3**	***100.00***

Corporate Governance structures in the parent company

The company has developed a Corporate Governance Regulation that describes the main aspects of corporate governance and is available on the company's website www.electroarges.ro .

The Corporate Governance Regulation details the corporate governance structures, the functions, competencies and responsibilities of the Board of Directors and the executive management, transparency, financial reporting, the corporate information regime and the social responsibility of the company for the activities carried out.

The members of Electroarges SA's Board of Directors were:

Item no.	Surname	Given names	Position
1.	Stefan	Constantin	Chairman of the Board
2.	Cardinal Main SRL	by permanent representative Roxana Scarlat	Vice-Cairman of the Board
3.	Csoarpi Saints SRL	by permanent representative Adrian Ionescu	Board Member

On 31.12.2022, the company's management team was provided by the following persons:

Item no.	Surname	Given Names	Position	Period as a member of the executive management
1.	Caramida	Valentin	Deputy General Manager	20.06.2022 – indefinite
2.	Onu	Patricia	Project Manager	17.05.2022 – indefinite
3.	Petre	Iulia	Financial Manager	01.05.2020 – indefinite

The members of the executive management have competencies and responsibilities according to the job description.

All persons who are part of the company's executive management are employed with an individual employment contract.

There are no agreements, understandings or family ties between the persons in the company's executive management and another person due to whom the person in the executive management has been appointed as a member of the executive management.

The persons who are part of the company's executive management or the Board of Directors have not been involved in litigations or administrative procedures related to their activity within the issuer.

Members of the board of directors at the other entities

- Elars SA

Full name	Position
Robe Valeriu Daniel	*General Manager*
Investement Constantin SRL by representative Stefan Constantin	*Sole Administrator*

- AMPLO SA

Full name	Position
Mircescu Mihaela	General Manager
Benjamin United SRL by Mircescu Mihaela	Sole Administrator

Personnel structure

The average number of personnel for 2022 on the total consolidated group was 188 persons, compared to 354 persons in 2021, in the following structure:

Item no.	Company entered into consolidation	Average number of employees during 2022 - persons	Average number of employees during 2021 - persons
1	ELECTROARGES SA	161	327
2	ELARS SA	14	15
3	AMPLO SA	13	12
4	Total	**188**	**354**

Needs of consolidation

The consolidation perimeter and the rules for preparing the consolidated annual financial statements are established in accordance with IFRS (IFRS 10).

IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an entity in which it has invested and, therefore, must consolidate the entity in which it has invested and establishes the accounting provisions for the preparation of the consolidated financial statements.

The parent company must prepare consolidated financial statements using uniform accounting policies for similar transactions and events in similar circumstances. The consolidation of an entity in which it has invested must begin on the date on which the investor obtained control and must cease when the investor loses control of the entity in which it has invested.

The parent company must present interests that do not control in the statement of consolidated financial position, within equity, separately from the equity of the parent company owners. Changes in a parent company's participations in the equity of a subsidiary that do not result in the parent company losing control of the subsidiary represent equity transactions (ie, transactions with owners, in their capacity as owners).

The entity prepared the consolidated financial statements starting with the financial year 2015.

2 SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This set of financial statements is prepared in accordance with International Financial Reporting Standards. The parent company adopted IFRS reporting on December 31, 2012. The company presented all the effects of the transition to IFRS in the financial year 2012, which ended on December 31, 2012.

All other entities prepare standalone financial statements in accordance with OMFP 1802/2014, but in order to prepare the consolidated financial statements they have made the necessary adjustments to the transition to IFRS, preparing financial statements in accordance with IFRS starting with the financial year 2016. Thus, the consolidated financial statements of S.C. ELECTROARGES S.A. have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS). The Company has prepared financial information that complies with IFRS applicable for the period ended on December 31, 2022 together with the data for the comparative period and for the year ended on December 31, 2021.

The consolidated financial statements were approved by the Board of Directors in the meeting of 19.06.2023.

The consolidated financial statements have been prepared in accordance with the business continuity principle (see also note 27 Business continuity)

Basis of consolidation

a) Subsidiaries: are the entities controlled by the Group with a percentage of over 50%. Control exists when the Group has the power to decide on the entity's financial and operational policies in order to obtain benefits from these activities. In estimating the degree of control, the potential of exercisable voting rights is also taken into account. These entities are included in the consolidation through the method of global integration. **(ELARS SA RAMNICU SARAT, AMPLO PLOIESTI)**

b) Associated entities: these are entities not included in the consolidation in which the parent company (investor) holds a significant participation interest (over 20%). These entities are included in the consolidation through the equity method (**BRAICONF SA**).

c) Joint ventures: are those entities included in the consolidation that are managed by the parent company jointly with other entities. These entities are included in the consolidation by the proportional method.

d) Goodwill: The greater value of:

- the consideration transferred,
- the value of any non-controlling interests in the acquired entity and
- the fair value at the date of acquisition of any previous participation in the acquired entity and
- the fair value of the identifiable net assets acquired

is registered as goodwill. If these amounts are lower than the fair value of the identifiable net assets of the acquired company, the difference is recognized directly in the profit and loss account as a bargain purchase. After initial recognition, goodwill is evaluated at cost less any accumulated impairment losses.

e) Minority interests: The Group treats transactions with minority shareholders, which do not lead to loss of control, as transactions with the Group's equity holders. A change in participating interests results in an adjustment between the accounting values of the controlling and non-controlling interests to reflect the related interests in the subsidiary. Any difference between the value of the non-controlling interest adjustment and any consideration paid or received is recognized in a separate reserve from the equity attributable to the Company's owners.

When the Group stops consolidating or accounting through the equity method an investment due to a loss of control, joint venture or significant influence, any interest retained in the entity is revaluated at its fair value, with the change in the accounting value recognized in the profit or loss account . This fair value becomes the initial accounting value for the purpose of the subsequent accounting of the interest retained as an associated entity or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of such entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognized in other comprehensive income are reclassified in the profit or loss account.

If the participation in a joint venture or an associated entity is reduced, but joint venture or significant influence is retained, only a proportional part of the amounts previously recognized in other comprehensive income are reclassified in the profit or loss account, if appropriate.

f) Balances and transactions eliminated upon consolidation: the balances related to transactions carried out between the Group entities, mutual income and expenses, unrealized profits and losses, dividends paid between Group entities are eliminated from the consolidated financial statements.

The main accounting policies applied to the preparation of these consolidated financial statements in accordance with IFRS are presented below. These policies have been consistently applied to the financial statements presented, unless otherwise specified.

All entities in the group comply with the following:

- The lands and buildings owned by the entity were accounted for in the statement of financial position prepared in accordance with the generally accepted accounting principles at the local level based on the revaluations performed at appropriate dates by each entity.

- The companies have chosen to consider these values as the assumed cost at the revaluation date because they are generally compatible with the fair value at the date of transition to IFRS.

In order to prepare the consolidated financial statements, all entities have applied the principle of accrual accounting and the principle of business continuity.

Declaration of conformity

The Group's financial statements have been prepared in accordance with the Order of the Ministry of Public Finance 2844/2016 for approving the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force at the Company's annual reporting date, respectively December 31st 2022.

The financial statements contain the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flows statement and explanatory notes.

Basis of evaluation

The consolidated financial statements on December 31st 2022 were prepared based on historical cost, except for the revalued value as the assumed cost for tangible assets and fair value for real estate investments and financial instruments.

The financial statements have been prepared using the principles of business continuity.

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement at the balance sheet date. Thus, the values expressed in the current unit of measurement on December 31st 2022 are treated as the basis for the carrying amounts reported in these separate financial statements and do not represent measured values, replacement cost, or any other measurement of the current value of assets or prices at which the transactions would take place at this time.

2.2 Functional and presentation currency

The items included in the Company's consolidated financial statements are valued using the currency of the economic environment in which the entity operates ("functional currency"), ie the leu.

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate fluctuations", is the leu (LEI).

Transactions carried out by the Group entities in a currency other than the functional currency are recorded at the rates applicable on the date on which the transactions take place. Monetary assets and liabilities denominated in foreign currencies are exchanged at the rates applicable at the reporting date.

Foreign currency

The operations expressed in foreign currency are registered in lei at the official exchange rate from the settlement date of the transaction. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the statement of financial position are expressed in lei at the exchange rate on that day.

Earnings or losses from their settlement and from the conversion of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the end of the financial year are recognized in the financial year's result. Non-monetary assets and liabilities that are measured at historical cost in foreign currency are recorded in lei at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are recorded in lei at the exchange rate on the date on which the fair value was determined.

The conversion differences are presented in the profit or loss account.

The exchange rates of the main currencies were as follows:

CURRENCY	Exchange rate Dec. 31 2021	Exchange rate Dec. 31 2022
EUR	4.9481	4.9474
USD	4.3707	4.6346

2.3 Crucial accounting evaluations and estimates

As a result of the uncertainties inherent in commercial activities, many elements of the financial statements cannot be accurately evaluated, but can only be estimated. Estimation involves reasoning based on the latest reliable information available.

The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

Use of professional estimates and reasoning

The preparation of financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses.

The estimates and judgments associated with them are based on historical data and other factors considered to be eloquent in the given circumstances, and the result of these factors forms the basis of judgments used in determining the carrying amount of assets and liabilities for which no other evaluation sources are available. Actual results may differ from estimated values.

Estimates and judgments are reviewed periodically. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the current period and in future periods, if the revision affects both the current period and future periods. The effect of the change for the current period is recognized as income or expense in the current period. If any, the effect on future periods is recognized as income or expense in those future periods.

The management of the consolidated companies as well as of the parent company considers that any differences compared to these estimates will not have a significant influence on the financial statements in the near future.

a) Fixed assets estimates

In accordance with IAS 36, intangible as well as tangible assets are analyzed for impairment clues at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized to reduce the net carrying amount of that asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in the subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognized.

b) Value adjustments for receivables

For trade receivables, the Company applies the simplified approach allowed by IFRS 9, which requires the recognition of estimated losses over the lifespan from the initial recognition of the receivables.

c) Deferred tax

Deferred tax assets are recognized to the extent that it is probable that there will be a taxable profit from which the losses can be covered. It is necessary to exercise professional judgment to determine the amount of deferred tax assets that can be recognized, based on the probability regarding the period and the level of the future taxable profit, as well as the future tax planning strategies.

d) Income and expenditure estimates

An estimate may require revision if changes occur in the circumstances on which that estimate was based or as a result of new information or subsequent experience. By its nature, the revision of an estimate is not related to previous periods and does not represent the correction of an error in the current period. If any, the effect on future periods is recognized as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. Estimates and judgments are continuously evaluated based on historical experience and other factors, including forecasting future events that are considered reasonable under existing circumstances. In the future, the actual experience may differ from the current estimates and assumptions.

Below are examples of evaluation, estimation, assumptions applied in all group companies:

a) Evaluation of land and buildings owned

The Group obtains evaluations made by external appraisers. The evaluation of fixed assets is done at fair value. These evaluations are based on assumptions that include future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The appraisers also refer to the information on the market related to the prices of transactions with similar properties.

b) Evaluation of financial assets

For the purposes of subsequent evaluation, financial assets are classified into the following categories: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss (FVTPL).

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading or financial assets designated at initial recognition at fair value through profit or loss account. Financial assets are classified as held for trading if they are acquired for the purpose of short-term sale or redemption.

The Group uses appropriate evaluation techniques taking into account the circumstances for which sufficient data are available to allow fair value evaluation, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or presented in the financial statements are classified according to the fair value hierarchy, presented as follows, the fair value measurement being classified entirely at the same level of the fair value hierarchy as the date of entry with the lowest level that is significant for the entire evaluation:

- Level 1 - Quoted prices on active markets for identical assets or liabilities (without adjustments);

- Level 2 - Evaluation techniques for which the lowest level entry date that is significant for fair value measurement is observable either directly or indirectly;

- Level 3 - Evaluation techniques for which the entry date with the lowest level that is significant for the evaluation at fair value is unidentifiable.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value with the net changes in fair value recognized in the profit or loss account.

c) Adjustments for impairment of receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires the recognition of estimated life losses from the initial recognition of receivables.

d) Adjustments for impairment of inventories

Inventories are evaluated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the normal course of the activity, less the estimated costs necessary to carry out the sale.

e) Legal procedures

The company reviews the unsettled legal cases following the developments in the judicial proceedings and the existing situation at each reporting date, in order to evaluate the provisions and the presentations in its financial statements. Among the factors considered in making decisions related to provisions are the nature of the litigation or claims and the potential level of damages in the jurisdiction where the litigation is adjudicated, the progress of the case (including progress after the date of the financial statements but before the respective statements are issued), the opinions or the views of legal advisers, experience in similar cases and any decision of the company's management related to how it will respond to the litigation, complaint or assessment.

f) Accounting estimates on expenses

There are objective situations in which until the closing date of certain tax periods or until the closing date of a financial exercise the exact values of some expenses incurred by the group companies are not known (eg: marketing-sales campaigns to promote products and stimulate sales) . For this category of expenses, preliminary expenses will be made, which will be corrected in the following periods when the outflow of cash will occur. Expense estimates, for each expense category, will be made by people with experience in the type of activity that generated that expense.

g) Employee benefits

Short-term employee benefits are recognized as an expense as the related services are rendered. A liability is recognized at the amount expected to be paid if the Group has a current legal or implied obligation to pay this amount for past services provided by the employee, and the obligation can be reliably estimated.

The calculation of defined benefit obligations is performed annually by an actuary.

e) Deferred tax

Deferred tax is recognized in connection with temporary differences between the accounting values of assets and liabilities for financial reporting purposes and their tax base. The evaluation of deferred tax reflects the tax consequences that would result from the way in which the Group expects, at the reporting date, to recover or settle the accounting value of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

2.4 Corrections of accounting errors

In the event that it is found that the values of a period of the current year are burdened by fundamental errors, they will be corrected in the period in which the error is discovered. If the error is discovered in the following years, the correction will be affected, either by restating the financial statements of the respective period, if it exceeds the significance threshold established by the company, or by affecting the current period.

2.5 Separate presentation of the financial statements

The group companies have adopted a uniform presentation, based on liquidity in the statement of financial position and a presentation of income and expenses according to their nature in the statement of comprehensive income, considering that these presentation methods provide information that is credible and more relevant than those that would have been presented based on other permitted methods IAS 1 “Presentation of Financial Statements”.

2.6 Acquired intangible assets

The recognition of intangible assets is carried out in accordance with IAS 38 “Intangible assets” and IAS 36 “Impairment of assets”. Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful lives.

Expenses related to the acquisition of patents, copyrights, licenses, trademarks or other intangible assets recognized from an accounting point of view, with the exception of incorporation expenses, goodwill, intangible assets with an indefinite useful life, according to the accounting regulations, are recovered through linear depreciation deductions during the contract or during use, as the case may be.

Expenses related to the acquisition or production of computer programs are recovered through straight-line depreciation deductions for a period of 3 years.

Internally generated intangible assets (development costs)

No intangible assets from research (or from the research phase of an internal project) are recognized. Research costs (or those in the research phase of an internal project) are recognized as an expense when incurred.

No development expenses were recorded for the last financial year, but they will be recognized in the statement of comprehensive income as they are incurred. To the extent that projects with significant development costs may occur, they will be capitalized as intangible assets.

2.7 Tangible assets

Tangible assets are tangible items that:

a) are held for use in the production or supply of goods or services, to be leased to third parties or to be used for administrative purposes; and

b) are expected to be used during several periods.

Recognition:

The cost of an item of tangible assets must be recognized as an asset if and only if:

a) it is probable that it will generate future economic benefits for the entity related to the asset; and

b) the cost of the asset can be reliably evaluated.

Evaluation after recognition

After recognition as an asset, an item of tangible assets is accounted for at its cost less any accumulated depreciation and any accumulated impairment losses.

After recognition as an asset, an item of tangible assets whose fair value can be reliably measured is accounted for at a revalued amount, this being its fair value at the date of revaluation minus any subsequent accumulated depreciation and any accumulated impairment losses.

The revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ significantly from what would have been determined by using the fair value at the end of the reporting period.

The fair value of land and buildings is generally determined on the basis of market evidence, through an evaluation normally performed by qualified professional evaluators. The fair value of the items tangible assets is generally their market value determined by evaluation.

When an item of tangible assets is revalued, any accumulated depreciation at the date of revaluation is eliminated from the gross carrying amount of the asset and the net amount is recalculated to the revalued asset value.

If an item of tangible assets is revalued, then the entire class of tangible assets of which that item is part is revalued.

If the carrying amount of an intangible asset is increased as a result of the revaluation, then the increase is recognized in other comprehensive income and accumulated in equity as a revaluation surplus. However, the increase must be recognized in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is decreased as a result of a revaluation, this decrease must be recognized in profit or loss. However, the reduction must be recognized in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. The reduction recognized in other elements of the comprehensive income reduces the amount accumulated in equity as a revaluation surplus.

The surplus from the revaluation included in equity related to an item of tangible assets is transferred directly to the retained earnings carried over when the asset is derecognized. Transfers from the revaluation surplus to the retained earnings are not made through profit or loss.

If any, the effects of taxes on profit resulting from the revaluation of tangible assets are recognized and presented in accordance with IAS 12 Income Taxes.

Amortization

The amortizable amount of an asset is systematically allocated over its useful life. The amortization of an asset begins when it is available for use, that is, when it is in the location and condition necessary to function in the manner desired by management.

The amortization method used reflects the expected rate of the entity's consumption of the future economic benefits of the asset.

The land owned by the group companies is not amortized and is presented at cost.

The fair value of the buildings was determined by the net replacement cost method (IFRS 13 - Level 3).

For amortizable fixed assets, the group companies use, from an accounting point of view, the method of linear amortization. Amortization times are determined by a specialized internal commission according to the entities' internal procedures.

Below is a brief presentation of the lifespans of fixed assets on more important categories of goods:

Category	Lifespan
Buildings and constructions	30-50 years
Equipment and installations	8-10 years
Means of transport	4-6 years
Computing	4-10 years
Office furniture and equipment	4-10 years

Depreciation

To determine whether an item of tangible assets impaired, an entity applies IAS 36 Impairment of assets. At the end of each reporting period, the entity estimates whether there are indications of impairment of assets. If such indications are identified, the entity estimates the recoverable amount of the asset.

If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset will be reduced to equal the recoverable amount. Such a reduction represents an impairment loss. An impairment loss is recognized immediately in profit or loss of the period, except when the asset is related to the revalued asset, in accordance with the provisions of another Standard (for example, in accordance with the revaluation model of IAS 16 tangible assets). Any impairment loss in the case of a revalued asset is considered to be a decrease generated by the revaluation.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs, for which there are separately identifiable cash flows; its cash generating units (CGUs). Depreciation expenses are included in the profit and loss account, except when it reduces previously recognized earnings in other comprehensive income.

2.8 Financial assets

Classification and evaluation

The company classifies financial assets in accordance with IFRS 9 in the following categories:

- assets that must be evaluated at amortized cost;
- assets to be valued at fair value through other comprehensive income ("OCI"),
- assets that are subsequently evaluated at fair value through the profit or loss account

The classification of financial assets depends both on the Company's business model regarding the management of financial assets and on the contractual characteristics of the cash flows related to the financial assets. The business model determines whether cash will be generated from the collection of contractual cash flows, the sale of financial assets, or both.

Liability instruments are classified and evaluated at amortized cost if both of the following conditions are met:

- the financial asset is held according to a business model whose objective is to hold financial assets to collect contractual cash flows; and

- the contractual terms of the financial asset generate at certain dates cash flows that represent only payments of the principal and the interest related to the principal in the balance.

These assets are subsequently evaluated at amortized cost using the effective interest rate method less adjustments for impairment. Interest income, impairment losses and asset derecognition earnings or losses are recognized in the balance sheet. The Company's financial assets evaluated at amortized cost mainly include trade receivables.

Equity instruments may be irrevocably classified as measured at fair value through other comprehensive income if they are not held for sale.

Depreciation

The company evaluates, prospectively, the anticipated credit losses associated with its liability and equity instruments, accounted for at amortized cost and at fair value in other comprehensive income. The applied impairment methodology depends on the existence of a significant increase in credit risk.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or been transferred and the Company has transferred substantially all the risks and rewards of ownership over them. If the Company neither transfers nor retains the significant risks and rewards of ownership, but continues to have control over the transferred asset, the Company recognizes the retained interest in the asset, as well as an associated liability that reflects the retained rights and obligations.

If the Company retains the significant risks and benefits associated with ownership of a transferred financial asset, the Company continues to recognize the financial asset and additionally recognizes a secured loan for the income received.

Financial assets are expensed when there is no realistic prospect of future recovery and all guarantees have been used or transferred to the Company.

2.9 Cash and cash equivalents

Cash and cash equivalents are recorded on the balance sheet at cost. In the cash flows statement, cash and cash equivalents comprise of available cash, cash held in banks in the form of deposits with maturities of three months or less.

2.10 Inventories

According to the provisions of IAS 2, the inventories are active:

a. held for sale during the normal course of business;

b. in production for such a sale; or

c. in the form of materials and other consumables to be used in the production process or for the provision of services.

Evaluation of inventories:

Inventories are evaluated at the lowest value between cost and net achievable value.

Inventory costs

The cost of inventories includes all acquisition costs, conversion costs, as well as other costs incurred to bring the inventories in their current state and location.

The inventories of raw materials and materials are highlighted at the acquisition value. Inventory outflow is done using the FIFO method.

The inventories of products in execution are highlighted at the value of the raw materials and the materials included in them.

The inventory of finished products is recorded at the cost of production at the time of finishing the manufacturing process.

2.11 Fixed assets held for sale

The Company classifies a fixed asset (or group intended for disposal) as held for sale if its carrying amount will be recovered primarily through a sale transaction and not through its continued use.

The company evaluates a fixed asset (or group intended for disposal) classified as held for sale at the lower value between the accounting value and the fair value less the costs generated by the sale.

When the sale is expected to take place in more than one year, the company evaluates the costs generated by the sale at their updated value. Any increase in the present value of the costs generated by the sale that occurs as a result of the passage of time must be presented in profit or loss as a financing cost.

The Company recognizes an impairment loss for any initial or subsequent decrease in the accounting value of an asset (or group intended for disposal) to fair value less costs generated by the sale to the extent that it has not been recognized.

The company must recognize earnings from any subsequent increase in fair value less the costs generated by the sale of an asset, but not exceeding the accumulated impairment loss that was recognized either in accordance with this IFRS or previously, in accordance with IAS 36 Impairment of assets.

The company does not depreciate a fixed asset (tangible or intangible) as long as it is classified as held for sale or as long as it is part of a group intended for disposal classified as held for sale. Interest and other expenses attributable to liabilities related to a group intended for disposal classified as held for sale must continue to be recognized.

2.12 Receivables

Receivables arise mainly by providing goods and services to clients (ie trade receivables), but they also incorporate other types of contractual monetary assets. These are initially recognized at fair value plus trading costs that are directly attributable to their acquisition or issuance, and are subsequently recorded at amortized cost using the effective interest rate method, minus adjustments for impairment.

The receivables are presented in the balance sheet at the historical value less the adjustments constituted for the depreciation in cases where it has been found that the achievable value is lower than the historical value.

The trade receivables do not present delays to the collection and therefore the application of IFRS 9 for determining the value adjustments related to the trade receivables was applied individually to each client.

Given the specific nature of other receivables, as in the case of trade receivables, the value adjustments were determined individually.

2.13 Financial liabilities

Financial liabilities mainly include trade and other short-term financial liabilities, which are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

2.14 Recognition of income and expenses

2.14.1 Recognition of income

Income constitutes increases in economic benefits recorded during the accounting period, in the form of inflows or increases in assets or liability reductions, which result in increases in equity, other than those resulting from shareholders' contributions.

Fair value is the value at which an asset can be traded or a liability settled, between interested and knowledgeable parties, in a transaction carried out under objective conditions.

In accordance with IFRS 15, income is recognized when a client gains control over the goods. The company delivers goods under contractual conditions based on internationally accepted delivery conditions (INCOTERMS). The moment when the client gains control over the goods is considered to be substantially the same for most of the Company's contracts in accordance with IFRS 15.

IFRS 15 sets out a general framework that will apply to the recognition of income from a contract with a customer (with limited exceptions), regardless of the type of transaction or industry; The standard sets out five steps to be followed for the recognition of income:

- identification of the contract(s) with a client;
- identification of execution contracts from a contract;
- determination of the transaction price;
- allocation of the transaction price for execution obligations;
- recognition of income when (or as) the entity fulfills an execution obligation;

2.14.2 Recognition of expenses

Expenses are reductions from the economic benefits recorded during the accounting period in the form of outflows or decreases in the value of assets or increases in liabilities, which result in reductions of equity, other than those resulting from their distribution to shareholders.

2.15 Provisions

The provision is evaluated at the best estimate of the necessary expenses for the settlement of the obligation at the reporting date, updated at a pre-taxation rate that reflects the current market assessments of the value of money over time and the liability specific risks.

According to IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision must be recognized if:

a. The company has a current obligation (legal or implicit) generated by a past event;

b. it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation; and

c. a credible estimate of the value of the obligation can be made.

If these conditions are not met, a provision must not be recognized.

The provisions are recorded in the accounting with the help of the accounts in group 15 "Provisions" and are constituted on the expenses, except those related to the decommissioning of the tangible assets and other similar actions related to them, for which the provisions of IFRIC 1 will be considered.

The recognition, evaluation and updating of provisions is carried out in compliance with the provisions of IAS 37 “Provisions, contingent liabilities and contingent assets”.

The provisions are grouped in accounting by category and are constituted for:

a. disputes;

b. guarantees given to clients;

c. decommissioning of tangible assets and other similar actions related to them;

d. restructuring;

e. employee benefits;

f. other provisions.

The provisions previously established are periodically reviewed and updated.

2.16 Employee benefits

Current benefits offered to employees

The short-term benefits granted to employees include allowances, wages and social security contributions. These benefits are recognized as expenses with the rendering of services.

Benefits after termination of the employment agreement

Both the Companies and its employees have the legal obligation to contribute to the social insurance set up at the National Pension Fund administered by the National Pension House (contribution plan founded on the principle of "pay on the way").

That is why the Companies have no other legal or implicit obligation to pay future contributions. Their obligation is only to pay the contributions when they become due. If the Companies cease to hire persons who are contributors to the National Pension House financing plan, they will have no obligation to pay the benefits earned by their employees in previous years. The Companies' contributions to the contribution plan are presented as expenses in the year to which they refer.

Pensions and other benefits after retirement

Within the group there are companies that have a Collective Labor Agreement and companies that do not have a Collective Labor Agreement. If the company had provided in the Collective Labor Agreement at company level a salary benefit for employees who retire (age limit, early retirement, and disability pension) they receive an allowance equal to two basic salaries in the month of retirement. The company must allocate a part of the cost of benefits in favor of the employee, during the employee's working hours in the company. This benefit will continue to be granted, even if at the end of the year the Company had not concluded a formal agreement with the employee representatives.

The company uses an actuarial-statistical calculation that is performed with sufficient regularity and aims to recognize the expenses with the benefits during the period in which the income for the employee's work was earned.

2.17 Deferred tax

In calculating the deferred tax, the company will take into account the provisions of IAS 12.

Deferred tax assets and liabilities are recognized when the carrying amount of an asset or liability in the statement of financial position differs from the tax base, with the exception of differences occurring at:

- initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction does not affect the accounting profit or the taxable profit; and
- investments in subsidiaries and jointly controlled entities when the Company can control the timing of the difference reversal and the difference may not be reversed in the foreseeable future.

The recognition of deferred tax assets is limited to those times when the taxable profit of the next period may be available. The deferred tax asset related to the impairment at the fair value of the listed securities was not recognized.

The amount of the asset or liability is determined using tax rates that have been largely adopted or adopted up to the reporting date and are expected to be applied when deferred tax liabilities/(assets) are settled/(recovered).

The company compensates the receivables and liabilities regarding the deferred tax if and only if:

a. has the legal right to offset current tax receivables with current tax liabilities; and

b. the deferred tax receivables and liabilities are related to the profit taxes levied by the same tax authority.

2.18 Dividends

The share of the profit payable, according to the law, to each shareholder, constitutes a dividend. The dividends distributed to the shareholders, proposed or declared after the reporting period, as well as the other similar distributions made from the profit determined on the basis of IFRS and included in the annual financial statements, are not recognized as a liability at the end of the reporting period.

When accounting for dividends, the provisions of IAS 10 are considered.

2.19 Capital and reserves

Capital and reserves (equity) represent the shareholders' right on the assets of an entity, after deduction of all liabilities. Equities include: capital contributions, capital premiums, reserves, retained earnings, financial year result.

The entity was established according to the Law no. 31/1990 on trading companies.

In the first set of financial statements prepared in accordance with IFRS, the company applied IAS 29 - "Financial Reporting in Hyperinflationary Economies" for the shareholders' contributions obtained before January 1st, 2004, namely, they were adjusted with the corresponding inflation index.

The other entities do not apply OMFP 2844/2016, they prepare financial reports according to OMFP 1802/2014, and therefore it is necessary to adjust the financial statements in order to transpose them to the same category of financial reports.

2.20 Financing costs

An entity must capitalize on borrowing costs that are directly attributable to the acquisition, construction or production of a long production cycle asset as part of the cost of that asset. An entity must recognize other costs of borrowing as expenses in the period in which it incurs them.

The companies did not finance the construction of long-term assets from loans.

2.21 Leasing

The Group evaluates whether a contract is or includes a leasing contract, at the initiation of the contract, that is, if that contract grants the right to control the use of an identified asset for a period of time in exchange for a consideration.

The Group as a tenant

The Group applies a single recognition and evaluation approach for all leasing contracts, except for short-term leasing contracts and leasing contracts for which the underlying asset has a low value. The group recognizes leasing liabilities for making lease payments and right-of-use assets that represent the right to use the underlying assets.

Assets related to the right of use

The Group recognizes a right-of-use asset on the date the tenancy contract commences (that is, the date the underlying asset is available for use). Right-of-use assets are evaluated at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any revaluation of rent liabilities. The cost of the right-of-use asset includes the value of the initial evaluation of the rent liability, the initial direct costs incurred and the related rent payments made on or before the start date, less the incentives received under the tenancy contract.

The right-of-use asset is also subject to impairment in accordance with the policy for impairment of non-financial assets described below.

Leasing liabilities

At the start date of the leasing contract, the Group recognizes the leasing liability at the discounted value of the leasing payments that must be made during the leasing contract. Lease payments include fixed payments (including fixed fund payments) less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid based on residual value guarantees. Lease payments also include the price to exercise a purchase option, if the Group has reasonable certainty that it will exercise the option, as well as the payment of lease termination penalties, if the duration of the lease reflects the exercise by the Company of a termination options. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or context that triggers this payment occurs.

When calculating the discounted value of the lease payments, the Group uses the marginal loan rate from the date the lease contract began, if the implicit interest rate in the lease contract cannot be determined immediately. After the start date, the value of the leasing liabilities is increased to reflect the interest and reduced by the value of the lease payments made. In addition, the carrying amount of leasing liabilities is revaluated if there is a change, a change in the lease term, a change in lease payments (for example, changes in future lease payments resulting from a change in an index or rate used for determination of those payments) or a change in the evaluation of a call option on the underlying asset.

2.22 Result per share

The companies present the basic result and diluted per share for ordinary shares. The basic result per share is determined by dividing the profit or loss attributable to the Company's ordinary shareholders at the weighted average number of ordinary shares related to the reporting period. The result diluted per share is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

2.23 Segment reporting

A segment is a distinct component of the Group that provides certain products or services (segment of activity) or provides products and services in a certain geographical environment (geographical segment) and which is subject to risks and benefits different from those of the other segments. From the point of view of business segments, the segments are determined at the group level.

2.24 Affiliated parties

A person or close member of that person's family is considered to be affiliated to a Company if that person:

a. holds joint control or control over the Company;
b. has a significant influence on the Company;
c. is a member of the key-management personnel

Key-management personnel is those persons who have the authority and responsibility to directly or indirectly plan, direct and control the Company's activities, including any director (executive or otherwise) of the entity. The transactions with the key personnel include exclusively the wage benefits offered to them as presented in Note 6. Expenses on personnel.

An entity is affiliated with the Company if it meets any of the following conditions:

a. The entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is related to the other).
b. An entity is an associate or joint venture of the other entity (or an associate or joint venture of a group member to which the other entity belongs).
c. Both entities are joint ventures of the same third party.
d. An entity is a joint venture of a third entity, and the other is an associate of the

third entity.

e. The entity is a post-employment benefit plan for the benefit of the reporting entity's employees or of an entity affiliated with the reporting entity. If the reporting entity itself represents such a plan, the sponsoring employers are also affiliated with the reporting entity.

f. The entity is jointly controlled or controlled by an affiliate

g. An affiliate person who holds the control significantly influences the entity or is a key personnel member in the entity's management (or of the entity's parent company).

h) Any agreement, understanding or family connection between the administrator in question and another person due to which the person in question was appointed administrator - Not applicable.

The structure of the Electroarges SA's Board of Directors is as follows:

Item no.	Name	Given name	Position
1.	Stefan	Constantin	Chairman of the Board
2.	Cardinal Main SRL	By permanent representative Mrs Scarlat Roxana	Vice-Chairman of the Board
3.	Csoarpi Saints SRL	By permanent representative Mr Adrian Ionescu	Board Member

Administrators' participation to the share capital.

Item no.	Name	Given name	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Cardinal Main SRL	By permanent representative Mrs Scarlat Roxana	Vice-Chairman of the Board	0
3.	Csoarpi Saints SRL	By permanent representative Mr Adrian Ionescu	Board Member	0

The list of the parent company executive management :

Item no.	Surname	Given Names	Position	Period as a member of the executive management
1.	Borgia	Michele	Deputy General Manager	16.12.2020 – 20.06.2022
2.	Caramida	Valentin	Deputy General Manager	20.06.2022 – 31.12.2022
3.	Caramida	Valentin	Operational Manager	05.06.2020 – 19.06.2022
4.	Petre	Iulia	Financial Manager	01.05.2020 – indefinite
5.	Balanescu	Madalina	Head of Financial-Accountig Department	29.08.2022 – indefinite
6.	Onu	Patricia	Project Manager	17.05.2021 – indefinite

2.25 New standards and interpretations

Mandatory standards and amendments in force since January 1, 2023

The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) are in force for the current reporting period:

- Amendments to IAS 16 "Tangible assets" - Receipts before intended use, adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022)
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - The cost of fulfilling a contract adopted by the EU on June 28, 2021 (applicable for annual periods beginning on or after January 1, 2022),
- Financial Reporting Conceptual Framework (Amendments to IFRS 3) - In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Financial Reporting Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to various standards due to "IFRS Improvements (cycle 2018-2020)" resulting from the annual project to improve IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of removing inconsistencies and clarifying certain wording - adopted by the EU on June 28, 2021 (Amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods starting on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so no date of entry into force is mentioned).

The adoption of the new amendments to the existing standards did not have any significant impact on the Company’s standalone financial statements.

Mandatory standards and amendments in force since January 1, 2023

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force.

At the date of approval of these consolidated financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU and are not yet in force:

- IFRS 17 "Insurance contracts", including amendments to IFRS 17 issued by the IASB on June 25, 2020 - adopted by the EU on November 19, 2021 (applicable for annual periods beginning on or after January 1, 2023),
- Amendments to IFRS 17 "Insurance contracts" – Initial application of IFRS 17 and IFRS 9 – Comparative information adopted by the EU on September 9, 2022 (applicable for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of accounting policies (applicable for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - Definition of accounting estimates (applicable for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 12 "Income taxes" - Deferred tax related to assets and liabilities arising from a single transaction (applicable for annual periods beginning on or after January 1, 2023);

The company chose not to adopt these amendments to the existing standards before the effective dates of entry into force. The Company anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the Company's standalone financial statements during the initial application period.

New standards and amendments to existing standards issued by the IASB, but which have not yet been adopted by the EU

Currently, IFRS as adopted by the EU does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, which were not approved for use in the EU on the publication of the consolidated financial statements (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods beginning on or after January 1, 2016) - The European Commission decided not to issue the approval process of this interim standard and to wait for the final standard;
- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term liabilities and long-term liabilities (applicable for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of financial statements" – Fixed liabilities with agreements (applicable for annual periods on or after January 1, 2024);
- Amendments to IFRS 16 "Leasing contracts" – Leasing liabilities in case of sale and leaseback (applicable for annual periods on or after January 1, 2024);

The Group anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the Group's financial statements during the initial application period.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Currency exchange risk
- Liquidity risk

Like all other activities, the Companies are exposed to risks arising from the use of financial instruments. This note describes the entities' objectives, policies and processes for managing these risks and the methods used to evaluate them. Additional quantitative information regarding these risks is presented in these financial statements.

There were no major changes in the Group's exposure to risks regarding its financial instruments, objectives, policies and processes for managing these risks or the methods used to evaluate them in comparison with previous periods unless otherwise stated in this note.

Further details on these policies are set out below:

Credit risk

Credit risk is the risk of financial loss for the Group which appears if a client or counterparty to a financial instrument does not fulfill its contractual obligations. The Group is mainly exposed to the credit risk arising from sales to clients.

At the companies' level there is a Trade Policy, approved by the Board of Directors. In this there are clearly presented the trade conditions for sale and there are conditions imposed in the selection of clients.

The commercial policy aims to reduce the number of days established by contract for the payment of receivables by the company's clients and the attraction of new clients.

Due to the increased incidence in the economy of the insolvency cases, there is the concrete risk regarding the recovery of the value of the products and / or the services provided prior to the declaration of the insolvency status, the company pays greater attention to the creditworthiness and financial discipline of the clients.

The collection period of the receivables is 31 days on average. Electroarges SA Group has managed to permanently provide the necessary liquidity and solvency at high rates and will try to maintain the positive trend of the receivable collection periods.

The accounting value of the financial assets is presented in Note 16 and 17 to the financial statements.

Currency exchange risks

The parent company is mainly exposed to foreign exchange risk in purchases made from suppliers of raw materials, packaging and other materials outside Romania. The suppliers from which the company purchases these items necessary for the production must have quality documents. The company cannot limit too much the acquisition from third countries. Tracking the payment terms and ensuring the cash availability for payment, so that the effect of the currency exchange risk is minimized, are the responsibility of the Financial-Accounting Department.

Given the relatively low exposure to currency exchange rate fluctuations, it is not expected that reasonable exchange rate fluctuations will produce significant effects in future financial statements.

The exposure to the currency risk of the Parent Company arises from:

- very likely transactions (sales / purchases), denominated in foreign currencies;

- firm commitments denominated in foreign currencies; and

-monetary assets and liabilities (especially trade receivables and liabilities and loans) denominated in foreign currencies

On December 31st 2022 the group's net exposure to the currency exchange risk is presented as follows:

	31.12.2022	**31.12.2021**
Net financial assets/(liabilities) expressed in foreign currency		
LEI	(5,282,726)	(30,843,825)
EUR	(1,639,796)	(395,160)
USD	(100,125)	(260,041)

The effect of the 6% strengthening of the functional currency (LEI) in favor of the USD/EUR currency at the reporting date, on the financial instruments held in USD/EUR, under the conditions that the other variables remain constant, would result in an increase in profit before taxation and an increase in net assets with 432 thousand Lei.

The effect of the 6% weakening of the functional currency (LEI) in favor of the USD/EUR currency at the reporting date, on the financial instruments held in USD/EUR, under the conditions that the other variables remain constant, would result in a decrease in profit before taxation and a decrease in net assets with 432 thousand Lei.

The exposure to foreign exchange risk of the other group entities is low, as they do not have significant foreign exchange transactions.

Liquidity risk

The liquidity risk arises from the Companies' management of the current means and the financing expenses and repayments of the principal amount for its debt instruments.

The company's treasury function prepares forecasts regarding the reserve of liquidity and maintains an adequate level of the credit facilities so that it can prudently manage the liquidity and cash-flow risks. For this purpose, the guarantee contract with the mortgage was extended in favor of the bank with which we opened the credit line. The limit of this credit line was kept at a level that can be raised even if they have been rarely accessed and at a reduced rate. At the same time, the investments were limited to those that have a direct contribution to the turnover. If the optimal conditions in terms of liquidity and cash flow were not met, the investments were deferred or limited to their own financing sources.

The following table presents the contractual maturities (representing the contractual cash flows without deductions) of the financial liabilities.

On December 31 2022	**Under 1 year**	**Between 1 and 2 years**	**More than 2 years**
Suppliers and other liabilities	13,918,162	-	-
Credits and loans	8,862,976	4,580,816	-
Leasing	2,600,056	2,704,173	-
Bond loans	-	-	5,015,000
Total	**25,381,194**	**7,284,989**	**5,015,000**

On December 31 2021	**Under 1 year**	**Between 1 and 2 years**	**More than 2 years**
Suppliers and other liabilities	33,962,081		
Credits and loans	8,796,174	4,998,684	4,582,015
Leasing	2,892,508	2,836,198	2,416,079

Total	**45,650,763**	**7,834,882**	**6,998,094**

Interest risk

The companies' income and cash flows from financing activities are influenced by changes in interest rates because most loan interest rates are variable. The companies do not have significant interest-bearing financial assets.

On December 31, 2022, the ratio between the financial instruments with fixed interest rate and those with variable interest rate of the Group is presented below:

Financial instruments with fixed interest rate	December 31 2022	December 31 2021
Financial liabilities	5,015,000	-

Financial instruments with variable interest rate	December 31 2022	December 31 2021
Financial liabilities	18,748,020	26,521,658

The Group's interest rate risk arises from loans. Loans bearing fluctuating interest rates expose the Group to interest rate risk. Loans bearing fixed interest rates expose the Group to a fair value interest rate risk. The interest rate related to financing facilities is based on ROBOR for loans in RON and on EURIBOR for loans in EUR.

Interest rate sensitivity

The sensitivity analysis presented below was determined for loans in RON or EURO existing in the balance at the reporting date, the change considered to have taken place at the beginning of the financial year and remaining constant throughout the future reporting period in the case of loans with a fluctuating interest rate .

If interest rates were higher/lower by 1% (100 basis points) and all other variables were kept constant, the Group's net result would increase/decrease by 187,480 lei (December 31, 2021: 265,217 lei). This fact is mainly caused by the Group's exposure to interest rates from variable rate loans expressed in RON or

EUR.

Categories of financial instruments

The main financial instruments used by the group entities, from which the risk arises regarding the financial instruments, are as follows:

- Financial instruments measured at fair value
- Trade and other receivables
- Cash and cash equivalents
- Trade and other liabilities

A summary of the financial instruments held by categories is provided below:

Financial assets	**Dec-31-22**	**Dec-31-21**
Trade and similar receivables	7,714,550	16,212,368
Cash and cash equivalents	3,402,421	11,183,650
Securities held fair value through profit or loss account	678,971	1,326,024
Securities held at fair value through OCI	855,885	995,057
Equity titles	4,802,179	4,844,753
Other financial assets	160,414	132,797
Total	**17,614,420**	**34,694,649**

Financial liabilities at amortized cost		**Dec-31-21**
Trade and similar liabilities	13,918,162	33,962,081
Other loans	23,763,020	26,521,658
Total	**37,681,182**	**60,483,739**

The management's general objective is to establish policies that try to reduce the risk as much as possible without unduly affecting the company's competitiveness and flexibility.

The fair value of financial instruments

The fair value of financial assets and liabilities is determined as follows:

- The fair value of assets and liabilities with standard terms and conditions and traded on liquid asset markets is determined by reference to prices quoted on the market (including redeemable securities, trade effects, bonds and perpetual securities).

- The fair value of other financial assets and liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted evaluation models, which are based on future updated cash flows using prices of transactions observable in current markets and quotations obtained from dealers for similar instruments.

The following table presents an analysis of the methods of financial instruments evaluation at a date subsequent to the initial recognition, grouped in levels 1 - 3 based on the degree of availability on the market of the information needed for the evaluation.

-Level 1: includes financial instruments measured at fair value by applying quoted, unadjusted prices, obtained from active markets on which assets or identical liabilities are traded.

-Level 2: includes financial instruments measured at fair value by using evaluation techniques that contain variables other than quoted prices indicated at Level 1 of the hierarchy, variables that are available and identifiable in the market for the respective assets and liabilities, either directly (such as prices) or indirectly (respectively derived from prices).

-Level 3: includes financial instruments measured at fair value using evaluation techniques that contain variables for the respective assets or liabilities, which are not based on identifiable data, available on the market.

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI	855,885			**855,885**
Financial assets at fair value through profit or loss account	678,971			**678,971**

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI	763,013	-	5,098,656	**5,861,670**
Financial assets at fair value through profit or loss account	1,326,024	-	-	**1,326,024**

The Company's management considers that the fair value of the assets and liabilities recognized at amortized cost in the financial statements approximates their net accounting value largely due to the short-term maturities, the low costs related to the transactions at the date of the financial position, and for the long-term loans due to the fact that they were recently contracted.

The fair value of the following financial assets and liabilities approximates their accounting value:

- Trade and other receivables;
- Other short-term financial assets;
- Cash and cash equivalents;
- Trade and other liabilities;
- Loans.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Companies' processes, personnel, technology and infrastructure, as well as from external factors, other than credit, market and liquidity risks, such as those coming from legal and regulatory requirements and from generally accepted standards regarding organizational behavior. Operational risks arise from all the Companies' operations.

The main responsibility for the development of the controls related to the operational risk lies with the unit management.

The responsibility is supported by the development of the Companies' general standards of the operational risk management in the following areas:

- Requirements for separation of responsibilities, including independent authorization of transactions;
- Requirements for resettlement and monitoring of transactions;
- Alignment with the regulatory and legal requirements;
- Documenting the controls and procedures;
- Requirements for periodic analysis of the operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the identified risks;
- Requirements for reporting the operational losses and proposals to remedy

the causes that generated them;

- Development of operational continuity plans;
- Professional development and training;
- Establishing ethical standards;
- Prevention of litigation risk, including insurance, where applicable;
- Mitigation of risks, including the efficient use of insurance, where appropriate.

In 2022, the collaboration with Kaercher Germany, a company with which Electroarges SA carried out over 95% of its turnover, ceased. The termination of this contract had a negative impact on the company's evolution with negative social implications. The fact that almost 96% of the turnover is based on export, and within it, over 99% was only to the KÄRCHER group of companies, denotes a huge dependence on the collaboration with this company.

The conclusion is only one, namely that the company must make a sustained effort in intensifying and identifying methods for developing the range of its own products and collaborations in order to achieve a balance of at least 75% weight in the total turnover.

Thus, in 2022, the collaboration with Arctic SA and Haier Tech SRL was consolidated, which represents over 53% of the turnover. Also in this sense, Electroarges SA has implemented and started collaboration with the client Makita by contracting the production of injection molds related to future projects, which will be implemented in Q2 2023 in the series production of plastic mass injection parts.

Capital adequacy

The management policy regarding capital adequacy is focused on maintaining a solid capital base, in order to support the continuous development of the Company and to achieve the investment objectives.

4 INCOME FROM CONTRACTS AND OTHER INCOME

Income from sales contain the following items:

Income from sales	**Dec -31-22**	**Dec -31-21**
Sales of finished products	76,004,737	303,002,785

Sales of merchandise	2,329,879	1,569,703
Sale of services	328,678	472,725
Trade discounts	(25,946)	(1,829)
TOTAL	**78,637,348**	**305,043,384**

Other operating income	**Dec -31-2022**	**Dec -31-2021**
Income from rents	658,524	454,564
Income from services	101,197	248,371
Profit from the sale of assets	-	801,755
Adjustment cancellation for the impairment of uncertain receivables	-	814,179
Currency exchange differences	587,422	1,445,040
Income from penalties	225,685	70,840
Miscellaneous	914,599	641,105
Total	**2,487,427**	**4,475,854**

At the group level:

- The turnover on December 31, 2022 is achieved, mainly, from the sales of finished products, which decreased compared to the previous year by 226,406,036 lei, respectively by approximately 75%. The main share in the turnover is represented by the Arctic customer , followed by Kaercher (until May 2022) and Haier Tech.

- The sales of goods registered an increase in 2022, by 760,176 lei compared to 2021

- The provision of services recorded a decrease of approximately 30% in 2022 compared to 2021

5 RAW MATERIALS AND CONSUMABLES

Expenses on raw materials and consumables have the following component:

Raw materials and consumables	**Dec-31-22**	**Dec-31-21**
Raw materials	49,342,800	219,620,303
Auxiliary materials	1,610,843	4,699,658
Merchandise	1,812,097	1,320,050
Inventory objects	175,747	888,973
Other consumables	120,644	123,903
Miscellaneous	351,296	726,595
TOTAL	**53,413,427**	**227,379,482**

The dynamics of expenses with raw materials and consumables followed the dynamics of the turnover, the decrease recorded, at the level of the Group, being approximately 77% in 2022 compared to 2021.

The Group pays special attention to the dynamics of the purchase prices of raw materials and materials, considering that their price is largely influenced by the evolution of energy and gas prices.

6 EXPENSES ON PERSONNEL

Expenses on personnel have the following component:

Expenses on personnel	**Dec-31-2022**	**Dec-31-2021**
Wages	8,815,219	27,256,952
Civil contracts	1,238,735	6,085,339
Taxes and social contributions	246,004	507,717
Other benefits	814,010	1,457,778
Provisions for post-employment benefits	132,049	116,583
Total	**11,246.017**	**35,424,369**

The reduction in the volume of activity also led to a decrease in personnel expenses, which were 69% compared to the level of the previous year.

The companies are managed in a unitary system, within the meaning of Law 31/1990 on Commercial Companies, as presented in Note 1 General information.

Remuneration granted to the Board of Directors and Executive Management was made in accordance with IAS 24 - key personnel.

Remuneration granted to the Board of Directors and Executive Management (according to IAS 24 - key personnel) is presented in the following table:

	For the year ended on	
Description	**Dec-31-22**	**Dec-31-21**
Wages/contracts	744,762	1,205,059
Taxes and social contributions	17,154	29,307
Board remuneration under mandate contracts	3,044,511	3,916,432
TOTAL	**3,806,427**	**5,150,798**

In addition to the remuneration presented above, according to the management contracts, the Group provides the administrators with material means to help them in carrying out their activities (work residence, office, mobile phone, car, personal assistant insurance, covering all the expenses caused by exercising the mandate - work equipment, office equipment, security and protection expenses and any other necessary expenses settled on the basis of supporting documents).

7 OTHER OPERATING EXPENSES

Other operating expenses include the following:

Other operating expenses	**Dec-31-2022**	**Dec-31-2021**
Utilities	3,904,369	5,853,091
Repairs	304,681	1,354,661
Rent	543,447	796,002
Insurances	301,862	266,902
Commissions	1,159,511	2,142,546
Advertisement	25,701	25,488
Travels and transport	2,230,132	10,552,167
Post and telecommunications	57,834	74,417
Other services provided by third parties	8,241,110	8,054,746
State budget taxes	822,670	1,164,832
Environment protection	199,536	624,407
Losses from disposal of assets	1,282,148	1,427,668
Uncertain receivables losses and adjustments	1,117,684	-
Inventory adjustments	451,308	4,435,471
Miscellaneous	889,099	1,853,655
Foreign exchange rate differences	1,019,678	1,998,475
Total	**22,550.768**	**40,624,530**

8 NET FINANCIAL INCOME

Net financial income has the following component:

	Dec-31-2022	**Dec-31-2021**
Financial income		
Income from interests	32	11,577
Income from participations	121,637	-
Retake of equity value adjustment	-	1,094,423
Net result from the sale of securities held	(378,526)	(1,499,261)
Financial expenses		
Expenses on interests	(1,038,002)	(587,807)
Other financial expenses	(192,598)	(19,501)
Equity losses	(42,542)	(850,415)
Net income / (expenses)	**(1,529,998)**	**(1,850,984)**

9 EXPENSES WITH THE TAX ON PROFIT

Tax expenses	**Dec-31-2022**	**Dec-31-2021**
Current tax	-	759,550
Deferred tax expense / (income)	(1,800,122)	(1,067,136)
Net expenses / (income)	**(1,800,122)**	**(307,586)**

Resettlement	**Dec-31-2022**	**Dec-31-2021**
Profit for the financial year	(18,809,122)	(8,421,836)
Tax on profit	(1,800,122)	(307,586)
Profit before taxation	**(20,422,233)**	**(8,729,423)**
Tax by applying the current 16% rate	(3,267,557)	(1,396,708)
Differences from retaking	1,467,435	1,089,121
Total tax expense	**(1,800,122)**	**(307,586)**
Real tax rate	**8.81%**	**3.52%**

The tax on profit was calculated taking into account the influences of non-deductible expenses, respectively taxable income, tax facilities as well as the effects of provisions on the tax on profit, for the companies paying the tax on profit, and by applying the quota of 1% on the taxable income, for the companies paying the income tax. A resettlement between the accounting profit and the tax one that was the basis for the calculation of the tax on profit is presented in the above table.

10 RESULT PER SHARE

	For the year endedon	
	Dec-31-22	**Dec-31-21**
Group net loss (A)	(18,409,452)	(8,512,725)
Ordinary shares(B)	69,764,650	69,764,650
Own shares held (C)	-	-
Result per share(A/(B-C))	**(0.264)**	**(0.122)**

The basic and diluted earnings per share are identical, as the company does not have securities with dilution potential.

11 TANGIBLE ASSETS

Gross value	Land	Buildings	Technical installations and machines	Other installations, machinery and furniture	Tangible assets in progress	Assets representing rights to use	Total
December 31 2020	**4,067,722**	**25,402,093**	**43,187,806**	**1,555,693**	**11,524,843**	**12,406,646**	**98,144,803**
Acquisitions	-	10,698,837	12,079,969	830,281	5,944,733	2,557,112	32,110,932
Outflow / Transfers	-	(252,984)	(3,381,941)	(806,027)	(3,707,534)	(193,658)	(8,342,144)
December 31 2021	**4,067,722**	**35,847,946**	**51,885,834**	**1,579,947**	**13,762,042**	**14,770,100**	**121,913,591**
Acquisitions		12,039,529	2,596,982	469,278		3,499,968	**18,605,757**
Outflow / Transfers		(539,932)	(4,184,519)	(69,701)	(11,990,887)	(5,874,594)	**(22,659,633)**
Cumulative amortization cancellation following revaluatio		(9,060,163)	(29,825,953)	(5,534)		(3,167,215)	**(42,058,865)**
Net effect revaluation	4,312,285	9,753,527	7,524,718			(328,365)	**21,262,465**
Asset transfer for sale	(2,675,957)	(3,836,158)	(1,432,157)	(42,151)			**(7,986,423)**
December 31 2022	**5,704,350**	**44,204,749**	**26,564,905**	**1,932,839**	**1,771,155**	**8,899,894**	**89,076,892**

AMORTIZATION AND ADJUSTMENTS

	Land	Buildings	Technical installations and machines	Other installations, machinery and furniture	Tangible assets in progress	Assets representing rights to use	Total
December 31 2020	**-**	**3,349,496**	**29,449,642**	**1,162,894**	**-**	**2,577,505**	**36,539,537**
Cost for the period	-	4,324,307	4,426,115	200,802	-	1,738,374	**10,689,598**
Outflow	-	(43,252)	(3,314,519)	(804,419)	-	(193,658)	**(4,355,848)**
December 31 2021	**-**	**7,630,551**	**30,561,238**	**559,277**	**-**	**4,122,221**	**42,873,287**
Cost for the period	-	3,148,274	3,382,804	227,439	-	1,593,106	**8,351,623**
Outflow	-	(654,963)	(3,983,587)	(69,407)	-	(2,172,127)	**(6,880,682)**
Revaluations	-	(9,060,163)	(29,825,953)	-	-	(3,167,215)	**(42,053,331)**
December 31 2022	**-**	**1,063,699**	**133,904**	**717,309**	**-**	**375,985**	**2,290,897**
Value adjustments							
December 31 2021	**-**	**-**	**(3,853,692)**	**-**	**-**	**-**	**(3.853,692)**
December 31 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET VALUES							
December 31 2021	**4,067,722**	**28,217,395**	**17,470,904**	**1,020,670**	**13,762,042**	**10,647,879**	**75,186,612**
December 31 2022	**5,704,350**	**43,141,050**	**26,431,001**	**1,214,530**	**1,771,155**	**8,523,909**	**86,785,995**

Revaluation of fixed assets

On 31.12.2020, the revaluation was performed only by AMPLO SA, in the group's financial statements being reflected a net effect of minus 408,694 Lei (125,704 Lei increase in value recognized in counterpart with the reserve from revaluation account and 534,399 Lei decrease in value recognized by profit and loss account).

The reference method is the net replacement cost (IFRS 13 - Level 3).

On 31.12.2022, the buildings belonging to the parent company were revaluated by QUEST DEVELOPMENT S.R.L., a corporate member of the National Association of Appraisers in Romania (ANEVAR), having ANEVAR Corporate Membership Certificate No. 0511. The revaluation report of the buildings was capitalized in the accounting of the parent company on 31.12.2022.

Transfers in Assets classified as held for sale

The group transferred a series of assets from tangible assets and investments as a result of the asset sale and purchase contracts concluded by Amplo SA in January - February 2023 and Elars SA in November - December 2022 (see note 14 Assets classified as held for sale).

Depreciation of fixed assets

Accounting depreciation is calculated using the straight-line method. For the new fixed assets, entered in 2022, of the nature of installations, machines and measuring and control devices, the useful lives were established taking into account:

- the estimated level of use based on the use of the asset's capacity;
- the repair and maintenance program practiced by the company on the installations and equipment;
- moral wear and tear determined by the possible changes of the production process depending on the structure of the product portfolio provided by the company.

Disposal of fixed assets and impairment adjustments

On 31.12.2021, the parent company identified the need to apply an external depreciation on technical installations and machines, registering a depreciation adjustment in the amount of 3,853,692 lei. On 31.12.2022, this adjustment was cancelled, as an effect of the revaluation of fixed assets at fair value, as well as the modification of normal operating periods.

Also, on 31.12.2022, the Group disposed of fixed assets in the gross value of 301,554 lei, partially amortized -278,725 lei.

12 INTANGIBLE ASSETS

	Intangible assets	Goodwill	Total
Cost			
December 31 2020	**1,506,995**	**4,560,969**	**6,067,964**
Acquisitions	433,661	-	**433,661**
Outflow / Transfers	(1,492)	826,132	**824,640**
December 31 2021	**1,939,164**	**3,734,837**	**5,674,001**
Acquisitions	88,549		**83,634**
Outflow / Transfers	(283,401)		**(283,401)**
December 31 2022	**1,744,312**	**3,734,837**	**5,479,149**
Amortization/Impairment adjustments			
December 31 2020	**663,432**	**-**	**663,432**
Annual amortization	424,896	-	**424,896**
Outflow / Transfers	(1,492)	-	**(1,492)**
December 31 2021	**1,086,836**	**-**	**1,086,836**
Annual amortization	422,389		**422,389**
Outflow / Transfers	(9,155)		**(9,155)**
Impairment adjustments		3,734,837	**3,734,837**
December 31 2022	**1,500,070**	**3,734,837**	**5,234,907**
Net value			
December 31 2020	**843,563**	**4,560,969**	**5,404,532**
December 31 2021	**852,328**	**3,734,837**	**4,587,165**
December 31 2022	**244,242**	**-**	**244,242**

In the 2022 financial year, the Group recorded:

- purchases of intangible assets in the amount of 88,549 lei and outflows of 283,401 lei.

- Depreciation of the goodwill generated by the acquisition of the participation in Amplo, in a proportion of 100%, as an effect of the asset sale and purchase contracts concluded by Amplo SA in January - February 2023 (see note 14 Assets classified as held for sale)

13 FINANCIAL ASSETS AND EQUITY

On December 31 2022, Electroarges classified the financial assets as follows:

1. Financial assets measured at fair value through profit or loss account:

Name	No. of shares held	Percent held	Fair value on December 31 2022
Ceprocim SA Bucuresti	3,817	under 10%	7,367
Iprolam SA Bucuresti	59,341	under 10%	403,519
Uztel SA Ploiesti	137,424	under 10%	247,363
SIF 1 and SIF 3	18,700	under 10%	20,722
TOTAL			**678,971**

Name	No. of shares held	Percent held	Fair value on December 31 2021
Ceprocim SA Bucuresti	4,000	under 10%	10,000
Iprolam SA Bucuresti	59,341	under 10%	412,420
Lactate Natura SRL Tirgoviste	394,000	12.02%	665,860
Uztel SA Ploiesti	137,424	under 10%	237,744
TOTAL			**1,326,024**

On 31.12.2022, the Group through Elars SA reported shares held in SIF 1 and SIF 3 in the amount of 20,722 Lei.

The fair value measurement of “short-term investments” was made by multiplying the number of shares held at the reporting date by the closing price on the last trading day of the reporting period.

The positive results were highlighted in the financial income accounts, and the negative differences in the financial expense accounts.

2. Financial assets designated at fair value through other comprehensive income:

Name	No. of shares held	Percent held	Fair value on December 31 2022
Mecanoenergetica SA Drobeta Turnu Severin	4,640,888	28.85%	0
Sigstrat SA Sighetul Marmatiei	2,398,896	10.32%	791,636
Tarnava SA Sighisioara	214,163	3.99%	64,249
TOTAL			**855,885**

Name	No. of shares held	Percent held	Fair value on December 31 2021
Mecanoenergetica SA Drobeta Turnu Severin	4,640,888	28.85%	232,044
Sigstrat SA Sighetul Marmatiei	2,398,896	10.32%	700,478
Tarnava SA Sighisioara	214,163	5.69%	62,536
TOTAL			**995,058**

The evaluation of the shares held in listed entities and located in an active market was performed by multiplying the number of shares held at the reporting date with the closing price on the last trading day of the reporting period.

The differences were recorded in the account "1035 - Differences from the change in the fair value of financial assets evaluated at fair value through other comprehensive income".

3. Equity titles

	Dec-31-2022	**Dec-31-2021**
Initial balance	4,844,753	5,429,087
Result for the period – profit/(loss)	121,637	(850,415)
Sale of participations	-	(1,353,320)
Participation increase due to the increase of Braiconf share capital	-	526,369
Participation impairment value adjustment	(164,211)	-
Cancellation of impairment adjustment	-	1,093,032
Final balance	**4,802,179**	**4,844,753**

14 ASSETS CLASSIFIED AS HELD FOR SALE

On 31.12.2022, the Group registers assets classified as held for sale, as a result of the transactions concluded by Amplo SA in January - February 2023 and Elars SA in November - December 2022:

Subsidiary	Sold assets	Inventory value	Amortization	Left value
Amplo	Land	2,555,846	-	2,555,846
Amplo	Buildings	2,295,034	(389,790)	1,905,244
Amplo	Real estate investments	3,518,550	(318,759)	3,200,791
Amplo	Equipment, machines	2,321,064	(2,291,905)	29,159
Amplo	Office equipment	78,862	(38,181)	40,682
Amplo	Amplo Brand	-	-	-
Elars	Land	120,111	-	120,111
Elars	Buildings	1,965,460	(34,544)	1,030,916
Elars	Equipment, machines	2,382,299	(985,265)	1,402,997
Elars	Office equipment	6,223	(5,963)	1,469
	Total	**15,243,449**	**(4,064,407)**	**11,187,215**
	Impairment adjustments		(1,154,158)	(1,154,158)
	Assets classified as held for sale	**15,243,449**	**5,218,565**	**10,033,056**

The impairment adjustment in the amount of 1,154,158 lei was determined by reference to the accounting value of the tangible assets, which are the subject of the bilateral sale-purchase promise of 20.12.2022 concluded by Elars SA, of 1,404,356 lei and the sale price of 50,000 €.

15 INVENTORIES

	Dec-31-2022	Dec-31-2021
Raw materials and consumables		
Adjustments for raw materials and consumables	7,176,804	14,347,905
Production in progress	(4,466,175)	(4,447,204)

Adjustments for production in progress	164,565	164,565
Semi-finished and finished products	(164,565)	(127,451)
Adjustments for semi-finished and finished products	2,569,621	4,256,762
Merchandise	(1,030,505)	(849,404)
Adjustments for merchandise	1,000,552	670,655
Raw materials and consumables	(619,207)	(405,086)
Biological assets	-	-
Total	**4,631,090**	**13,610,743**

16 TRADE AND OTHER RECEIVABLES

On December 31 2022 the receivable structure is as follows:

Description	**Dec-31-22**	**Dec-31-21**
Trade receivables	8,457,687	11,903,227
Adjustments for trade receivables	(935,155)	(1,307,771)
Inter-group receivables	80,000	-
Adjustments for inter-group receivables	(80,000)	(45,000)
Receivables from associates/shareholders	-	-
Employees	18,000	38,251
Subsidies	866	866
Various debtors and other receivables (*)	3,975,370	11,860,575
Adjustments for other receivables	(3,802,218)	(6,237,780)
Other long term receivables (**)	153,484	132,797
Total financial assets other than cash, classified as loans and receivables	**7,868,034**	**16,345,166**
Advance payments	1,933,157	1,084,055
Other State Budget receivables	804,246	6,434,490
Tax on profit	-	-
TOTAL	**10,605,436**	**23,863,710**

(*) Under the position various debtors and other receivables, the receivable from Carbochim SA in the amount of 2,509,286 lei is reported, fully adjusted for depreciation.

(**) Long-term receivables are reported in the Statement of financial position in the fixed assets category.

Receivables according to maturity are as follows:

Maturity review	**Dec-31-22**	**Dec-31-21**
Non-performing receivables	6,387,118	5,380,007
Outstanding receivables:		

Up to 12 months	1,154,280	6,551,477
More than 12 months	173,152	4,280,884
TOTAL	**7,714,550**	**16,212,368**

	Dec-31-22	Dec-31-21
At the beginning of the period	7,590,551	14,810,343
Formed during the year	1,180,865	(4,139,633)
Costs in the period with uncollectible receivables		
Unused adjustments cancellation	(3,954,044)	(3,080,159)
At the end of the period	**4,817,373**	**7,590,551**

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**Dec-31-22**	**Dec-31-21**
Available with the bank	2,400,377	10,175,937
Cash and cash equivalents	2,044	7,713
Restricted cash (*)	1,000,000	1,000,000
TOTAL	**3,402,421**	**11,183,650**

(*) For the credit contract in the amount of 10,000,000 lei maturing on 29.11.2024, the following are established in addition to other guarantees:

- Pledge on accounts opened at Raiffeisen Bank;
- State guarantee through Eximbank, in the amount of 9,000,000 lei;
- Collateral deposit in the amount of 1,000,000 lei, without interest, maturity 30.12.2024;

On December 31 2022 and 2021, a large part of the cash was held in current accounts opened with banks with private capital with a good reputation or with banks with majority state capital.

There were no significant non-cash transactions with natural or legal third parties in 2022.

Details of cash flows from financing:

Description	**Loan**	**Leasing**	**Bond loan**	**Total**
Initial balance	18,376,873	8,029,924	-	26,406,797
Leasing assets inflow	-	3,530,324	-	3,530,324
Leasing assets	-			

outflow		(3,730,877)	-	(3,730,877)
Credit withdrawals	725,923	-	5,015,000	5,740,923
Financial expenses	-	101,050	-	101,050
Payments	(5,659,004)	(2,626,193)	-	(8,285,197)
Final balance	**13,443,792**	**5,304,229**	**5,015,000**	**23,763,020**

18 TRADE AND OTHER LIABILITIES

Trade and other liabilities	**Dec-31-2022**	**Dec-31-2021**
Trade liabilities	8,781,717	28,440,739
Suppliers of fixed assets	146,486	420,375
Other liabilities	4,624,332	4,451,462
Total liabilities less loans classified as measured at amortized cost	**13,552,534**	**33,312,577**
Other tax liabilities	3,925,333	557,319
Dividends	16,515,711	17,037,792
Advance payments	6,005,492	1,267,997
Advance income	-	1,670
Amounts being clarified	-	96,415
Total	**39,999,069**	**52,273,769**

19 LOANS AND LEASING

Loans	**31-Dec-2022**	**31-Dec-2021**
Current		
Short-term loans and overdraft	3,862,984	8,379,508
Current part of long-term loans	4,999,992	416,666
Leasing	2,600,056	2,892,508
	11,463,031	**11,688,682**
Long-term part		
Long-term loans	4,580,816	9,580,699
Leasing	2,704,173	5,252,277
Bond loans	5,015,000	
	12,299,989	**14,832,976**
Total	**23,763,020**	**26,521,658**

The amounts owed to credit institutions are short-term and consist of lines of credit / overdraft opened at banks as follows:

Name	December 31 2022 (lei)	December 31 2021 (lei)
Credit line RON	328,662	6,013,497
Credit line USD	470,971	1,149,781
Credit line EUR	3,526,869	694,550
Credit line RON	193,806	521,680
Total	**3,862,984**	**8,379,508**

The long-term loan is due to the same credit institution and consists of a credit facility for the payment of salaries and suppliers, which the company accessed during 2021. The total debt to the credit institution has not increased, it has been resized, the maximum value granted remaining the same. The debt to the credit institution is currently composed of the two loans presented above.

Bond loans

Following the Electroarges SA EGMS Decision of 17.10.2022, an issue of 6,000,000 bonds to Electroarges SA was approved in dematerialized form, which will not be listed on the stock exchange, with a maximum total nominal value of 15,000,000 lei.

The offer for sale of corporate bonds was carried out in the form of a private placement.

The price set by the offer was 2.5 lei/bond with a fixed interest rate of 4.75% per year, with a maturity of 60 months.

Electroarges has the possibility to later decide to convert the bonds into shares, after at least 6 months from the date of completion of the subscription of the bonds through the adoption of an GMS decision.

A number of 2,006,000 bonds were issued with a nominal value of 2.5 lei/bond, with a total value of 5,015,000 lei.

Bond holders are:

Name	Number of bonds held	Bond value
Trans Expedition Feroviar SRL	804,000	2,010,000 lei
Standard Equity SRL	1,202,000	3,005,000 lei
TOTAL	**2,006,000**	**5,015,000 lei**

The Group intends to use the funds obtained from the issuance of bonds in order to support the working capital.

Reconciliation between the minimum lease payments and the present value

	December 31 2022	December 31 2021
Maximum 1 year	2,670,397	2,792,419
More than 1 year but less than 5	2,766,661	5,580,311
Less future financial costs	(132,829)	(342,805)
Current value of liabilities – financial leasing	**5,304,229**	**8,029,925**

The reconciliation of leasing liabilities and rights to use recognized as a result of the application of IFRS 16 is presented in the following tables:

Leasing liabilities	Buildings and special constructions	Equipment and other fixed assets	Total
On December 31 2020	**330,339**	**7,667,347**	**7,997,686**
Inflow	2,531,536	-	2,566,172
Interest and exchange rate differences	47,795	131,898	185,138
Leasing payments	(629,594)	(2,089,477)	(2,719,071)
On December 31 2021	**2,280,076**	**5,749,849**	**8,029,925**
Inflow	2,866,360	663,964	3,530,324
Interest and exchange rate differences	71,266	29,784	101,050
Leasing payments	(434,135)	(2,192,058)	(2,626,193)
Exchange rate differences	(644)	714	(70)
Outflow	(3,730,877)	-	(3,730,877)
On December 31 2022	**1,052,046**	**4,252,253**	**5,304,299**

20 DEFERRED TAX ON PROFIT

The change in liabilities regarding the deferred tax on profit calculated at the parent company is presented in the following table:

Description	**Dec-31-22**	**Dec-31-21**
Initial balance	**1,858,019**	**859,173**
Other comprehensive income	(3,832,202)	(85,269)

Deferred tax costs / (income)	1,791,744	1,053,963
Final balance	**(182,438)**	**1,858,019**

Deferred tax to be paid	**31.12.2022**	**Movements during the period** By other comprehensive income	By profit & loss account	**31.12.2021**
Tangible and intangible assets	(6,012,869)	(3,875,915)	(34,505)	(2,102,450)
Total	**(6,012,869)**	**(3,875,915)**	**(34,505)**	**(2,102,450)**
Deferred tax to be claimed				
Assets for sale	184,665		184,665	
Provisions for the employee benefits	61,805	21,446	(17,521)	57,880
Share evaluation	2,619	22,269	(6,579)	(13,070)
Receivables and other assets	1,780,316		(371,499)	2,151,815
Tax loss	3,801,026		2,037,183	1,763,843
Total	**5,830,430**	**43,715**	**1,826,249**	**3,960,468**
Total	**(182,438)**	**(3,832,202)**	**1,791,745**	**1,858,019**

21 EMPLOYEE BENEFITS

	December 31 2022	**December 31 2021**
Personnel – due wages	318,212	560,034
Personnel – due material aid	15,205	26,187
Other liabilities with the personnel	32,211	63,286
Social contributions, tax and duties	895,446	1,789,677
Post-employment benefits	388,623	352,506
Employee benefits	**1,649,697**	**2,791,687**

Post-employment employee benefit obligations

According to the collective employment agreement, the Group must pay employees at the time of retirement a compensation amount equal to a certain number of wages calculated as the average of monthly wages made in the last 12 months, depending on the working conditions, etc. The updated value of the provision was determined based on the Projected Credit Factor Method. Retirement benefits received by an employee were first increased by the value of the employer's contributions and then, each benefit was updated taking into account employee turnover, dismissals and the probability of survival until retirement. The number of years until retirement was calculated as the difference between retirement age and age at the reporting date. The projected average of the remaining working period was calculated based on the number of years until retirement, also taking into account the rate of dismissals, the rate of employee turnover and the probability of survival.

The value of the provision was calculated individually for each Group's employee / separate beneficiary using the actuarial calculation method and taking into account International Accounting Standards, in particular IAS 19. The provision is calculated taking into account the long-term obligations assumed by the Group through the collective employment agreement. The calculation assumptions and the specifications for the realization of the calculation model were established based on the Group's previous experience and a set of hypotheses regarding the Group's future experience. The most important hypotheses used are presented below:

Employer turnover rate

In 2022, the employee turnover rate was 13%. For this financial year we considered the average of the last three years which was 11.3% pa. Based on the age structure of the employed personnel, the model takes into account the number of years remaining until retirement and estimates the total number of employees who would be likely to leave the company at 11.3% of the total number of employees. Thus, the employee turnover rate is:

- 25.57% pa for employees who are still 35 years of age or older until retirement;
- Linearly decreasing to 0% for employees with the number of years until retirement between 35 years and 5 years.

For the last 5 years before retirement, it was considered that employees were no longer looking to change jobs and that they had gained enough experience to be disciplined and efficient at work.

Dismissal rate

The company's management has not communicated a restructuring plan for the period after December 2022.

Discount rate

For the discount rate, we considered the yields on bonds on the active market at the end of December 2022. The residual maturities available were 1-10 years and 13-14 years. For the other durations we estimated the discount rate using the Smith-Wilson extrapolation method. The long-term assumptions were:

- Estimated long-term inflation rate 2% pa
- Estimated real long-term return on government bonds 1.45% pa
- Liquidity premium for Romania 0%. Thus, we considered a forward equilibrium rate of 3.45% pa.

The method ensures the compatibility between the discount rate and the inflation rate.

The weighted average discount rate was 7.8% pa.

Inflation rate

Based on the statistics issued by INSSE and the NBR forecast for November 2022, we estimated the inflation rate as follows:

- 16.3% in 2022;
- 11.2% in 2023;
- 6.1% in 2024;
- 3.6% in 2025;
- 2.7% in 2026;
- - 2.5% between 2027-2031 and following a decreasing trend in the following years.

The weighted average inflation rate was 3.7% p.a.

Wage growth rate

For the year 2023, the Group's management communicated the growth of only the minimum wage according to the law. For the reporting to 31.12.2022, it considered an average wage growth in 2023 of 8.8%, below the forecasted inflation rate. For 2024 and the following years, we considered an average wage growth of 1.5% p.a. above the annual rate of inflation.

The weighted wage growth rate is 4.6% pa.

Synthesis of results at the parent company

Reporting date: December 31	2020	2021	2022
Number of employees	390	192	170
Average age (years)	46.2	44.3	45.5
Average gross monthly salary (RON)	3,304	4,842	3,297
Average seniority within the company (years)	22.9	14.3	19.8
Average number of years remaining until retirement (years)	17.7	19.7	18.6
Estimated average remaining work period (years)	6.6	6.1	5.2
Amount of Obligations with Employee Retirement Benefits (RON)	**539,056**	**226,167**	**127,105**

The amounts recognized in the statement of financial position and the movements of the net obligation during the period are presented as follows:

- Lei -

Change of the present value of the obligation	**Post-employment benefits**
	2022
Present value of the obligation – January 1st	**226,167**
Cost of interest	11,222
Cost of current service	26,845
Payments from provisions during the year	-3,091
Actuarial (profit) / loss for the period	-134,038
Cost of previous service	-
Present value of the obligation – December 31	**127,105**

Actuarial profit or loss, recognized in other comprehensive income items, represents changes in the present value of the obligation generated by the effects of differences between previous actuarial assumptions and what actually happened.

The assumptions used in the actuarial calculation are: demographic assumptions (mortality, personnel turnover rates) and financial assumptions (discount rate, level of benefits, etc.).

Sensitivity review:

The risks related to the sensitivity of actuarial assumptions are presented in the table below.

Assumptions	Post-employment benefits
PVDBO on 31.12.2022	127,105
Discount rate + 1%	117,392
Discount rate - 1%	137,914
Wage growth rate + 1%	138,305
Wage growth rate – 1%	116,896
Longevity growth by 1 year	128,497

Benefit payments maturity review

The analysis of the estimated maturity for the payment obligation established at the reporting date is the following:

Maturity:	Under 1 year	between 1-2 years	between 2-5 years	More than 5 years	More than 10 years
Payment protection	0	5,089	25,078	164,163	195,559

22 SHARE CAPITAL

The company's subscribed share capital on December 31, 2022 is 6,976,465 lei, the nominal value of one share being 0.10 lei / share.

A number of 30,172,043 shares out of a total of 69,764,650 shares are restricted to trading, but without restricting the voting rights, as follows:

- based on the Diicot Ordinance of 22.10.2014 a number of 2,723,000 shares;
- based on the Diicot Ordinance of 02.11.2015 a number of 27,449,043 shares.

The shareholding structure on 31.12.2022 was the following:

Shareholder	Shares	Percent %
Investments Constantin SRL	25,699,543	36.8375
Trans Expedition Feroviar SRL	8,963,266	12.8479
Standard Equity SRL	7,542,172	10.8109
Natural persons	21,691,941	31.0930
Legal persons	5,867,728	8.4107
TOTAL	**69,764,650**	**100%**

The structure of the administrators' participation in the share capital is as follows:

Item no.	Surname	Given names	Position	Number of shares
1.	Stefan	Constantin	Chairman of the Board	0
2.	Cardinal Main SRL	by permanent representative Mrs Roxana Scarlat	Vice-Chairman of the Board	0
3.	Csoarpi Saints SRL	by permanent representative Mr Adrian Ionescu	Board Member	0

23 RETAINED EARNINGS AND OTHER RESERVES

Reserves have the following components:

Reserves	**Dec-31-22**	**Dec-31-21**
Fixed assets revaluation reserves	26,873,566	8,174,015
Legal reserves	2,513,708	2,513,708
Other reserves	48,024,337	48,024,337
TOTAL	**77,411,611**	**58,712,060**

The nature and purpose of each equity reserve are described below:

Reserve	**Description and purpose**
Reserves from fixed assets revaluation	If the carrying amount of tangible asset is increased as a result of the revaluation, then the increase must be recognized in other comprehensive income elements and accumulated in equity, as a revaluation surplus. Revaluation reserves cannot be distributed and cannot be used to increase the share capital.
Legal reserves	According to Law 31/1990, every year at least 5% of the profit is taken over for the formation of the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	On December 31 2022, other reserves include reserves made up of previous profits as well as the reserves related to the tax facilities obtained. These reserves may be distributed in accordance with the legal provisions, being taxed accordingly.

The Group's retained earnings consist of:

	31.12.2022	31.12.2021
Retained earnings representing the undistributed profit or the uncovered loss	20,131,586	12,411,532
Retained earnings from the correction of accounting errors	1,130,733	1,130,733
Retained earnings representing the surplus realized from revaluation reserves	(4,565,290)	(4,945,475)
Retained earnings from the implementation of the Accounting Regulations in accordance with the Fourth Directive of the European Economic Communities	4,572,599	3,169,799
Retained earnings from the use, at the date of transition to the application of IFRS, of fair value as an assumed cost (A / P)	(9,848,362)	(7,789,117)
Current consolidated result	18,409,453	8,512,725
Total	**(29,830,718)**	**(12,940,197)**

24 BALANCES AND TRANSACTIONS WITH AFFILIATED ENTITIES

The entities affiliated to the company are:

Item no.	Full name	Share capital participation rate
1.	Investments Constantin SRL	36.84%
2.	Stefan Constantin – indirect holding through Investments Constantin SRL si Benjamin United SRL	37.73%
3.	Amplo SA – Electroarges holdings	84.41%
4.	Elars SA - Electroarges holdings	88.16%
5.	Brainconf SA - Electroarges holdings	-
6.	Csoarpi Saints SRL - indirect affiliation through joint management	-
7.	Cardinal Main SRL – indirect affiliation through joint management	
8.	Standard Equity SRL – indirect affiliation through joint management	

9.	Trans Expedition Feroviar SRL – indirect affiliation through joint management	
10.	Louw Estate SRL – indirect affiliation through joint management	
11.	Phoenix Aparthotel SRL SRL – indirect affiliation through joint management	

List of the executive management:

Item no.	Surname	Given Names	Position	Period as a member of the executive management
1.	Caramida	Valentin	Deputy General Director	20.06.2022 - indefinite
2.	Onu	Patricia	Project Manager	17.05.2022 - indefinite
3.	Petre	Iulia	Financial Manager	01.05.2020 - indefinite

The balances and transactions with the affiliated entities presented above are:

Receivables on affiliated parties	**2022**	**2021**
Braiconf SA	159,512	143,627
TOTAL	**159,512**	**143,627**

Liabilities to affiliated parties	**2022**	**2021**
Braiconf SA	16,405	-
Louw Estate SRL	20,068	
Number RD SRL	35,700	
Phoenux	2,006	-
TOTAL	**74,179**	**-**

Sales of goods and services	**2022**	**2021**
Braiconf	-	11,451
TOTAL	**-**	**232,725**

Purchases of goods and services	**2022**	**2021**
Braiconf SA	13,786	155,075
Benjamins Unites SRL	1,647,608	1,131,092
Investments Constantin	212,534	

Cardinal Main SRL	700,000	-
Csoarpi Saints SRL	1,160,000	-
Number RD	84,500	
Phoenix Aparthotel SRL	908,949	
Louw Estate SRL	226,297	
TOTAL	**4,240.507**	**1,286,167**

Bond loans:

Name	Number of bonds held	Bond value
Trans Expedition Feroviar SRL	804,000	2,010,000
Standard Equity SRL	1,202,000	3,005,000
Total	**2,006,000**	**5,015,000**

The remuneration granted to the Board of Directors and Executive Management (according to IAS 24 - key personnel) is presented in the following table:

	For the year ending on	
Description	**Dec-31-22**	**Dec-31-21**
Wages/contracts	744,762	1,205,059
Taxes and social contributions	17,154	29,307
Board remuneration based on mandate contracts	3,044,511	3,916,432
TOTAL	**3,806,427**	**5,150,798**

25 COMMITMENTS AND CONTINGENT LIABILITIES

On December 31 2022, the company had the following commitments granted for loans:

- Loans to a single bank - Raiffeisen Bank Pitesti Branch

- Guarantees: contract for assignment of receivables and contract for movable mortgage on the pledged goods.

For the overdraft facility worth 10,000,000 lei (uses in RON, EUR and USD) the following guarantees are established:

- Pledge on accounts opened with Raiffeisen Bank;

- Assignment of trade receivables with Alfred Kaercher and Arctic SA;

- Movable mortgage on the stock of raw materials, finished products and products in progress.

For the credit agreement in the amount of 10,000,000 lei with maturity on 29.11.2024, the following guarantees are constituted:

- Pledge on accounts opened with Raiffeisen Bank;

- State guarantee through Eximbank, amounting to 9,000,000 lei;

- Collateral deposit in the amount of 1,000,000 lei, without interest, maturity 30.12.2024;

- Assignment of trade receivables with Alfred Kaercher and Arctic SA;

- Movable mortgage on the stock of raw materials, finished products and products in progress.

The company ELARS S.A. has contracted with CEC Buzau a one-year credit line for current activity of 775 lei for which there are the following guarantees:

- first and second mortgage on a building-production premises, offices and related land located in Ramnicu Sarat, Industriei no. 4, evaluated at 2,076,700 lei, by an authorized appraiser approved by CEC Bank, in March 2022;

- real estate guarantee on the present and future creditor balances in lei and in foreign currency of the accounts opened at CEC Bank SA.

In 2021 the parent company received the financing agreement based on GD no. 807/2014 for the establishment of a state aid scheme having as object the stimulation of investments with major impact in the economy in the amount of 27,741,425 lei, at a project value of 55,482,850 lei. In 2022, based on the above agreement, the parent company accessed the total amount of 3,537,828 lei, related to the purchase of technological equipment. In December 2022, the parent company received the decision to revoke the state aid and the summons for the recovery of the amount accessed, respectively 3,537,828 lei, which it returned in January 2023.

The **Group** is the object of a number of court actions arising from the normal course of the activity. The Group's management considers that, apart from the amounts already recorded in these financial statements as provisions or adjustments for the depreciation of assets and described in the notes to these financial statements, other actions in court will not have significant adverse effects on the economic results and on its financial position.

The risk associated with the change in legislation and taxation in Romania. Changes in the legal and tax regime in Romania may affect the Group's economic activity. Changes related to the adjustments of Romanian legislation with European Union regulations may affect the legal environment of the Group's business activity and its financial results. The lack of stable rules, legislation and cumbersome procedures for obtaining administrative decisions may also restrict the Group's future development. To minimize this risk, the Group regularly analyzes changes to these regulations and their interpretations. Considering that the legislation leaves more and more to the discretion of the tax body the interpretation of the way of applying the tax rules, in conjunction with the lack of funds in the state budget and the attempt by any means to bring these funds, we consider this a major risk for the Group, because it cannot be addressed in any way in a preventive way in a real and constructive way. The Group considers that it has paid on time and in full all the fees, taxes, penalties and penalty interest, to the extent that it is the case. In Romania, the tax year remains open for checks for a period of 5 years.

Transfer prices. In accordance with the relevant tax legislation, the tax assessment of a transaction made with related parties is based on the concept of the market price related to that transaction and the principle of full competition. Based on this concept, transfer prices must be adjusted so as to reflect market prices that would have been established between entities that do not have an affiliation relationship and that act independently, based on "normal market conditions". The task of taxpayers carrying out transactions with related parties is to prepare transfer pricing documentation, which must be presented at the request of the tax authorities during the tax inspection. Thus, it is likely that checks of the transfer prices will be carried out in the future by the tax authorities, in order to determine whether the respective prices comply with the principle of "normal market conditions" and that the taxable base of the Romanian taxpayer is not distorted.

Environmental matters. The implementation of environmental regulations in Romania is in the development phase and the application procedures are being reconsidered by the authorities. The Group's professional activity does not have an impact on the environment.

26 INFORMATION REGARDING THE AUDIT OF THE FINANCIAL STATEMENTS

The financial audit for the financial year 2022 was performed by BDO Audit SRL. The auditor provided exclusively financial audit services. The fees payable to it for the statutory financial statements prepared on 31.12.2022 are in the amount of 10,000 EUR. The tariff for other services provided by it (auditing the Group's consolidated financial statements) is EUR 7,000.

27 BUSINESS CONTINUITY

Electroarges Group operates in the principle of continuity, based on the Income and Expenses Budget and development programs, evaluated in accordance with the commercial contracts underlying the economic collaborations.

Electroarges Group has been active in the home appliance industry since 1971, so it is not immune to the drastic changes in the economic environment that characterize the immediate past and the near future, mainly caused by the COVID 19 pandemic, a period marked by major challenges and uncertainties for any production unit.

Currently, in addition to the general situation in the market, Electroarges SA terminated its collaboration with the majority client, Alfred Kaercher GMBH, which also gives the advantage of being able to respond and implement new projects promptly.

In this sense, the Group took the necessary measures in time, by resizing the personnel and expenses, by re-planning the way of working, by the strategies and commercial activities but also by acquisitions.

Regarding the personnel resizing, the Group closed the contract with Manpower Romania SRL, which had the object of personnel leasing. This action results in the resizing of the personnel with a number of 166 persons, reaching a number of 188 employees.

The Group renegotiated the contracts with the service providers related to the operating activity, thus obtaining significant reductions in the operating expenses.

Given the decrease in production activity, utility costs decreased significantly.

With the termination of cooperation with Alfred Kaercher, transport costs for imports decreased.

For the year 2023, the company has a sales forecast with a total turnover amounting to 93,000,000 lei, which means an increase of 22.5% compared to 2022.

The increase comes from the consolidation and increase of the portfolio and the volume of products executed for the existing clients Haier and Arctic, as well as the initiation of collaborations with new clients, such as Makita, Fuchs, etc.

At the same time, the Group makes sustained efforts to ensure efficiency and increased productivity, a context in which a long-term investment plan has been implemented and developed in all sectors: personnel, technologies, equipment and buildings.

Thus, in the current situation, as well as in that of the general pandemic context, the Group intends to increase the ongoing collaborations but also to diversify the client portfolio, as well as the services portfolio.

The measures already implemented, as well as the planned ones, ensure the company's continuity and stability, although there are significant uncertainties regarding continuity, motivated by the losses recorded by the Group, at the consolidated level:

Evolution of indicators	**Dec-31-22**	**Dec-31-21**
Current accounting losses	(18,622,111)	(8,421,836)
Current net assets	55,940,700	54,249,863
TOTAL	**37,318,589**	**45,8282,027**

As can be seen in 2022, the Group's financial results worsened, the decrease being 2.2 times faster than the previous periods.

All the above aspects raise significant uncertainties regarding the continuation of the Group's activity. However, the Group's management is convinced that the adopted measures will restore the activity in such a way as to ensure the continuity of exploitation in the foreseeable future

28 FURTHER EVENTS

In the context of the conflict between Russia and Ukraine, which began on February 24, 2022, the European Union, the US, the UK and other countries have imposed numerous sanctions against Russia, including financial restrictions on Russian banks and state-owned companies. Considering the geopolitical tensions, starting with February 2022, there was an increase in the volatility of the financial markets and the pressure on the depreciation of exchange rates. These events are expected to affect activity in many sectors of the economy, and could lead to a further rise in energy prices in Europe and a high risk of delays in the supply chain.

The Group does not have direct exposure to affiliates and / or key clients or suppliers in these countries.

The Group considers these events to be non-adjustable events that occurred after the balance sheet date, the effect of which cannot be estimated at this time. At this time, the Group's management is analyzing the possible effects of the change in micro and macro-economic conditions on the Group's financial position and results.

Amplo SA and Elars SA subsidiaries concluded a series of promises and sale-purchase contracts of the assets they have (land, buildings, equipment, machines, machinery and inventories, including the Amplo brand), following that during the year 2023, these transactions to be completed.

With the exception of the above, no other events occurred subsequent to the balance sheet date.

Vice-Chairman of the Board of Directors,	Head of the Financial Accounting-Department,
Roxana Scarlat	Giorgiana Elena Ionita

Tel: +40-21-319 9476
Fax: +40-21-319 9477
www.bdo.ro

Victory Business Center
Str. Invingatorilor 24
Bucuresti - 3
Romania
030922

INDEPENDENT AUDITOR'S REPORT

To the shareholders,
Electroargeș S.A.

Raport on the audit of the consolidated financial statements

Reserved Opinion

1. We audited the consolidated financial statements of **Electroarges S.A. ("The Group")** - with its registered office in Curtea de Arges, str. Albesti nr. 12, Arges County, holder of Tax Code RO 156027, which include the Consolidated statement of financial position on December 31, 2022, and the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows for the financial year ended on that date, as well as a summary of significant accounting policies and other explanatory notes.

2. The consolidated financial statements on December 31, 2022 are as follow:

- Net assets/Total equity: 55,940,700 Lei
- Net loss of the financial year: 18,622,111 Lei

3. In our opinion, with the exception of the possible effects of the matters presented in *the Basis for the Reserved Opinion* section of our report, the attached consolidated financial statements exactly present in all material respects the Group's financial position on December 31, 2022 and its financial performance and its cash flows related to the financial year ended on that date, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards ("OMFP 2844/2016").

Basis for the Reserved Opinion

4. In the financial year 2021, the Group reported in the consolidated financial statements a net loss in the amount of 1.7 million lei from the sale of the shares held in Mobila Rădăuți SA. The Group had a significant influence in this entity. Previous to this selling, the Group had not presented this investment by the equity method, according to the provisions of the reporting framework. Our audit opinion as of December 31, 2021 contained a reservation regarding the reflection of the effects of the aforementioned transaction on the Group's consolidated financial statements. Our audit opinion on the financial statements for the year ended on December 31, 2022 contains as well as a reservation regarding the comparability of the current period figures and the corresponding figures.

5. The group has holdings that give it a significant influence within Braiconf SA. Braiconf SA in turn controls Aurora SA. Both on December 31, 2022 and on December 31, 2021, the Group reflected its participation in Braiconf SA by the equity method, using the individual statutory financial information of this company. We were not able to determine those adjustments that would have been necessary to reflect the Group's holding in Braiconf SA in accordance with IFRS provisions. Our audit opinion on the financial statements for the year ended on 31 December 2021 contains a reservation on this matter.

6. On December 31, 2021, the Group reported a goodwill amounting to 3.7 million lei. Since the historical information from the time of the acquisition of the participations was not available, we were not able to estimate whether the recognized value of goodwill complied with the provisions of the reporting framework. Our audit opinion on the financial statements for the year ended on 31 December 2021 contained a reservation on this matter. On December 31, 2022, the Group recognized a loss from the depreciation of goodwill in the amount of 3.7 million lei, fully reported in the current year's result. We have not been able to determine how much of these impairment losses relate to the current period and how much to prior periods. The above matters also affect the comparability between the current period figures and the corresponding figures.

7. In the financial year 2021, the Group estimated and reported depreciation adjustments for slow-moving inventories in the amount of 2.6 million Lei. Part of this amount refers to the previous financial years. We were not able to determine in 2021 how much of these adjustments belong to periods prior to 2021. Our audit opinion on the financial statements for the year ended on 31 December 2021 contained a reservation on this matter. Our audit opinion on the financial statements for the year ended on 31 December 2022 also contains a reservation regarding the comparability of the current period figures and the corresponding figures.

8. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and of the Council (hereinafter "the Regulation") and Law no. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the "*Auditor's Responsibilities in an Audit of Financial Statements*" section of our report. We are independent of the Company, according to the Code of Ethics for Professional Accountants issued by the Council for International Standards of Ethics for Accountants (IESBA Code), according to ethical requirements that are relevant for auditing financial statements in Romania, including the Regulation and Law, and we have fulfilled our responsibilities ethics according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our reserved opinion.

Significant uncertainties regarding business continuity

9. We draw attention to Note 27 "Business continuity" to the financial statements, in which it is mentioned that the Group recorded a loss of 18.6 million lei (2021: 8.4 million lei), shows a negative retained earnings of 29.8 million lei (2021: 12.9 million lei), negative net current assets of 20.8 million lei (2021: 18 million lei) and negative operating cash flows of 2.4 million lei (2021: positive 14.3 million lei). Also in 2022, the customer Alfred Kaercher,

which represented approximately 87% of the turnover, ended the collaboration with the Group. These matters indicate the existence of significant uncertainties regarding the Group's ability to honor its due debts and implicitly to continue its activity under normal conditions, without the support of shareholders. Also, considering the activity changes presented above, the financial information of the current year and the previous period are not comparable. Our opinion does not contain a reservation regarding these matters.

Key audit issues

10. The key audit issues are those that, based on our professional judgment, were of the greatest importance for auditing the financial statements of the current period. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them, and we do not provide a separate opinion on these key issues.

Key audit issues	*The approach in the audit:*
a) Recognition of income See **Note 2.11.1 " Accounting Policies – Recognition of income" și Note 4 "Income from contracts with clients"** The income recognition policy is set out in Note 2.11.1. The turnover consists of income from the sale of finished products to external and internal customers. According to the ISA, there is an implicit risk in income recognition, caused by the pressure that management may feel in connection with achieving the planned results. The Group's income is recognized at the time of delivery of the products to customers.	Our audit procedures included, but were not limited to: • evaluation of the principles of income recognition in accordance with the provisions of IFRS; • testing the control and the processes implemented regarding the reflection in the accounting of the sales of finished products, in order to obtain the necessary assurance regarding the existence, completeness and accuracy of the income reported in the consolidated financial statements; • testing trade receivables balances on December 31, 2022, by sending letters of direct confirmation;

Other matters

11. At the date of issuing the attached consolidated financial statements, the legal situation of the Group's shareholding is unclear, there are uncertainties regarding the shareholding structure at this moment. The attached consolidated financial statements are not affected by this matter.

12. This independent auditor's report is addressed exclusively to the Group's shareholders as a whole. Our audit was performed in order to be able to report to the Group's shareholders those issues that we must report in a financial audit report, and not for other purposes. To the extent permitted by law, we accept and assume no liability other than to

the Group and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

Other information – Directors' report

13. The management is responsible for Other information. Other information contain the Directors' Report, as well as the Remuneration Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover this Other Information and we do not express any assurance conclusion about it.

In connection with the audit of the consolidated financial statements for the financial year ended on December 31, 2022, it is our responsibility to read that Other Information and, in doing so, to assess whether that Other Information is materially inconsistent with the consolidated financial statements or the knowledge we have acquired during the audit, or if they appear to be significantly distorted.

Regarding the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, paragraphs 15-19 and 26-28.

Regarding the Remuneration Report, we have read and report whether it has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, Article 107.

Based exclusively on the activities to be carried out during the audit of the consolidated financial statements, in our opinion:

a) The information presented in the Directors' Report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with the consolidated financial statements;

b) The Directors' Report was prepared, in all significant issues, in accordance with the Order of the Minister of Public Finance no. 2844/2016, paragraphs 15-19 and 26-28.

c) The Remuneration Report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, Article 107.

In addition, based on our knowledge and understanding of the Group and its environment, acquired during the audit of the consolidated financial statements for the year ended on December 31, 2022, we are required to report whether we have identified material misstatements in the Directors' Report. We have nothing to report on this issue.

Management and people in charge of governance's responsibility for the financial statements

14. Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 and for such internal control as management deems necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, management is responsible for assessing the Group's ability to continue its business, presenting, where appropriate, business continuity

issues and using the business continuity principle as the basis of accounting, unless management intends to liquidate the Group or stop operations, or have no realistic alternative other than them.

16. The persons in charge of governance are responsible for overseeing the Group's financial reporting process.

The Auditor's responsibility in an audit of financial statements

17. Our objectives are to obtain reasonable assurance as to the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISAs will always detect a significant misstatement, if any. Misstatements may be caused by either fraud or error and are considered significant if it can reasonably be expected that they, individually or in combination, will influence users' economic decisions based on these consolidated financial statements.

18. As part of an audit in accordance with the audit standards adopted by the Romanian Chamber of Financial Auditors, which are based on International Standards on Auditing, we exercise professional judgment and maintain professional skepticism during the audit. Also:

a) We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than that of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and circumvention of internal control;

b) We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related presentations made by management;

d) We formulate a conclusion on the adequacy of management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Group's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease operating on the basis of the business continuity principle;

e) We evaluate the presentation, structure and general content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that provides a fair presentation.

19. We communicate to the persons in charge of governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any deficiencies in internal control that we identify during the audit.

20. We also provide a statement to the persons in charge of governance that we have complied with the relevant ethical requirements regarding independence and that we have communicated to them all relationships and other matters that could reasonably be assumed to affect our independence and, where applicable, the related protection measures.

21. Among the issues we communicated to the persons in charge of governance, we identify those issues that were most important in the audit of the current financial statements and are therefore key audit issues. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is reasonably expected that the benefits of the public interest outweigh the negative consequences of this communication.

Report on other legal and regulatory provisions

22. We were appointed with the Agreement no. 6713/2021 to audit the financial statements of the Company for the financial year ended on December 31 2022. The total uninterrupted duration of our commitment is 3 years, covering the financial years ended on December 31 2020, December 31 2021 and December 31 2022.

We confirm that:

• Our audit opinion is consistent with the additional report submitted to the Group's Audit Committee, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the entities of the audited Group;

• We did not provide the Group with the prohibited non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014.

Report on compliance with Commission Delegated Regulation (EU) 2018/815 (Technical Regulatory Standard on the European Single Electronic Format or ESEF)

We have performed a reasonable assurance on compliance of the financial statements prepared by the Company included in the annual financial report presented in digital file 254900060TC0QQPGMW77 ("digital file") with the Commission Delegated Regulation (EU) 2018/815.

Responsibility of management and the persons in charge of governance for Digital Files prepared in accordance with ESEF

The Group's management is responsible for the preparation of the Digital File in accordance with the ESEF. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the implementation of the ESEF;
- ensuring compliance between the Digital File and the financial statements that will be published in accordance with Order no. 2844/2016 as further amended;

- selecting and applying the appropriate iXBRL tags.

The people in charge of the governance are responsible for overseeing the preparation of the Digital File in accordance with the ESEF.

Auditor's responsibility for auditing the Digital File

We are responsible for expressing a conclusion as to the extent to which the financial statements included in the annual financial report are in accordance with the ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance mission was performed in accordance with International Standard on Assurance Assignments 3000 (revised), Assurance Assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.
A reasonable assurance mission in accordance with ISAE 3000 involves procedures for obtaining evidence of compliance with ESEF. The nature, timing and extent of the procedures selected depend on the auditor's reasoning, including the assessment of the risk of material misstatement of the ESEF provisions, whether due to fraud or error. A reasonable assurance mission includes:

- gaining an understanding of the process of preparing the Digital File in accordance with the ESEF, including relevant internal controls;
- reconciliation of the Digital File with the Group’s audited financial statements that will be published in accordance with Order no. 2844/2016 as further amended.
- assessing whether all financial statements that are included in the annual financial report are prepared in a valid XHTML format;
- assessing whether all iXBRL tags are in compliance with ESEF requirements.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended on 31 December 2022 included in the annual financial report and presented in the Digital File comply, in all material respects, with the requirements of the ESEF.

We do not express an audit opinion, a review conclusion, or any other assurance on financial statements in this section. Our audit opinion on the Company's financial statements for the financial year ended on December 31, 2022 is included in the Report on Financial Statements section above.

On behalf of **BDO Audit S.R.L.**

Registered in the electronic Public Register with no. FA18

Partner’s name: Razvan Alexandru Cocei

Registered in the electronic Public Register with no. AF2568

Bucharest, Romania June xx, 2023