

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

For the financial year: 2023

Company name: COMELF S.A.

Registered Office: Bistrita, no. 4, Industriei Street

Phone / fax number: 0263 234462;

Fax: 0263 238092

VAT code with the Trade Register Office: 568656

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

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

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

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

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

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

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

The financial statements have been prepared in accordance with:

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

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

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

1. Review of the Company's activity:

i. Description of the basic activity of the Company:

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

ii. Date of establishment of the Company:

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

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

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

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

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

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

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

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

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

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

Asset changes are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Elements of general evaluation

a). Profit / (Loss):

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

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

b). Turnover:

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

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

c). Intra-Community exports and deliveries:

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

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

d). Costs:

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

e). Market share:

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

f). Cash available:

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

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

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

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

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

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

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

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

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



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

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

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

3. Evaluation of the technical-material supply activity:

The raw-material sourcing and procurement activity aims at providing for the material resources of the company

always in the best conditions for the good development of the company's production activity.

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

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

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

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

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

According to Comelf procedures there is a database of suppliers selected and evaluated based on several

criteria of quality, price, delivery time.

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

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

Safety stocks are defined for the usual raw materials.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Credit risk

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

(b) Risk regarding cash-available

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

(c) Currency risk

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

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

(d) Interest rate risk

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

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

(e) Market risk

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

The company is exposed to the following market risk categories:

(i) Price risk

The company is exposed to price risk, with the possibility that the value of the costs for the fulfillment of the projects will be higher than the estimated value, thus the contracts will run at a loss.

In order to cover the price risk generated by the increase of the basic raw material, the metal, the company has written, in the commercial contracts concluded with the clients, a protection clause that allows it to update the sale price if the price of the basic raw material increases. In the current economic context marked by political and economic instability, there is a risk related to material availability and their volatile price, which may generate, in the short term, possible disruptions in the operational activity. The company also has a material procurement policy that offers protection for a period of 2-3 months, for confirmed orders, which ensures a balance, for the period in which we reposition ourselves vis-à-vis suppliers and vis-à-vis customers.

Interest rate risk and currency risk have been detailed above.

(f) The risk related to the economic environment

The Romanian economy continues to have the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social environment in the future. The management of the Company is concerned to estimate the nature of the changes that will take place in the world political and economic environment and, in particular, in Romania and what will be their effect on the financial situation and the operational and treasury result of the Company.

One of the features of the Romanian economy is the existence of a currency that is not fully convertible abroad and a low degree of liquidity of the capital market.

The Company's management cannot foresee all the effects of the economic situation, considered as a whole, which will have an impact on the financial sector in Romania, nor their potential impact on the present financial statements. The management of the Company considers that it has adopted the necessary measures for the sustainability and development of the Company in the current market conditions. The main challenge, at this moment for the Company, is the evolution of the price of raw materials as well as the labor market regarding the training of qualified personnel in the field in which we operate, necessary for the operational success of the company.

(g) Fair value of financial instruments

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

8. Perspective elements regarding the activity of COMELF company:

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

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

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

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

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

The tangible assets of the Company:

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

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

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

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

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

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

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

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

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

2. Market of securities issued by the Company

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

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

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

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

3. Company management

3.1. Board of Directors

Comelf SA is managed in a unitary system by the Board of Directors consisting of five members elected by the General Meeting of Shareholders by secret ballot. The term of office of the members of the Board of Directors is 4 years and they can be re-elected.

At the date of this report, the structure of the Board of Directors is as follows:

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

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

List of persons affiliated with the company:

Affiliated party	Activity	Description of the type of business relation
Uzinsider SA	Management consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Trade intermediation services for industrial products	
Uzinsider General Contractor SA	Collaborations on turnkey objectives Electricity trade	

Promex SA	Collaborations in the manufacture of subassemblies
24 Ianuarie SA	Collaborations in the manufacture of subassemblies

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

3.2. Executive management

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

- Members of the Executive Management of the Company:

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

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

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

3.3. Corporate governance

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

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

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

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

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

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

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

SECTION B - Risk management system and internal control

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

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

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

SECTION C - Fair reward and motivation

C.1.	<p>The company must publish the policy on its website remuneration and include in the annual report a statement on the implementation of the remuneration policy during the period which is the subject of the analysis.</p> <p>The remuneration policy must be formulated so as to allow shareholders understanding the underlying principles and arguments on the basis of the remuneration of the members of the Board and of the Director</p> <p>General . This should describe how to drive a process and decision-making regarding remuneration, sa detail the remuneration components of the executive management (such as salaries, annual premiums, long - term incentives related to the value of shares, benefits in kind, pensions and others) and describe the underlying purpose, principles, and assumptions each component (including general performance criteria related to any form of variable remuneration). Furthermore, the remuneration policy must specify the duration of the contract the Executive Director and the period of notice provided for in contract, as well as the eventual compensation for revocation</p>	Yes	The Policy has been developed and published remunerate.
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	<p>without just cause [...]. Any essential change in the remuneration policy must be published in good time on the page the company's internet.</p>		
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SECTION D - Adding value through investor relations

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

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

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

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

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

Chairman of the Board of Directors, eng. Savu Constantin

General Manager,
eng. Cenusă Gheorghe

Financial Manager,
ec. Tatar Dana



COMELF S.A.

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420063, Bistrița
România

SITUAȚII FINANCIARE ANUALE INDIVIDUALE IFRS LA 31 DECEMBRIE 2023

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COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2021

	Nota	2023	2022
Assets			
Development cost		60,281	59,864
Intangible assets	5	263,726	455,394
Tangible assets	5	75,025,009	76,033,258
Financial assets available for sale	6	-	-
Total non-current assets		75,349,016	76,548,516
Advance payments for tangible assets		1,033,263	995,184
Stocks	7	21,474,210	35,018,938
Receivables from contracts with customers	8	49,155,099	36,697,700
Trade receivables and other receivables	9	12,648,949	4,338,219
Current tax receivables		-	-
Cash and cash equivalents	11	7,623,636	14,319,879
Total Current Assets		91,935,157	91,369,920
Total Assets		167,284,173	167,918,436
Share capital	12	13,036,325	13,036,325
Share capital adjustments	12	8,812,271	8,812,271
Other elements of equity	12	-	-
Reserves	12	49,424,268	50,892,175
Reported outcome	12	1,190,100	1,361,539
Financial year outcome	25	9,328,420	4,142,212
Total Equity		81,791,384	78,244,522
Debts			
Long-term bank loans	13	-	3,957,920
Other loans and debts-leasing	13	66,771	267,805
Defferend tax liabilities	22	5,211,782	5,491,383
Provisions for risks and expenses	21	249,196	161,930
Defferend income liabilities	23	5,711,499	6,195,712
Total long-term debts		11,239,248	16,074,750
Overdrafts	13	36,812,040	36,610,760
The current part related to long-term loans	13	-	-
Defferend tax liabilities	22	279,601	279,601
The current other loans and liabilities - leasing	11	203,782	226,045
Commercial debts and other debts	14	34,652,136	34,271,900
Provisions for risks and expenses	21	1,009,742	982,798
Defferend tax liabilities	23	1,296,240	1,228,060
Total current debts		74,253,541	73,599,164
Total Debts		85,492,789	89,673,914
Total equity and debts		167,284,173	167,918,436

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in lei, unless otherwise indicated)

**PROFIT OR LOSS ACCOUNT SITUATION
AND OTHER ELEMENTS OF THE OVERALL RESULT**

	Nota	2023	2022
<i>Continuous operations</i>			
Revenues			
Revenue from contracts with customers	15	171,976,747	157,347,129
Revenues from sales of goods		0	188,775
Other elements related to the turnover		10,606,427	12,318,303
Total revenues		182,583,174	169,854,207
<i>of which turnover</i>	3	<i>191,437,298</i>	<i>173,218,840</i>
Other revenues	16	1,590,532	1,601,204
Expenses			
Raw material costs and other expenses		(84,311,518)	(87,786,602)
Electricity and water costs		(4,058,370)	(4,964,522)
Commodity expenses		-	(136,633)
Employment charges	17	(56,134,282)	(47,285,196)
Transport costs	18	(5,829,438)	(6,422,795)
Other expenses related to revenues	19	(11,370,772)	(10,243,944)
Cost depreciation charge	5	(7,601,133)	(7,652,753)
Financial costs , net	25	(2,642,183)	(1,569,211)
Adjustments related to current assets depreciation ,net	8	1,010,987	-
Provision costs for risks and expenses, net	21	(1,993,833)	(489,655)
Other expenses	19	(606,655)	(300,114)
Total expenses		(173,537,197)	(166,851,425)
Pre-tax profit		10,636,509	4,603,986
Profit tax	20	(1,308,089)	(461,774)
Profit from continuous operations		9,328,420	4,142,212
Profit from discontinuous operations		-	-
PROFIT OF THE PERIOD		9,328,420	4,142,212
Other comprehensive income			
<i>Items that will not be reclassified to expenses and revenues</i>			
Value changes of the used assets as a result of revaluation ,net of tax		-	-
<i>Items that can be reclassified to expenses and revenues</i>			
Value changes of securities available for sale	3	-	-
Total profit and loss account and other comprehensive income		9,328,420	4,142,212
Outcome per share			
From continuous and discontinuous operations			
Outcome per basic share (lei per share)	24	0.42	0.18
Diluted outcome per share (lei per share)	24	0.42	0.18
Din operatiuni continue			
Outcome per basic share (lei per share)	24	0.42	0.18
Diluted outcome per share (lei per share)	24	0.42	0.18

Cenusa Gheorghe,
General Manager

Tatar Dana ,,
Economic Manager

COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2023 IN ACCORDANCE WITH IFRS

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

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

COMELF S.A.

INDIVIDUAL FINANCIAL STATEMENTS AS OF December 31, 2023 IN ACCORDANCE WITH IFRS

*(All amounts are expressed in LEI, unless otherwise indicated)**Continued on next page*

STATEMENT OF CHANGE OF EQUITY	Capital	Adjustments of share capital	Differences and reserves from revaluation	Reserves	Other	The Result	Total
	Registered			legal	reserves	withheld	equity
Balance on 1 January 2023	13,036,325	8,812,271	32,423,851	2,607,265	15,861,059	5,503,751	78,244,522
<i>Profit or loss account and other elements of the overall result</i>							
Profit or loss						9,328,420	9,328,420
<i>Other elements of the overall result</i>							
Net change in the fair value of available-for-sale financial assets			0				0
<i>Movements in the profit or loss account and other elements of the overall result</i>							
Realised revaluation differences transferred to retained earnings - current year			-1,747,508			1,467,907	(279,601)
Legal reserves established				0		0	0
Reserves from tax exemption of reinvested profits (according to the Tax Code)							0
Other equity items			279.601		0	(1,639,346)	(1,359,745)
Revaluation of tangible fixed assets after taxation							0
Total profit or loss account and other elements of the overall result	0	0	-1,467,907	0	0	9,156,981	7,689,074
Other items retained-correction of accounting errors	0	0	0	0	0	0	0
Other items retained-correction of accounting errors	0	0	0	0	0	0	0
Transactions with shareholders, recorded directly in equity	0				0	0	0
Contributions from and distributions to shareholders/employees	-	-	-	-	-	-4,142,212	-4,142,212
Total transactions with shareholders	0	0	0	0	0	-4,142,212	-4,142,212
Balance as of December 31, 2023	13,036,325	8,812,271	30,955,944	2,607,265	15,861,059	10,518,520	81,791,384

COMELF S.A.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

	31-12-2023	31-12-2022
Pre - tax profit	9,328,420	4,142,212
Depreciation of fixed assets	7,601,133	7,652,753
Cash operational brut	16,929,553	11,794,965
Workong Capital Variation		
Variation receivables	12,192,587	-19,355,668
Variation stocks	-13,544,728	23,336,304
Variation in other current assents	8,269,417	193,856
Variation Income/Expenses in advances	40,728	47,591
Variation suppliers	-2,521,428	3,090,102
Variation customer advances	-264,812	-496,355
Variation employees and assimilated	2,408,041	-1,587,833
Net operating Cash	9,585,864	8,578,796
Cash flow dfrom net investment	6,439,712	7,790,950
Debts change		
Variation of short-term loans	-2,783,480	2,419,389
Variation of long-term loans	-973,160	3,957,920
Variation of associated debts	-2,374	-125,031
Variation of other liabilities	-	-
Variation of capitalluri	-6,083,381	-283,750
Cash flow from financing	-9,842,395	5,968,528
Total chas variation between	-6,696,243	6,756,374
Initial Cash	14,319,879	7,563,505
Net Cash at end of period	7,623,636	14,319,879

Cenusa Gheorghe
General ManagerTatar Dana
Economic Manager

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

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NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**1. Reporting entity**

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

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

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

The individual financial statements in accordance with International Financial Reporting Standards have been prepared for the financial year ended December 31, 2023.

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

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

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

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

The financial statements were authorised for issue by the Board of Directors on 15 March 2024.

b. Basis for evaluation

The financial statements have been prepared on a historical cost basis, with the exceptions mentioned in these Explanatory Notes.

c. Functional and presentation currency

These financial statements are presented in lei, which is also the Company's functional currency. All financial information is presented in lei, rounded, without decimals.

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d. Use of professional estimates and reasoning

The preparation of the financial statements in accordance with IFRS involves the use by management of professional reasoning, estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. Actual results may differ from estimated values.

e. Changes in accounting policies

General presentation

The financial year ended on December 31, 2012 represents the first year of adoption by the Company of International Financial Reporting Standards according to IFRS 1, which entered into force on July 1, 2009.

(i) The Company applies in the 2023 financial year for the comparability of information with the 2022 financial year the following International Financial Reporting Standards with the implicit changes to the Company's accounting policies.

IAS 1	Presentation of financial statements	Fundamental accounting principles, the structure and content of the financial statements, the required items and the notion of a fair image.
IAS 2	Inventories	Definition of the accounting treatment applicable to stocks in the historical cost system: valuation (first in - first out, weighted average cost and net realisable value) and the scope of allowable costs.
IAS 7	Cash flow statements	Analysis of cash changes, classified into three categories: operating flows, investment flows, financing flows.
IAS 8	Accounting policies, changes in accounting estimates and errors	Defining the classification, disclosures and accounting treatment of certain income statement items. Definition of materiality.
IAS 10	Events after the balance sheet date	Provisions regarding the taking into account of the elements after the closure: definitions, terms and conditions of application, particular cases (dividends).
IAS 12	Income tax	Definition of the accounting processing of income taxes and detailed provisions regarding deferred taxes.
IAS 16	Tangible fixed assets	The principles and date of accounting for assets, the determination of their carrying amount and the principles relating to the accounting for depreciation.
IAS 19	Employee benefits	Principles of accounting and disclosure of employee benefits: short-term and long-term benefits, post-employment benefits, equity benefits and termination benefits.

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IAS 20	Accounting for government grants and reporting of government assistance	Principles of accounting and disclosure of direct or indirect public aid (clear identification, notion of fair value, linkage to subsidised assets, etc.).
IAS 21	The effects of exchange rate fluctuations	Defining the accounting processing of activities abroad, transactions in foreign currencies and the conversion of the financial statements of a foreign entity.
IAS 23	Borrowing costs	Definition of accounting processing of borrowing costs: the notion of qualified assets, the ways of incorporating borrowing costs into the value of qualified assets.
IAS 24	Disclosure of related party information	Detailed information on relationships and transactions with related parties (legal and natural persons), which have a significant control or influence over one of the group companies or management.
IAS 26	Accounting and reporting of pension plans	Defining the principles of evaluation and information regarding retirement schemes (funds), distinguishing between defined contribution schemes and defined benefit schemes.
IAS 27	Consolidated and individual financial statements	Principles relating to the presentation of consolidated accounts, definition of the consolidation obligation and notion of control, convergence of accounting rules within the group, other principles.
IAS 31	Interests in joint ventures	Accounting principles and policies for the joint venture, operations carried out or assets or participations held in a joint venture.
IAS 32	Financial instruments: presentation	Presentation rules (classification of debts / equity, expenses or income / equity).
IAS 33	Earnings per share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of assets	Key definitions (recoverable amount, fair value less costs to sell, value in use, cash-generating units), timing of impairment testing, accounting for impairment, case of goodwill.
IAS 37	Provisions, contingent liabilities and contingent assets	Definition of provisions and estimation methods, particular cases analyzed (among which the issue of restructuring).
IAS 38	Intangible assets	Definition and accounting treatment of intangible assets, recognition and measurement policies on the treatment of research and development expenditure, etc.

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IAS 40	Real estate investments	Choosing between two valuation methods: fair value or amortized cost, transfers between different asset classes, etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	Procedures to be followed for the publication of financial statements under IAS/IFRS, optional exceptions and mandatory exceptions from retrospective application of IAS/IFRS.
IFRS 5	Fixed assets held for sale and discontinued operations	Defining an asset intended for trading and abandonment of activity, evaluation of these elements.
IFRS 7	Financial instruments: information to be provided	Financial information related to financial instruments mainly refers to: (i) information on the significance of financial instruments; (ii) information on the nature and extent of the risks posed by financial instruments; (iii) reform of the interest rate benchmark.
IFRS 9	Financial instruments	Establishes principles for financial reporting of financial assets and financial liabilities, for assessing the value, timing and uncertainty of an entity's future cash flows for the purpose of presenting relevant and useful information.
IFRS 13	Fair value measurement	Applying fair value in the case of non-financial assets, presenting information related to the fair value.
IFRS 15	Revenues from contracts with customers	The principles applicable by a company to determine the nature, amount, timing and uncertainty of revenue and cash flows generated by a contract with a customer;

3. Significant accounting policies

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

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

As of 31.12.2023, the company has positive net current assets of 20,658,775 lei (17,770,756 lei in 2022) and a net profit of 9,328,420 lei (4,142,212 lei as of 31.12.2022).

For 2024, the proposed income and expenditure budget would generate positive cash flows with liquidity enhancing effect, thus the company will be able to meet its commitments to the financing bank, part of the company's operational activity being financed by bank credit.

The effects of the conflict in Ukraine at a global level, with direct implications for the economic activity of companies, may generate changes, which are being analysed and which may change the carrying amounts

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of assets and liabilities in the financial year 2023. Further considerations are presented in note 30-Subsequent events.

Foreign currency transactions

Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the statement of financial position are converted into functional currency at the exchange rate on that day.

Gains or losses on their settlement and conversion using the exchange rate at the end of the financial year for monetary assets and liabilities denominated in foreign currency other elements of the overall result are recognized in the statement of profit or loss.

The exchange rates of the main foreign currencies were:

Currency	December 31, 2023	December 31, 2022
Euro (EUR)	1: LEU 4.9746	1: LEU 4.9474
US Dollar (USD)	1: LEU 4.4958	1: LEU 4.6346

Accounting for the effect of hyperinflation

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"), the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the measuring unit current at the statement of financial position date (non-monetary items are restated using a general price index at the date of acquisition or contribution).

According to IAS 29, an economy is considered hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004. Therefore, the provisions of IAS 29 have been adopted in the preparation of the financial statements starting with 2012, for the periods prior to December 31, 2003.

Thus, amounts expressed in the current unit of measure for periods prior to December 31, 2003 are treated as the basis for the carrying amounts reported in the financial statements and do not represent appraised values, replacement cost, or any other measure of the current value of assets or the prices at which transactions would occur at that time.

For the purpose of preparing the financial statements, the Company adjusts the following non-monetary items to be expressed in the current unit of measurement for periods prior to December 31, 2003:

- Registered capital
- reserves
- property, plant and equipment other than land and buildings

Land and buildings are shown at revalued amount as at 31 December 2015, with buildings adjusted for accumulated depreciation up to the end of the financial year 2023.

The most recent reassessment was carried out by the Company on 31 December 2023 for the purpose of determining the amount of local taxes and levies under GEV 500. Revalued values are not reflected in the Financial Statements.

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Inventories

Inventories are measured at cost in accordance with IAS 2 and the cost formula used is a weighted average cost. This method does not apply to work in progress and finished goods for which the provisions of IFRS 15 "Revenue from Contracts with Customers" apply.

Work in progress is found under Inventories - Work in progress. Under IFRS 15, revenue from contracts with customers is measured on the basis of the company's receipts and efforts to meet performance obligations in relation to the total expected receipts to meet the performance obligation. In determining revenue from contracts with customers, the entity continually assesses the level of actual costs against the initial, pre-manufacturing estimated costs and recognises revenue only at the level of costs that contribute to the entity's progress and that have been reflected in the contract price, weighted by the quantity and physical stage of completion of the contract.

Cash and cash equivalents

Cash and cash equivalents include: cash, current accounts and short-term bank deposits.

Financial assets and liabilities***(i) Classification***

The company classifies the financial instruments held in the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market, other than those that the Company intends to sell immediately or in the near future.

Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are not classified as loans and receivables.

For available-for-sale financial assets for which an active market exists or can be measured using valuation methods, subsequent to initial recognition, equity instruments are measured at fair value and changes in fair value, other than impairment losses, are recognised directly in equity.

When the asset is derecognised, the cumulative gain or loss is transferred to the profit or loss account.

(ii) Recognition

Assets and liabilities are recognized on the date on which the Company becomes a contractual party under the terms of that instrument. Financial assets and liabilities are measured at the time of initial recognition at fair value plus directly attributable trading costs, except for investments in shares whose fair value could not be reliably determined and which are initially recognized at cost.

(iii) Valuation at amortized cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, less principal payments, plus or minus the accumulated depreciation up to that time using the method. effective interest, less impairment losses.

(iv) Fair value measurement

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

(v) Identifying and evaluating impairment

Financial assets measured at amortized cost

The Company reviews at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (“loss-generating event”) and the loss-generating event or events, have an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there are objective indications that there has been a impairment loss on financial assets measured at amortized cost, then the loss is measured as the difference between the carrying amount of the asset and the present value of future cash flows using the effective interest rate of the financial asset in the beginning.

The carrying amount of an asset is reduced by the Company through the use of a provision account. Impairment losses are recognized in the income statement and other comprehensive income.

If in a subsequent period an event that occurred after the recognition of the impairment results in a reduction in the impairment loss, the previously recognized impairment loss is reversed by adjusting the provision account. The reduction of the impairment loss is recognized in the profit or loss account and other elements of the overall result.

Available-for-sale financial assets

In the case of available-for-sale financial assets, when a decrease in the fair value of a available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity will be resumed from equity accounts and recognized in the statement of comprehensive income even if the financial asset has not yet been derecognized.

The amount of the accumulated loss that is resumed from equity accounts in the statement of comprehensive income will be the difference between the acquisition cost (net of principal repayments and amortization) and current fair value, less any impairment loss of that financial asset previously recognized in the statement of comprehensive income.

Impairment losses on assets recognized in the income statement and other comprehensive income related to investments classified as available for sale may not be reversed in the income statement. If, in a subsequent period, the fair value of an impaired investment increases, the increase in value will be recognized directly in other comprehensive income.

Given the intrinsic limitations of the methodologies applied and the significant uncertainty of the valuation of assets on international and local markets, the Company's estimates may be significantly revised after the date of approval of the financial statements.

(vi) Derecognition

The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive contractual cash flows related from that

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financial asset in a transaction in which it has significantly transferred all the risks and benefits of ownership.

The company derecognizes a financial debt when the contractual obligations have been concluded or when the contractual obligations are canceled or expire.

On derecognition of a financial asset in its entirety, the difference between:

- its carrying amount and
- the amount consisting of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Other Financial assets and liabilities

Other financial assets and liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

Tangible and intangible assets***(i) Recognition and evaluation***

Property, plant and equipment recognised as assets are initially measured at cost by the Company. The cost of an item of property, plant and equipment consists of the purchase price, including irrecoverable taxes, after deducting any price discounts of a commercial nature and any costs that may be directly attributable to bringing the asset to its location and in the condition required for its use for the purpose desired by the management, such as: employee expenses resulting directly from the construction or acquisition of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

The value of the Company's tangible and intangible fixed assets at 31 December 2023 and 31 December 2022 is detailed in note 5.

Tangible fixed assets are classified by the Company in the following classes of assets of the same nature and with similar uses:

- Land
- Buildings
- Items of equipment, technical installations and machinery;
- Means of transport;
- Other tangible fixed assets.

Fair value is based on market price quotations, adjusted where appropriate to reflect differences in the nature, location or conditions of the asset.

All fixed assets in the company's assets were used for the purpose of achieving the main object of activity, i.e. production contracted with customers for 2023 or for the purpose of achieving the secondary object of activity (for a small proportion of assets). They are recorded at fair value, classified in level 2 in the fair value hierarchy.

During 2023 there were no transfers between the categories of value hierarchy.

The re-evaluations were performed by specialized evaluators, ANEVAR members. The frequency of revaluations is dictated by the dynamics of the markets to which the land and buildings owned by the Company belong. Assets consisting of land and buildings that represent collateral under financing contracts

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are revalued annually, without these existing values being adjusted according to the results of these revaluations.

The other categories of tangible assets are highlighted at cost, less accumulated depreciation and the provision for impairment.

Expenses for the maintenance and repair of property, plant and equipment are recorded by the Company in the statement of comprehensive income when they arise, and significant improvements made to property, plant and equipment, which increase their value or life, or which significantly increase the ability to generate economic benefits, are capitalized.

(ii) Amortization

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 - 55 years
Equipment	2 - 36 years
Means of transport	4 - 8 years
Furniture and other tangible assets	3 - 18 years

Land is not subject to depreciation.

Intangible assets that meet IFRS recognition criteria are recorded at cost less accumulated depreciation. Depreciation of intangible assets is recorded in the income statement on a straight-line basis over an estimated period of up to 4 years.

Depreciation methods estimated useful lives and residual values are reviewed by the Company's management at each reporting date.

(iii) Sale / disposal of tangible and intangible assets

Tangible fixed assets that are scrapped or sold are eliminated from the statement of financial position together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation is included in the current profit or loss account. Disposal of tangible assets is made annually, following their inventory and is approved by the Board of Directors.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to identify any evidence of impairment. If there are such indications, the recoverable amount of those assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash and has the ability to generate cash flows independently of other assets and other groups of assets. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of an asset or a cash-generating unit is the higher between its value in use and its fair value less costs to sell that asset or unit. In determining value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to the asset.

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Impairment losses recognised in prior periods are assessed at each reporting date to determine whether they have decreased or no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of depreciation and amortization, if the impairment loss had not been recognized.

Investment grants

The company has registered investment grants. The policies adopted for the recognition and disclosure of investment grants received are as follows: a grant is recognized only when there is reasonable assurance that the entity will comply with the terms attached to the grant and that the grant will be received. The company recognizes these receivables on the date of collection or on a date close to the date of collection, at the same time as the recognition of a deferred income.

Deferred income is recognized as income from grants (Other income) as assets are depreciated. See **Note on other income.**

Registered capital

Ordinary shares are recognized in share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from capital, net of tax effects.

Revaluation reserves

The revaluations were performed so that the carrying amount does not differ substantially from that which would have been determined using fair value on the date of the statement of financial position.

If the result of the revaluation is an increase in net book value, then it is treated as follows: as an increase in the revaluation reserve presented in equity, if there was no previous decrease recognized as an expense related to that asset or as income to offset the expense with the previously recognized decrease in that asset.

If the result of the revaluation is a decrease in the net carrying amount, it is treated as an expense with the full amount of the impairment when no revaluation reserve amount is recorded on that asset (revaluation surplus) or as a decrease in the revaluation reserve, with the minimum between the value of that reserve and the value of the decrease, and any difference left uncovered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to retained earnings when that surplus represents a realized gain. The gain is deemed to be realised when the asset for which the revaluation reserve was set up is derecognised.

Starting with May 1, 2009, as a result of the changes occurred in the fiscal legislation, the revaluation reserves registered after January 1, 2004 become taxable as the respective fixed asset is depreciated.

Legal reserves

In accordance with legal requirements, the Company has fully established legal reserves in the amount of 5% of the gross profit recorded, but not more than 20% of the share capital valid at the date of establishment of the reserve. These reserves are deductible when calculating income tax.

Dividends to be distributed

Dividends are treated as a distribution of profits in the period in which they were declared and approved by the General Meeting of Shareholders.

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Provisions for risks and expenses

Provisions are recognized in the statement of financial position when an obligation arises for the Company as a result of a past event and it is probable that future economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. In determining the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to the liability.

Revenues from contracts with customers

Revenue from contracts with customers is recognized periodically and is measured on the basis of the Company's receipts and efforts to meet performance obligations in relation to the total expected receipts to meet the performance obligation. In determining revenue from contracts with customers, the entity continually assesses the level of actual costs against the initial, unrecognized costs and recognizes revenue only at the level of costs that contribute to the entity's progress and that have been reflected in the contract price, weighted by the quantity and physical stage of completion of the contract. The Company transfers to the customer over time (by phase) control over the goods fulfilling a performance obligation, thereby recognising revenue over time at each stage of completion. When recognising revenue over time, the company analyses the terms of the contract relating to the payment obligation, guarantees, remediation costs and any other costs that may affect contract performance and adjusts contract revenue accordingly.

Interest income

Interest income and expenses are recognized in the income statement and other comprehensive income through the effective interest method. The effective interest rate is the rate that accurately updates payments and cash receipts expected in the future over the life of the asset or financial liability (or, where applicable, for a shorter term) to the carrying amount of the asset. or financial debt.

Employee benefits***(i) Short-term benefits***

Obligations with short-term benefits granted to employees are not discounted and are recognized in the income statement and other comprehensive income as the related service is provided.

Short-term employee benefits include wages, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when the services are provided. The Company recognizes a provision for amounts expected to be paid in respect of accrued and unused leave entitlements, short-term cash bonuses or profit-sharing schemes if the Company has a present legal or constructive obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be measured reliably.

(i) Determined contribution plans

The company makes payments on behalf of its employees to the public pension system, health insurance and the employer's contribution for work in the normal course of business.

The Company is not engaged in any other post-retirement benefit scheme. The company has no obligation to provide subsequent services to former or current employees.

(ii) Long-term employee benefits

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The Company's net liability in respect of long-term service benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods. According to the collective labor agreement, the Company is obliged to pay a fixed amount of between RON 1600-2000 to its employees upon retirement, depending on their length of service (at least 10 years).

The Company uses an internal actuarial calculation to calculate the amount of retirement benefits and updates the amount of this debt each year, based on the seniority of the Company's employees and the staff turnover rate over the past 5 years. The amount of retirement benefits is recognized as a provision in the statement of financial position.

Adjustments resulting from the annual revision of anniversary provisions are recognized in the income statement.

The provision for retirement benefits is reversed in the income statement when the Company pays the obligation.

Income and loss from exchange rate differences

Foreign currency transactions are recorded in the functional currency (leu), by converting the amount in foreign currency at the official exchange rate communicated by the National Bank of Romania, valid on the date of the transaction.

On the reporting date, monetary items expressed in foreign currency are converted using the closing exchange rate.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at rates different from those at which they were translated on initial recognition (during the period) or in the previous financial statements are recognised as a gain or loss in the income statement and other comprehensive income in the period in which they arise.

Income tax

The profit tax for the year includes the current tax and the deferred tax.

Income tax is recognized in the statement of profit or loss account, other items of comprehensive income or directly in equity, taking into account how the items to which they relate affect one or the other of these items.

The current tax is the tax payable related to the profit realized in the current period, determined based on the percentages applied at the reporting date and all the adjustments related to the previous periods.

For the period 1 January to 31 December 2023, the corporate tax rate was 16%.

The provisions of GEO 153/2020 were additionally applied.

Deferred tax is not recognised for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions that are not business combinations and that affect neither accounting nor taxable profit, and differences arising from investments in subsidiaries, provided they are not reversed in the foreseeable future.

The deferred tax is calculated on the basis of the tax rates that are expected to be applicable to temporary differences upon their resumption, based on the legislation in force at the reporting date. Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax debts and receivables and if they are related to the tax collected by the same tax authority for the same taxable entity or for different tax authorities but wishing to settle claims. and current tax liabilities using a net basis or the related assets and liabilities will be realized simultaneously.

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The deferred tax asset is recognized by the Company only to the extent that it is probable that future profits may be used to cover the tax loss. The receivable is revised at the end of each financial year and is diminished to the extent that the related tax benefit is unlikely to be realized.

Earnings per share

The company presents the result per basic share and diluted for ordinary shares. The result per basic share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares related to the reporting period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by potential ordinary shares.

Leasing payments

The minimum lease payments under the financial leasing contracts are divided proportionally between the leasing interest expense and the reduction of the leasing debt. The lease interest expense is allocated to each lease term in such a way as to produce a constant interest rate for the remaining lease debt.

Operational-segment reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographic environment (geographic segment) and that is subject to risks and benefits different from those of other segments.

4. Management of significant risks

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

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

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

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

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

(a) Market risk

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

The company is exposed to the following market risk categories:

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

(i) Price risk

The company is exposed to price risk, with the possibility that the value of the costs for the fulfillment of the projects will be higher than the estimated value, thus the contracts will run at a loss.

In order to cover the price risk generated by the increase of the basic raw material, the metal, the company has written, in the commercial contracts concluded with the clients, a protection clause that allows it to update the sale price if the price of the basic raw material increases. In the current economic context marked by political and economic instability, there is a risk linked to volatile raw material prices. The company also has a material procurement policy that offers protection for a period of 2-3 months, for confirmed orders, which ensures a balance, for the period in which we reposition ourselves vis-à-vis suppliers and vis-à-vis customers.

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

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Receivables from contracts with customers	49,155,099	49,155,099	36,697,700	36,697,700
Trade receivables and other receivables	11,803,949	11,803,949	4,338,219	4,338,219
Down-payments granted for tangible assets	1,033,263	1,033,263	995.184	995.184
Grants receivable	845.000	845.000	0	0
Cash and cash equivalents	7,623,636	7,623,636	14,319,879	14,319,879
Short-term bank loan	-33,827,280	-33,827,280	-36,610,760	-36,610,760
Current part-lease	-203.782	-203.782	-226.045	-226.045
Deferred tax liabilities (current part)	-279.601	-279.601	-279.601	-279.601
Trade and other payables	-34,659,152	-34,659,152	-34,271,900	-34,271,900
Total	1,491,132	1,491,132	-15,037,324	-15,037,324

(ii) Interest rate risk

As at 31 December 2023 most of the Company's assets and liabilities are non-interest bearing, except for bank loans and leases. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

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

The following tables show the Company's exposure to interest rate risk.

Fixed rate financial instruments	2023	2022
<i>Financial assets</i>		
Working capital loan	36,812,040	40,568,680
Interest rate:	Euribor / Libor / Robor 1M + +1.15%	Euribor / Libor / Robor 1M + 1.15%
Leasing contract UNICREDIT Leasing Corporation IFN	0	199
Interest rate: Euribor 3M + 1.99%		
PORSCHE leasing contracts 166 2,234		

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

Interest rate: PLP18FE 6.09%		
BRD Sogelease Leasing contracts	10,855	19,836
Interest rate: Eur3M +2.40%		

Currency risk

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

Most current assets are expressed in foreign currency (74%) and the Company's financial liabilities are expressed in foreign currency (49%) and in the national currency (51%) and therefore exchange rate fluctuations do not significantly affect the Company's activity. The exposure to exchange rate fluctuations is mainly due to current currency conversion transactions required for current payments in LEI.

(b) Credit risk

The Company is exposed to credit risk related to financial instruments arising from the possible non-fulfillment of payment obligations that a third party has towards the Company. The company is exposed to credit risk as a result of trade receivables with payment terms of up to 120 days.

The maximum exposure to credit risk of the Company is in the amount of 62,836,726 lei as of December 31, 2023 and in the amount of 42,031,102 lei as of December 31, 2022 and can be analyzed as follows:

Receivables from contracts with customers, miscellaneous debtors and trade receivables

The status of receivables at the date of the financial statements (compared to the invoice date) was:

	Gross value as of December 31, 2023	Impairment adjustments	Gross value as of December 31, 2022	Impairment adjustments
Between 0 - 30 days	39,716,612	-	25,034,545	-
Between 31 - 60 days	10,585,657	-	8,195,852	-
Between 61 - 90 days	8,704,972	-	5,912,785	-
Between 91 - 180 days	3,099,429	-	2,015,972	-
Between 181 - 365 days	560,782	-	584,694	-
Over 365 days	3,830,337	3,661,063	3,514,079	3,226,825
Total	66,497,789	3,661,063	45,257,927	3,226,825
Total net:	62,836,726		42,031,102	

Receivables over 180 days old, without provisions, are within the contractual terms. See Note 8, 9 and 10. Out of the total receivables with an overdue maturity of more than 365 days, provisions were made for uncertain amounts.

(c) The risk related to the economic environment

The Romanian economy continues to have the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social environment in the future. The management of the Company is concerned to estimate the nature of the changes that will take place in the world political and economic environment and, in particular, in Romania and what will be their effect on the financial situation and the operational and treasury result of the Company.

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

One of the features of the Romanian economy is the existence of a currency that is not fully convertible abroad and a low degree of liquidity of the capital market.

The Company's management cannot foresee all the effects of the economic situation, considered as a whole, which will have an impact on the financial sector in Romania, nor their potential impact on the present financial statements. The management of the Company considers that it has adopted the necessary measures for the sustainability and development of the Company in the current market conditions. The main challenge, at this moment for the Company, is the evolution of the price of raw materials as well as the labor market regarding the training of qualified personnel in the field in which we operate, necessary for the operational success of the company.

(d) Operational risk.

Operational risk is defined as the risk of incurring losses or not achieving expected profits due to internal factors such as inadequate internal operations, inadequate staff or systems, or external factors such as economic conditions, changes in the capital market, technological developments, fluctuations in raw material prices. The operational risk is inherent in all the Company's activities.

The policies defined for the management of operational risk have taken into account each type of event that can generate significant risks and the ways in which they manifest themselves, in order to eliminate or mitigate losses of a financial nature or concerning reputation.

(e) Capital adequacy

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

The Company's equity includes share capital, various types of reserves and retained earnings. The company is not subject to legal capital adequacy requirements.

(f) Determining fair value

Certain Company accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for the purpose of evaluating and / or presenting information based on the methods described below. Where applicable, additional information on the assumptions used in determining fair value is disclosed in the specific notes on that asset or liability.

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

5. Tangible and intangible assets

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

	Exp. on develop ment	Intangible assets	Lands	Buildings	Technical installati ons and machinery	Other installati ons and furnitur e	Tangible assets in progress	Total	Advance p. for tangible assets	Total fixed assets*
Cost	203	205	211	212	213	214	231		4093	
Balance on 1 January 2023	59.864	1,347,543	21,247,075	40,789,917	95,404,980	503.867	6,405,825	165,759,071	995.184	166,754,255
inputs	417	52.840	0	243.853	1,267,715	29.318	4,491,271	6,085,414	794.822	6,880,236
Domestic production	0	0	0		0	0	594.410	594.410	0	594.410
Outflow (discarded assets)	0	0	0	0	-5,086,750	0	0	-5,086,750	0	-5,086,750
Internal transfers	0	0	0	1,327,875	1,994,065	-70.700	-3,251,240	0	-756.743	-756.743
Revaluation of fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of December 31st, 2023	60.281	1,400,383	21,247,075	42,361,645	93,580,010	462.485	8,240,266	167,352,145	1,033,263	168,385,408
Balance on 1 January 2023	0	892.149	0	19,398,223	68,634,598	285.585	0	89,210,555	0	89,210,555
Depreciation expense per year	0	244.508	0	2,689,713	4,629,098	37.814	0	7,601,133	0	7,601,133
Cumulative depreciation of outflows	0	0	0	0	-4,751,682	-56.877	0	-4,808,559	0	-4,808,559
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of December 31, 2023	0	1,136,657	0	22,087,936	68,512,014	266.522	0	92,003,129	0	92,003,129

***Total fixed assets includes advances fixed assets, for**

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

verification with line 26,
balance sheet code S_1040;

	Exp. on develop ment	Intangible Assets	Lands	Buildings	Technical installat ions and machinery	Other installat ions and furnitur e	Tangible assets in progress	Total	Real estate advances.	Total fixed assets*
Cost	203	205	211	212	213	214	231		4093	
Balance on 1 January 2022	34.863	1,248,485	21,247,075	40,590,779	94,579,714	443.346	417.237	158,561,499	485.196	159,046,695
inputs	25.001	99.058	0	37.857	616.343	60.521	5,262,762	6,101,542	3,019,475	9,121,017
Domestic production	0	0	0		0	0	1,180,709	1,180,709	0	1,180,709
Outflow (discarded assets)	0	0	0	0	-84.679	0	0	-84.679	-2.509, .4877	-2,594,166
Internal transfers	0	0	0	161.281	293.602	0	-454.883	0	0	0
Revaluation of fixed assets	0	0	0	0	0	0	0	0	0	0
Balance as of December 31st, 2022	59.864	1,347,543	21,247,075	40,789,917	95,404,980	503.867	6,405,825	165,759,071	995.184	166,754,255
Accumulated depreciation										
Balance on 1 January 2022	0	783.900	0	16,749,634	63,849,803	257.855	0	81,641,192	0	81,641,192
Depreciation expense per year	0	108.249	0	2,648,589	4,868,185	27.730	0	7,652,753	0	7,652,753
Cumulative depreciation of outflows	0	0	0	0	-83.390	0	0	-83.390	0	-83.390
Depreciation cancellation for revalued fixed assets	0	0	0	0	0	0	0	0	0	0
Balance at 31 December 2022	0	892.149	0	19,398,223	68,634,598	285.585	0	89,210,555	0	89,210,555
Net book value										
On December 31, 2023	60.281	263.726	21,247,075	20,273,709	25,067,996	195.963	8,240,266	75,349,016	1,033,263	76,382,279
On December 31, 2022	59.864	455.394	21,247,075	21,391,694	26,770,382	212.282	6,405,825	76,548,516	995.184	77,543,700

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

The company has in recent years valued land and buildings at fair value. The last revaluation of the buildings that had an effect on the financial statements was performed on December 31, 2015. The company performed the revaluation of property, plant and equipment with independent appraisers.

During 2023 the Company made new investments amounting to 6,679,862 lei financed from the surplus of the current activity of the period and from non-reimbursable funds.

The increases of tangible / intangible assets, in the reference year, are mainly materialized in:

a) Extension of photovoltaic electricity system	1,281,709 lei
b) LED lighting system	903.003 lei
c) Cutting machines (acquisition and modernization)	1,641,947 lei
d) Pellet production technological installation + Heating installation (on burners, with pellets)	532.486 lei
e) IT+Information systems, incl surveillance system Buildings	470.230 lei
f) Temporary accommodation space for non-EU staff + furnishing + furniture	144.233 lei
g) Laboratory instruments	97.569 lei
h) Lifting and handling machines	388.384 lei
i) Modernisation of Carpentry Workshop	236.261 lei
j) Modernization by replacing skylights	169.088 lei
k) Welding machines	592.576 lei
l) Painting installations	222.376 lei

The amortization method was a linear one throughout the financial year, its total amount was 7,601,123 lei. In the same period, the amount of 1,261,033 lei was added back to the income from investment grants. The company holds ownership papers for the land and buildings. The situation of the sureties in the form of mortgages is presented in note 14.

6. Financial assets available for sale

As of December 31, 2023 and December 31, 2022, Comelf SA no longer holds financial assets available for sale.

7. Inventories

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

	31decembrie 2023	December 31, 2022
Raw materials	9,820,860	14,180.582
Auxiliary materials	64.011	38.450
Fuel + Machine oil	19.572	4.802
Inventory items	411.475	388.314
Other	173.194	326.621
Production in progress	10,960,899	19,529,710
Finished product	24.531	550.791
Adjustments for depreciation of raw materials	-332	-332
Total	21,474,210	35,018,938

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

In 2023, the expenses related to the above positions recognized in the cost of sales amounted to 84,311,518 lei (2022: 88,380,936 lei).

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

No stocks were pledged for the contracted loans.

8. Receivables from contracts with customers

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

	31decembrie 2023	December 31, 2022
Invoiced receivables from contracts with customers	52,816,163	38,913,538
Unbilled receivables from contracts with customers	0	0
Value adjustments regarding receivables from invoiced construction contracts	(3,661,064)	(2,215,838)
Total	49,155,099	36,697,700

Receivables from customer contracts are shown net of advances received in the amount of 190,000 lei (31 December 2022: 454,813).

The division by seniority was presented in point 4 "Management of significant risks."

The situation of the seniority of the impaired receivables at the date of the financial statements was:

	31decembrie 2023	December 31, 2022
Between 181 - 365 days	-	-
Over 365 days	3,661,064	2,215,838
Total	3,661,064	2,215,838

Below is an analysis by age of receivables from customer contracts that are past due on 31.12.2023 but not impaired:

December 31, 2023

DEBT	Total	On time	Backlog <30 days	Backlog Between 30 - 90 days	Backlog > 90 days
Receivables from contracts with customers	49,155,099	45,888,918	561.726	2,323,271	381.184

Receivables with maturity > 90 days are offset by payables to be offset against each other.

The turnover rate of the clients (the recovery period of the receivables) expresses the number of days until the date on which the debtors pay their debts to the company and thus shows the efficiency of the company in collecting its receivables. For the year 2023 (Average balance of customers / Turnover) x 365 days = 81 days, for the year 2022 it is 77 days. In general, the penalties are treated according to the contracts with each client and are solved by case by case negotiation. The procedure for accepting new clients is performed in accordance with the bidding-contracting procedures outlined in the procedures manual. These procedures are reviewed periodically.

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

9. Trade receivables and other receivables

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

	31decembrie 2023	December 31, 2022
Receivables from sales of goods	-	-
VAT to be recovered	3,030,168	2,567,367
Down-payments made to domestic suppliers (excluding those for fixed assets)	8.175	137.297
Down-payments made to external suppliers	90.413	464.261
Down-payments made to fixed assets suppliers	1,033,263	995.184
Grants receivable	845.000	-
Different debtors	938.063	802.486
Dividend receivables distributed during the financial year	4,680,872	-
Other receivables	3,056,258	1,377,795
Value adjustments	-	-1,010,987
Total	13,682,212	5,333,403

Other receivables include: (i) amounts receivable from employees for the sale of social housing, with monthly payment facility, for a maximum period of 5 years;(ii) amounts in dispute with ANAF, representing VAT and corporate income tax additionally established, paid but disputed and following legal procedure;(iii) customer amounts to be offset against debts.

Below is an analysis by age of trade and other receivables that are past due on 31.12.2023 but not impaired:

December 31, 2023

DEBT	Total	On time	Backlog <30 days	Backlog Between 30 - 90 days	Backlog > 90 days
Trade receivables and other receivables	13,682,212	1,465,718	5,863,469	2,227,799	4,125,226

Outstanding amounts > 90 days represent VAT to be recovered and amounts paid for medical CO that have not been recovered from CASS BN, amounts in dispute with ANAF, amounts to be offset against debts related to a client.

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

10 . Impairment adjustments for current assets

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

	Balance on 01 January 2023	increases	Decreases	Balance on December 31st, 2023
Value adjustments regarding receivables from contracts with customers	2,215,838	1,445,226	-	3,661,064
Value adjustments for miscellaneous debtors	1,010,987	-	1,010,987	0
Total	3,226,825	1,445,226	1,010,987	3,661,064

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

The increase in value adjustments of 1,445,226 lei, are constituted for a number of 14 clients of which one client entered bankruptcy proceedings with a value of 1,115,995 lei.

The adjustment in the amount of 1,010,987 lei represents an adjustment in the amount of 100% of the value of a receivable with a long history, which was collected in January 2023.

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

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

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

11. Cash and cash equivalents

At 31 December 2023 and 31 December 2022, cash and cash equivalents are as follows:

	31decembrie 2023	December 31, 2022
Amounts available in bank accounts in local currency	1,481,067	665.242
Amounts available in bank accounts in foreign currency	6,135,726	13,650,966
Cash	6.843	3.671
Other amounts available	-	-
Total	7,623,636	14,319,879

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

Liquidity management

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

December 31, 2023

DEBT	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	49,155,099	32,146,373	14,431,972	2,576,754	0
Trade receivables and other receivables	13,682,212	7,329,187	2,227,799	4,125,226	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	7,623,636	7,623,636			
TOTAL	70,460,947	47,099,196	16,659,771	6,701,980	-

December 31, 2023

LIABILITIES	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Trade and other payables	34,652,136	25,803,369	4,297,437	4,551,330	0
Current part - leasing loans	203.782	14.014	46.283	143.485	
Deferred tax liabilities (current part)	279.601	0	69.900	209.701	0
Overdraft (current part)	36,812,040	36,812,040	0	0	0

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

TOTAL	71,947,559	62,629,423	4,413,620	4,904,516	0
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December 31, 2022**DEBT**

	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Receivables from contracts with customers	36,697,700	21,411,283	10,697,854	4,588,563	0
Trade receivables and other receivables	5,333,304	2,590,581	2,189,104	395.135	0
Current tax receivables	0	0	0	0	0
Cash and cash equivalents	14,319,879	14,319,879			
TOTAL	56,350,982	38,321,743	12,886,958	5,142,281	-

December 31, 2022**LIABILITIES**

	Total	<1 Month	1 - 3 months	3 months - 1 year	> 1 year
Trade and other payables	34,271,900	27,586,511	3,176,499	3,508,890	0
Current part - leasing loans	226.045	19.637	57.369	149.039	
Deferred tax liabilities (current part)	279.601	0	69.900	209.701	0
Overdraft (repayment 1 year)	3,957,920			3,957,920	
Overdraft (current part)	36,610,760	36,610,760	0	0	0
TOTAL	75,346,226	64,216,908	3,303,768	7,825,550	0

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

In 2023 there were no changes to the value of the share capital (13,036,325.34 LEI) and the number of shares (22,476,423 shares).

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

	2023			2022		
	Number of shares	Total face value	%	Number of shares	Total face value	%
Uzinsider SA	18,189,999	10,550,199	80.93 %	18,189,999	10,550,199	80.93 %
Other shareholders	4,286,424	2,486,126	19.07 %	4,286,424	2,486,126	19.07 %
Total	22,476,423	13,036,325	100 %	22,476,423	13,036,325	100 %

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

The restated share capital contains the following components:

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

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

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

b) Reserves and retained result

Below is a breakdown of the lines in the statement of financial position representing reserves and retained earnings.

The rows marked in bold are found both in the statement of financial position and in the statement of changes in equity where the change from 31.12.2023 to 31.12.2022 is explained.

	Financial year ended on 31 Dec 2023	Financial year ended on 31 Dec 2022
Legal reserves	2,607,265	2,607,265
Reserves and revaluation differences	30,955,944	32,423,851
Differences from revaluation of fixed assets	35,524,725	37,272,233
Temporary differences in deferred income tax recognized on account of capital	-4,568,781	-4,848,382
Reserves from the revaluation of available-for-sale financial instruments	-	-
Other reserves (account 1068)	15,861,059	15,861,059
Profit carried forward and profit (retained earnings)	10,518,520	5,503,751
The carried forward result representing the surplus realized from revaluation reserves	15,527,312	14,059,405
Retained earnings from the transition to IFRS, less IAS 29	-11,176,457	-11,176,457
The result carried forward represents the undistributed profit or the uncovered loss	0	0
Account 118 Deferred income from the first adoption of IAS 29	113.776	113.776
Profit	9,328,420	4,142,212
Profit distribution	0	0
Total Reserves and retained result	59,935,187	56,395,926

Capital management**(a) Legal reserves**

In accordance with legal requirements, the Company establishes legal reserves in the amount of 5% of the gross profit recorded under IFRS in 2023 but not more than 20% of the share capital valid at the date of establishment of the reserve.

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Legal reserves cannot be distributed to shareholders, but can be used to cover cumulative losses. On 31.12.2023 the Company had already set up legal reserves up to the amount of these limits.

(b) Revaluation reserves

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

(c.) Dividends

During 2023, in accordance with the Decision of the Ordinary General Meeting of Shareholders, the Company decided to distribute dividends from the earnings of the financial year ended December 31, 2022. The Company declared dividends in the amount of 4,142,212 lei (representing 0.1843 lei/share) and paid during 2023 to the shareholders the amount of 3,689,253 lei representing dividends distributed in the current and previous years. During the financial year 2023, the Company decided to distribute interim dividends related to Quarter II 2023 in the amount of 4,680,872 lei (representing 0.208 lei/share) and paid until the end of the year to the shareholders the amount of 4,226,243 lei representing dividends distributed in Quarter II 2023. As at 31 December 2023 the balance of dividends payable is 875,921 lei, respectively 454,630 lei per quarter. II 2023.

In the last two years, the evolution of gross dividends has been as follows:

	2023	Quarter II 2023	2022
Dividends	9,328,420	4,680,872	4,142,212
lei / share	0.415	0,208	0.1843

From the profit of the year 2023 in the amount of 9.328.420 lei, according to the proposal of the Board of Directors, an additional amount of 4.647.548 lei will be distributed as dividends. The gross dividend that would be paid in 2023 would be 0.415 lei/share, of which 0.208 lei/share would be paid as interim dividends.

13. Loans**a) Credit line**

As at 31 December 2023 the Company has a working capital loan agreement with ING Bank Romania - contract no. 11438/09.11.2011, with annual maturity, renewed in November each year. The subject matter of the agreement is a loan facility in the initial amount of EUR 8,400,000 (EUR 7,400,000 balance as at 31 December 2023), with the company repaying EUR 600,000 in 3 equal quarterly instalments during 2024. The loan was accessed for the temporary provision of working capital to support operating activities in line with the new cash conversion cycle.

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

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

As at 31 December 2023, the Company has a total credit line balance of 36,812,040 lei (31 December 2022: 40,568,680 lei).

b). Leasing contracts

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

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

Lease contracts no. 234267, 234268, 234269 were concluded on 08.01.2019, financier Porsche Leasing, financed amount 38.443,31 EUR, payable in 60 monthly instalments. The balance as at 31 December 2023 is 2.817.08 EUR, maturing in April 2024.

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Also during 2019, the Company committed to the purchase of a CLOOS Robotic Welding System on lease. The leasing contract nr.120882 was signed on 22.05.2019, lender BRD Sogelease, financed amount 179.660,70 eur, payable in 60 monthly installments. The balance at 31 December 2023 is EUR 51,569.93, maturing in 2025.

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

- Land with an area of 13,460 sqm and buildings with a built-up area of 12,600 sqm, with topographic number 8118/1/6, registered in CF 8685 of Bistrita locality, inventory value = 2,780,904 lei.
- Land with an area of 20,620 sqm and buildings with a built-up area of 17,894 sqm, with topographic number 8118/1/15, registered in CF 8694 of Bistrita locality, inventory value = 4,673,623 lei.
- Land with an area of 581 sqm and buildings with a built-up area of 572.93 sqm, bearing the topographic number 6628/2/2/1/2, registered in CF 8697 of Bistrita locality and no. topographic 6628/2/2/1/2 / I, registered in CF 8697 / I of Bistrita locality, inventory value = 1,217,062 lei
- CF 55054 topo 8118/1/5: land with an area of 16820 sqm, cad.C1 top: 8118/1/5: SIDUT monobloc hall.
- Pledge of technological equipment with a net book value on 31.12.2023 of 1,579,733 lei.

14. Trade and other payables

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

	31decembrie 2023	December 31, 2022
Trade payables	24,359,654	26,881,082
Debts to budgets	4,977,414	3,811,126
Debts to staff	3,769,338	3,012,548
Silver dividend	1,330,551	422.962
Other loans and similar debts	215.179	144.182
Total	34,652,136	34,271,900

Trade payables in the amount of 34,652,136 lei 31December 2023 (2022:34,271,900 lei) are in accordance with contracts with suppliers.

Credit turnover rate - supplier approximates the number of credit days that the company obtains from its suppliers. For the year 2023 (Average Supplier Balance/Turnover) x 365 days = 49 days, for the year 2022 it was 53 days. As at 31 December 2023 and 2022, the liabilities to the budgets mainly include contributions related to salaries, for which compensation has been requested with VAT to be recovered from the State Budget. The company has no outstanding debts to the state budget and the social security budget.

15. Revenues from contracts with customers

	December 31, 2023	December 31, 2022
Revenues from contracts with customers related to delivered goods, for which the full transfer of ownership to the customer was achieved (ct 701)	180,830,871	160,711,763
Revenues from contracts with clients, recognized by execution stages, estimated at the level of receivables entered in contracts, in proportion to the actual expenditure related to the planned expenditure, for the same execution phase (balance 711500)	-8,854,124	-3,364,634
TOTAL	171,976,747	157,347,129

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In determining revenues from contracts with customers, the entity permanently evaluates the level of actual costs compared to the initial costs, pre-calculated and recognizes revenues in execution stages proportional to the level of costs that contribute to the progress of the entity and were reflected in the contract price. and the physical stage of execution of the contract. The company transfers in time (in stages), to the client, the control over the goods fulfilling an execution obligation, thus recognizing revenues in time, at each execution stage. The company manufactures goods based on designs, only at the request of customers, based on firm orders.

The evaluation of the revenues from the contracts with the clients, on execution stages, is made taking into account the physical stage of execution of the contracts which is established at the end of each month by physical inventory, the costs actually accumulated corresponding to the physical stage. budgets specific to the physically determined stage of execution. Depending on the evolution of the actual costs compared to the budgeted costs, without taking into account the possible unfavorable evolutions of the actual costs, the Company recognizes an income, based on the total income to be obtained related to the contract balanced with the evolution of the corrected actual cost (without negative deviations) for the execution of the contract.

16a. Other revenue related to turnover

The position includes:

	2023	2022
Rental income	9.338	141.425
Income from various activities	6,779,319	7,193,949
Revenues from the sale of residual products	2,732,884	3,092,814
Revenue from services rendered	1,084,886	1,890,115
Total	10,606,427	12,318,303

16b. Other incomes

The position includes:

	2023	2022
Income from investment grants	1,261,033	1,252,835
Income from operating subsidies	-	-
Income from disposed of fixed assets	14.346	5.148
Other	315.153	343.221
Total	1,590,532	1,601,204

The income from the production of tangible fixed assets of 2023 was offset against the related expenses as per the provisions of Order 2844/ 2016 as follows: expenses with raw materials and other material expenses amounting to 434,129 lei, personnel expenses amounting to 142,435 lei, other expenses related to income amounting to 17,846 lei. Therefore, the amount recorded in position 16b Other income, in the amount of 1,590,532 lei, does not include the income from immobilized production in the total amount of 594.410 lei.

The income from the production of tangible fixed assets of 2022 was offset against the related expenses as per the provisions of Order 2844/ 2016 as follows: expenses with raw materials and other material expenses amounting to 958,785 lei, personnel expenses amounting to 197,331 lei, other income related expenses amounting to 24,593 lei. Therefore, the value registered in position 16b Other income, in the amount of 1,601,205 lei, does not contain the income from the fixed production in the total amount of 1,180,709 lei.

The turnover on December 31, 2023 is 191,437,298 lei (December 31, 2022: 173,218,840 lei).

17. Staff costs

The average number of employees at 31 December 2023 and 31 December 2022 was as follows:

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	2023	%	2022	%
Direct productive staff	384	61 %	399	63 %
Management and administration staff	249	39 %	237	37 %
Total	633	100 %	636	100 %

Staff costs were as follows:

	2023	2022
Staff salary expenses	50,002,490	42,171,833
Expenses with meal vouchers	3,874,965	3,078,130
Expenses regarding insurance and social protection	2,256,827	2,035,233
Total	56,134,282	47,285,196

On December 31, 2023, out of the total amount of 56,134,282, the salary expenses related to the incomes from the production of fixed assets were deducted, according to the provisions of Order 2844/2016, for the amount of 142,435 lei. See also Note on other income.

As at 31 December 2022, from the amount of 47,285,196, salary expenses related to income from the production of fixed assets, as provided for in Order 2844 / 2016, were deducted for the amount of 197,331 lei. See also note on other income.

The amounts awarded to key management personnel, Board members and directors, were as follows (gross amounts) and are included in the amounts shown above. Staff costs are shown gross. Gross expenses with staff are recorded.

	2023	2022
Salary expenses - managers/directors	3,356,339	2,085,039
B.D. allowance	253.945	230.815
Total	3,610,284	2,315,854

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

As of *December 31, 2023*, the management of COMELF SA was composed of the following:

- Members of the Company's Board of Directors:

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

- Members of the Executive Management of the Company:

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

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As of *December 31, 2022*, the management of COMELF SA was composed of the following:

- Members of the Company's Board of Directors:

Savu Constantin	Chairman
Babici Emanuel	member
Mustata Costica	member
Maistru Ion	member
Parvan Cristian	member

- Members of the Executive Management of the Company:

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

18. Shipping costs.

This position includes:

	2023	2022
Expenses for the transport of raw materials	1,435,244	1,379,729
Expenses for transporting finished products	3,542,016	4,271,606
Expenses for transporting employees	852.178	771.460
Other transport costs	-	-
Total	5,829,438	6,422,795

19a. Other expenses related to income

	2023	2022
Maintenance and repair expenses	1,368,647	1,384,475
Rent expenses	231.054	295.911
Insurance expenses	371.099	363.975
Expenses with personnel training	222.656	-
Consulting expenses	723.222	72.225
Outsourcing expenses	2,929,573	2,366,562
Expenses regarding commissions and fees	2,297,453	1,256,057
Protocol expenses	92.940	57.404
Expenses with travel, secondments and transfers	64.548	73.290
Postal charges and telecommunications charges	518.003	502.557
Expenses with banking and similar services	110.444	120.429
Other expenses with services provided by third parties	1,247,006	2,679,642
Expenses with other taxes and fees	1,194,127	1,096,011
Total	11,370,772	10,268,538

From the total amount of 11,370,772 lei (December 2023) were deducted other expenses for services rendered by third parties related to income from the production of fixed assets, according to the provisions of Order 2844 / 2016, for the amount of 17,846 lei. See also Note on other income.

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From the amount of 10,268,538 lei (December 2022) were deducted other expenses for services rendered by third parties related to income from the production of fixed assets, according to the provisions of Order 2844/2016, for the amount of 958,785 lei.

19b. Other expenses

	2023	2022
Total	606.655	300.114

At 31.12.2023 the position includes the amount of 176,146 lei, representing commercial penalties; 426,714 lei represent donations and sponsorships; the difference of 3,795 represents other current operating expenses.

On 31.12.2022, the position includes the amount of 1,912 lei, representing commercial penalties; 295,300 lei represent donations and sponsorships; the difference of 2,902 represents other current operating expenses.

20. Income tax

The Company's current profit tax as of December 31, 2023 is determined at a statutory rate of 16% based on IFRS profit.

The income tax expense related to the year ended December 31, 2023 and the year ended December 31, 2022 is detailed as follows:

	2023	2022
Current income tax expense	1,308,089	461.774
(Income) / deferred income tax expense	-	-
Total	1,308,089	461.774

Reconciliation of profit before tax to income tax expense in the income statement:

Corporate tax reconciliation	2023	2022
Profit of the period	9,328,420	4,142,212
Income tax expense	1,308,089	461.774
Profit before tax	10,636,509	4,603,986
Local tax rate of the entity	16 %	16 %
	1,701,841	736.638
Profit tax calculated using the entity's local tax rate		
The influence of the deductible legal reserve established during the period	-	-
Influence of reserves set up on account of tax-exempt reinvested earnings	-	-
The influence of non-taxable income	-33.328	-53.493
The influence of income-like items: revaluation differences that become taxable	279.601	279.601
The influence of non-deductible expenses	260.894	66.942
Minus amounts representing sponsorship	-426.714	-205.938
Income tax calculation for the period, of which:	1,783,921	823.750
Profit tax recorded directly in equity, related to revaluation differences that have become taxable	279.601	279.601

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Bonus 2+3+5% (2022) cf. GEO 153/2020 2+5% (2021) of payment tax cf. GEO 153/2020	-196.231	-82.375
Income tax charged on expenses	1,308,089	461.774

21. Provisions for risks and expenses

As of December 31, 2023, the Company has registered provisions for risks and expenses in the amount of 1,258,938 lei (1,144,728 lei as of December 31, 2022). Their summarized situation is presented below:

	Provision for guarantees	Pension provision	Provision for litigation	Other provisions	Total
Balance on 1 January 2023	0	161.930	0	982.798	1,144,728
Established during the interval	0	87.266		235.246	322.512
Used during the interval	0	0	0	0	0
Real estate receivables value adjustments (ct 2968)	0				0
Resumed during the interval	0	0	0	(208,302)	(208,302)
Balance as of December 31st, 2023	0	241.196	0	1,009,742	1,258,938
Long-term	0	241.196	0	0	241.196
short term	0	0	0	1,009,742	1,009,742

- **Pension provisions in the amount of 241,196 lei (December 31, 2022: 161.930 lei).**

According to the collective labor contract, the Company offers cash benefits depending on the length of service upon retirement for employees. The provisioned amount was calculated taking into account the amount provided for retirement based on seniority in the company, the time left until retirement for each employee adjusted by the average variance rate of the Company's staff in the last 5 years, i.e. 20.76%.

- **Other provisions in the amount of 1,009,742 lei (December 31, 2022: 982.798 lei) include:**
 - The provision related to redemptions of pension insurance policies for the amount of 759,317 lei, are loyalty pension rights of COMELF employees, granted based on the law and the Collective Labor Agreement, to be paid to employees (short term).
 - The amount of 250,425 includes provision for potential commercial penalties as per commercial contracts and customer notifications, under negotiation.

22. Deferred tax liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred tax receivables	-	-
Deferred tax liabilities related to reserves made up of reinvested earnings	(922,602)	(922,602)
Deferred tax liabilities related to revaluation differences of tangible assets.	(4,568,781)	(4,848,382)

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Deferred tax, net	(5,491,383)	(5,770,984)
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23. Deferred income

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

The governmental subsidy was conditioned by the contribution from the Beneficiary of the amount of 27,635,774 lei, of which the eligible value 16,848,613 lei, the difference being ineligible value, including VAT within the project, during the project implementation period which was 24 months from 04.02. 2013.

In 2023, the Company resumed in revenue the amount of 1,075,449 lei (2022: 1,042,476 lei), representing the amortization of subsidies.

2) The company signed in 2018 (03.05.2018) a financing contract within POIM, having as objective the granting of a non-reimbursable financing by AM POIM for the implementation of the project "Smart Metering application of utility consumption", the total value of the contract financing is 1,072,188.43 lei, of which non-reimbursable financing is worth 900,988.68 lei. In October 2019 the "Utilities and Production Consumption Monitoring System and Energy Management Software License" was put into operation, and revenues from grants under this project were recorded in 2023 in the amount of 84,557 lei (2022:84,557 lei).

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

As at 31 December 2023, the Company has reversed to income the amount of 101,027 lei(2022: 101,027 lei) , representing the amortization of subsidies.

4) The company has signed in 2023 (08.03.2023) a financing contract within POIM, with the objective of obtaining a non-reimbursable financing for the implementation of the project "Energy efficiency measurements by changing the lighting system at COMELF Sa", the total amount of the financing contract is 1,110,499. 22 lei, of which the non-reimbursable financing is 845,016.39 lei (718,263.93 lei ERDF funds +126,752.46 lei national budget funds).At the end of 2023 the implementation of the project was completed and in 2024 the subsidy for this project will be received.

The accounting policies adopted are presented in Note 3.

24. Earnings per share

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

	December 31st, 2023	December 31st, 2022
Profit attributable to ordinary shareholders	9,328,420	4,142,212
Balanced average number of ordinary shares	22,476,423	22,476,423
Basic earnings per share	0.42	0.18

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

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25. Net financial expenses

The financial elements are the following:

	December 31st, 2023	December 31st, 2022
Interest income	46.200	133
Income from exchange rate differences	849.182	1,334,691
Other items of financial income	727.528	872.816
Total financial income	1,622,894	2,207,640
Interest expenses	(1,546,142)	(545,196)
Expenses with exchange rate differences	(1,545,508)	(1,899,793)
Other items of financial expenditure, of which:	(1,173,427)	(1,331,862)
Total financial expenses	(4,265,077)	(3,776,851)

Income and expenses from exchange rate differences refer to the following items in the financial statements: short-term and long-term loans, including leasing: net amount December 2023 of RON 696,326 (December 2022: 799,961 lei), third party accounts (including reverse factoring): net amount December 2023 of 410,094 lei (December 2022: 317,654 lei), cash: net amount December 2023 of 270,995 lei (December 2022: 147,537 lei), and other smaller amounts for other positions.

Other items of income and financial expenses mainly represent discounts granted for advance payments compared to due dates.

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

Environmental regulations are in development in Romania, and the Company did not register any obligations on December 31, 2023 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remediation plans, on environmental elements.

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

(b) Transfer price

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

- 200,000 euros, in case of interest collected / paid for financial services, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 250,000 euro, in the case of transactions regarding the provision of services received / provided, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the fiscal year;
- 350,000 euro, in the case of transactions concerning purchases/sales of tangible or intangible goods, calculated at the exchange rate communicated by the National Bank of Romania valid for the last day of the tax year are obliged to draw up the transfer pricing file and make it available to the tax authorities, upon request within 10 days from the date of the request by the competent tax authority.

Comelf S.A. has drawn up the transfer pricing file for 2022 and will update it for 2023 by the legal deadline.

27. Transactions and balances with affiliated parties

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

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

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

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

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

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

Affiliated party	Activity	Description of the type of business relation
Uzinsider SA	Management consulting services	Uzinsider SA is the majority shareholder
Uzinsider Techo SA	Trade intermediation services for industrial products	
Uzinsider General Contractor SA	Collaborations on turnkey objectives Electricity trade	
Promex SA	Collaborations in the manufacture of subassemblies	
24 Ianuarie SA	Collaborations in the manufacture of subassemblies	

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

a) Receivables and payables from related parties

As at 31 December 2023 and 31 December 2022, receivables from related parties are as follows:

Receivables from	December 31st, 2023	December 31st, 2022
Uzinsider Techo SA	19,687,762	10,534,289
Uzinsider General Contractor SA	237.418	237.418
Promex SA	-	-
24 Ianuarie SA	-	-
Total	19,925,180	10,771,707

As of December 31st, 2023 and December 31st, 2022, the debts to the affiliated parties are as follows:

Debts to	December 31st, 2023	December 31st, 2022
Uzinsider SA	698.566	162.068
Uzinsider Techo SA	1,289,688	785.034
Uzinsider General Contractor SA	1,931,797	1,173,985
Promex SA	-	-
24 Ianuarie SA	-	-
Total	3,920,051	2,121,087

b) Affiliated party transactions

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

Sales in the year ended at:	December 31st, 2023	December 31st, 2022
Uzinsider Techo SA	35,770,287	16,619,749
Uzinsider General Contractor SA	-	169.065
Promex SA	-	-

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24 Ianuarie SA	21.508	33.099
Total	35,791,795	16,821,913

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

Acquisitions in the year ended at:	December 31st, 2023	December 31st, 2022
Uzinsider SA	723.222	817.152
Uzinsider Techo SA	2,444,684	990.914
Uzinsider General Contractor SA	9,204,211	9,481,755
Promex SA	-	-
24 Ianuarie SA	-	579
Total	12,371,854	11,290,400

Payment of dividends due to Uzinsider SA Bucharest was made in full during 2023 (Note 12 item c)

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

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

28. Capital commitments

Procurement commitments for the period 2024 are limited to own sources of financing and are estimated at EUR 1.6 million.

29. Operational segment reporting

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

- Stainless Steel Products Factory ("FPI")
- Earthmoving Machinery and Equipment, Filters and Electrostatic Precipitators Factory ("FUET")
- Earthmoving Components and Machines Factory ("TERRA")

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

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

- FPI - the most important products are: stainless steel (equipment for gas turbine power plants, components for wind installations, components for freight wagons, components for combustion air filtration) and carbon steel (equipment for gas turbine power plants, chassis for turbines, compressors, generators, conveyors with metal belt, components for transport, assembly and equipment of wind installations, components for transcontainer handling machines);
- FUET - the most important products are: naval equipment, filters for asphalt stations, components for freight wagons, components for asphalt cutters, components for excavators, motor housings and electric generators, equipment for industrial gas dedusting, equipment for power plants with gas turbines, wastewater treatment and purification equipment, hydromechanical and hydropower equipment, technological equipment;

COMELF S.A.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS
(All amounts are expressed in LEI, unless otherwise indicated)

- TERRA - the most important products are: earthmoving machines with final assembly (crushers, asphalt pouring machines), components for earthmoving machines (chassis, arms, frames), mobile presses for compacting car bodies, fixed presses and equipment components for compacting metal waste, telescopic cranes, subassemblies for heavy-duty dump trucks.

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

	FPI		FUET		TERRA		Center		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenues of the segment	60,407,246	52,063,628	69,309,075	70,531,395	44,446,816	38,766,147	10,604,979	11,274,950	184,768,116	172,636,120
Total segment revenues	60,407,246	52,063,628	69,309,075	70,531,395	44,446,816	38,766,147	10,604,979	11,274,950	184,768,116	172,636,120
Net financial costs	-436.201	-249.661	-698.638	-521.339	-620.837	-330.829	-886.507	-467.382	-2,642,183	-1,569,211
Depreciation and amortization	1,833,448	1,777,030	2,708,391	2,943,696	2,014,821	1,983,768	1,044,473	948.259	7,601,133	7,652,753
Income tax expense	-375.006	-	-251.353	9.417	-365.011	-	-324.320	-192.361	-1,315,690	-461.774
The net result for the interval	2,465,951	1,220,579	1,206,715	92.245	2,207,482	273.839	3,448,272	2,555,549	9,328,420	4,142,212
Segment assets	44,392,126	45,951,933	54,039,240	55,156,463	26,901,122	29,793,255	41,951,685	37,016,785	167,284,173	167,918,436
Investments in associated entities							0	0	0	0
Segment debts	9,492,066	11,099,144	11,262,735	10,963,605	5,551,039	5,652,825	59,186,949	61,958,341	85,492,789	89,673,914

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

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

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NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

In the total operating revenues of the segment in the amount of 184,768,1116 lei (year 2023) and 172,636,120 lei (year 2022) the major types of products and services are as follows:

	31decembrie 2023	31decembrie 2022
Equipment for power-generation industry and components	85,616,340	67,814,175
Equipment for earthworks and components	85,383,690	77,412,996
Lifting and handling equipment	8,687,806	6,501,234
Manufacture of rolling stock	5,080,280	9,594,630
Other types	-	11,313,085
TOTAL	184,768,116	172,636,120

The total revenues of the company may be divided according to the geographical area as follows:

	31decembrie 2023	31decembrie 2022
Income from Romania	49,745,828	30,885,401
Income from outside Romania	135,022,288	141,750,719
TOTAL	184,768,116	172,636,120

Through our contracting policy we have avoided being significantly dependent on a single customer. Our clients are world-renowned companies, and it is our company's policy to develop business relationships with strong companies that provide the basis for secure and forward-looking collaboration. The main countries from which these customers come are: ITALY, GERMANY, SWEDEN, NORWAY, AUSTRIA, NETHERLANDS, SWITZERLAND, ENGLAND, FRANCE.

The main customers that have a share of turnover greater than 5% of related revenues and the business segment where these revenues are included are the following:

Partner	Income share (> 10%)	Income	The segment in which revenues are included
Uzinsider Techno SA(GE)	22.24 %	42,566,642	Equipment for energy industry, end customer General Electric
Komatsu	13.52 %	25,878,812	Equipment for earthworks and components: FUET
HD Hyunday Infracore	12.77 %	24,454,348	Earth-Moving equipment and its components: FCT
Tekhrint SA	8.33 %	15,955,608	Equipment for earthworks, rolling stock manufacturing and their components: FPI + FCT
Tesmec	8.30 %	15,881,907	Equipment for earthworks, rolling stock manufacturing and their components: FUET + FCT
Siemens	5.08 %	9,727,176	Equipment for power-generation industry and components: FPI- FUET

COMELF S.A.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 IN ACCORDANCE WITH IFRS

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

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

Not applicable.

31. Approval of financial statements

The financial statements were approved by the Board of Directors and published on the website on 15.03.2024.

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager

Declaration

We, the writers of this Declaration Mr. Gheorghe Cenusă –general manager and Mrs.Dana Tatar – financial manager, declare that the financial reports for 2023 have been prepared according to the applicable accounting standards, they offer an accurate and true image regarding the assets, liabilities, financial position and the comprehensive income.

The Report of COMELF SA Managing Board presents an accurate review of the Company's development and performance, as well as an outline of the main risks and uncertainties specific to the activities we perform.

General manager,
eng. Gheorghe Cenusă

Financial manager,
ec. Dana Tatar

G2 Expert

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**REPORT
OF THE INDEPENDENT AUDITOR**

on the financial statements concluded at
December 31, 2023

by
COMELF SA

REPORT OF THE INDEPENDENT AUDITOR

To,

COMELF SA Shareholders

Report on the audit of the financial statements and compliance with the provisions of Article 153 of Law no.24/2017 on issuers of financial instruments and market operations

Unreserved opinion

We audited the company's accompanying financial statements **COMELF SA (the "Company")**, with registered office in Bistrița, no. 4, Industriei str., identified by the unique tax registration code RO568656, which include the balance sheet at December 31, 2023, the income statement, the statement of changes in equity and the statement of cash flows for the year ended, as well as a summary of significant accounting policies and explanatory notes.

The financial statements as of December 31, 2023, are identified as follows:

• Total Assets	167.284.173 lei
• Total equity:	81.791.384 lei
• Liabilities:	85.492.789 lei
• Net profit for the financial year:	9.328.420 lei

In our opinion, the accompanying financial statements provide a true and fair view of the Company's financial position as of 31 December 2023 as well as its financial performance and cash flows for the year ended, in accordance with International Financial Reporting Standards (IFRS), adopted by the European Union.

The company has complied with the provisions of Article 153 of the Law no.24/2017 on issuers of financial instruments and market operations in the sense that the individual annual reports under IFRS have been prepared in XHTML/XBRL format. As statutory auditor of COMELF SA, we express our opinion that the audited company has complied with the single European financial reporting format in accordance with the IFRS-EFES taxonomy.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and of the Council (hereinafter "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 in accordance with the Code of Ethics for Professional Accountants

issued by the International Ethics Standards Board for Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit features

The key audit aspects are those that, based on our professional judgment, were of the greatest importance for auditing the financial statements for the current period. These items 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 items.

Key issues	How our audit addressed key issues
<p><i>Establishment of provisions for unused holiday leave</i></p> <p>Rest leave not taken during the year may be taken within the next 18 months following the year in which the right to annual leave arose, according to the Labor Code, Title III, art. 146, para. (2).</p> <p>Rest leave days not used until 31.12.2023, which include both the remaining days for 2021 and 2022 and those of 2023, must be provisioned to reflect the fact that the Company has a debt to its staff that will represent an outflow of financial resources. in the next financial period.</p> <p>The amount provisioned by the Company for 2023 is 368.168 lei.</p>	<p>To address the risk of estimating the value of the provisions to be established, our procedures included the following:</p> <ul style="list-style-type: none"> - we requested from the financial accounting department of each factory the situation of the unused leave days of the employees who as of 31.12.2023 had unused leave days; - we requested a situation regarding the days of rest leave not used on 31.12.2023 from the human resources department; - we reconciled the two situations to determine if there were any differences.

Recognition of revenues

Starting January 1, 2018, the company applies IFRS 15 "Revenue from Customer Contracts". Under the new standard, revenue recognition principles change, and the impact can be significant.

At 31 December 2023, in addition to the accounts representing the company's turnover, there were material revenue accounts 7584 "Subsidy income".

Due to the reasoning that the management of the company needed to apply in the above mentioned situations we consider that this are key audit matters.

To address this key issue, our procedures consisted of:

- we have requested consultations of the contracts with clients to establish recognition conditions in accordance with IFRS 15;

- we identified the typology of execution obligations at Comelf S.A. these are time-bound execution obligations, and they are firm and specific contracts for each client, so implementation of the new standard did not have a strong impact on revenue recognition in customer contracts.

- for revenue recognition of 7584 we have conducted analytical procedures and detailed tests; we requested the status of the fixed assets purchased from the project and for which amortization is recorded resulting in the recording of income from account 7584.

Other information - Directors' report

Administrators are responsible for compiling and presenting other information. That other information includes the Directors' Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and unless explicitly stated in our report, we do not express any assurance conclusion on it.

In connection with the audit of the financial statements for the financial year ended December 31, 2023, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge that we have obtained during the audit, or if they appear to be significantly distorted.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- b) The directors' report has been prepared in all material respects in accordance with Order 2844/2016

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2023, we are

required to report whether we have identified material misstatements in the Directors' Report. We have nothing to report on this matter.

Responsibilities of management and those responsible for governance for the financial statements

The Company's management is responsible for preparing the financial statements that provide a true and fair view in accordance with IFRS and for such internal control as management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue to operate, for presenting, where appropriate, business continuity issues and for using accounting on a business-continuation basis, unless management intends to liquidate the Company or cease operations, or have no other realistic alternative.

Those responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of financial statements

Our objectives are to obtain reasonable assurance about 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 ISA will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

As part of an ISA-compliant audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- 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 the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and circumvention of internal control.
- 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 Company's internal control.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We formulate a conclusion regarding 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 Company'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 findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease operations on a going concern basis.
- We evaluate the presentation, structure and 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 results in a fair presentation.

We communicate to those responsible for governance, among other things, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

We also provide those charged with governance with a statement of our compliance with ethical independence requirements and disclose to them all relationships and other matters that could reasonably be considered to affect our independence and, where appropriate, related safeguards.

Among the issues we have communicated to those charged with 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 matters in our audit report, unless legislation or regulation prevents public disclosure of the matter in question or unless, in extremely rare circumstances, we believe that a matter should not be disclosed in our report because the benefits to the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders on 29.07.2021 to audit the financial statements of COMELF SA for the financial year ended December 31, 2023. The total uninterrupted duration of our commitment is 3 years, covering the financial years ended December 31, 2021 to December 31, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company'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 audited entity.
- We did not provide for the Company **non-audit services** referred to in Article 5 (1) of EU Regulation No 537/2014.

Other issues

This independent auditor's report is addressed exclusively to the Company's shareholders as a whole. Our audit was performed in order to be able to report to the Company's shareholders those

issues that we need to report in a financial audit report, and not for other purposes. To the extent permitted by law, we accept and assume no responsibility other than to the Company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

Cluj-Napoca, 13.03.2024

The audit engagement partner who prepared this independent auditor's report is Gheorghe Alexandru MAN, financial auditor registered with the Authority for Public Oversight of Statutory Audit Activity, with registration number AF1242 for and on behalf of G2 EXPERT SRL registered with the Authority for Public Oversight of Statutory Audit Activity with registration number FA1152

Auditor address: Romania, Cluj County, 405200 Dej, no. 18, Mihai Kogalniceanu str.

