
Report of the administrators of COMELF SA according to ASF Regulation 5/2018, Annex 14**Issued on :** 21.08.2020**Company Name:** COMELF SA

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

Phone / fax number : 0263/234462; 0263/238092**VAT Number:** 568 656**Registration number with the Trade Register :** J06 / 02/1991**The share capital subscribed and paid on 30.06.2018:** 13,036,325.34 lei**The main characteristics of the securities issued by the issuer :**

Uncertificated registered shares numbering 22,476,423 with a nominal value of 0.58 lei/share

The regulated market on which the issued securities are traded : Bucharest Stock Exchange

For January-June 2020 interval, the Board of Directors of Comelf SA Bistrita, appointed by the General Meeting of Shareholders prepared this report on the balance sheet, profit and loss account, statement of changes in equity, statement of cash flows, policy accounting and explanatory notes included in the individual half-yearly financial statements prepared on 30.06.2020.

The half-yearly financial statements prepared for the 6-month period ended June 30, 2020 were not audited.

These financial statements are presented together with the Administrators' Report and refer to:

Equity:	71,793,401 RON
Total income:	64,001,334 RON
Net profit for the year:	1,210,114 RON

I.1 Important events held between January and June 2020

- On 14.04.2020, the OGMS took place, approving the distribution, from the net profit for 2019, of the amount of 1,500,000 lei for the payment of dividends to the company's shareholders and of the amount of 1,124,114 lei for other reserves. The date of actual payment of dividends was set for 14.07.2020;
- The OGMS approved on 14.04.2020, the BVC for the current year, the investment program for 2020, the company's organizational chart and the maximum credit limit for the current year, subject to further rectification, in the context of the uncertain health and economic situation generated by the pandemic with SARS-CoV2;
- Starting with 16.03.2020, on the Romanian territory, the state of emergency was established, considering the evolution of the international epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and the WHO declaring the "Pandemic" on 11.03.2020, followed by the state of alert. During all this period the company's activity was not interrupted but there were, certain situations in which the activity in several places was reduced either due to the lack of orders, or due to health and safety reasons of the company's employees; *Main points of the effects of the pandemic on the company's activity in the first half of 2020:*
 - significant decrease in turnover generated with partner companies in Italy, during the cessation or limitation of the activity of these companies by the Italian government (approximately 2 months) but also with partner companies in Austria and Germany, which were also in various situations where activity was reduced or altogether ceased;
 - additional costs for the protection, safety and health of the company's employees, since the company's activity has not been interrupted, amounting to approximately 100,000 lei;
 - the decrease of orders generated the suspension of some employment contracts during April-May 2020, for which the company also benefited from the subsidy for technical

unemployment, so that the impact of decreasing orders was easier for the company to bear, although fixed costs remain at the same level. and have a negative impact on profit at lower sales volumes;

-decreasing the profit for the period due to the decrease of revenues, the appearance of additional costs and the maintenance of fixed costs (especially: depreciation, local taxes and fees, certification and recertification services, etc.);

For the next 6 months of the financial year 2020, the significant risk is related to the health and safety of employees in the conditions of the COVID 19 pandemic and, further, to the global economic uncertainty.

I.2 Transactions between affiliated parties during January-June 2020

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.

Affiliated party	Activity	Description of the type of business relationship
Uzinsider SA	Consulting services	Uzinsider SA is a majority shareholder in COMELF
Uzinsider Techo SA	Intermediation services Sale of products (filter unit / turbine parts / diffusers)	Shareholders-common individuals
Uzinsider General Contractor SA	Acquisition of electricity Collaborations on delivered objectives the key	Joint ownership
Promex SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies
24 Ianuarie 24 SA	Collaborations in the manufacture of subassemblies	Uzinsider SA is the majority shareholder in both companies

- The sales of goods and services to the affiliated parties are made at the prices from the contracts concluded for each order of the external Customers;
- The acquisitions from the affiliated parties were made at the acquisition value (in line with the market price) according to the contracts;

Sales at:

June 30, 2020

Acquisitions from:

June 30, 2020

Uzinsider SA	-	Uzinsider SA	408.576
Uzinsider Techo SA	11,393,852	Uzinsider Techo SA	961.480
Uzinsider General Contractor SA	3.690	Uzinsider General Contractor SA	2,458,369
Promex SA	1.198	Promex SA	103.339
24 Ianuarie 24 SA	619	24 Ianuarie SA	8.526
Total	11,399,359	Total	3,940,290

The transactions with the affiliated parties performed in the first 6 months of 2020 are the usual ones, there are no other special transactions, different from those made in the previous years.

II. Review of the Company's activity:

a) Description of the basic activity of the Company:

The company operates based on the Companies Law no. 31/1990 (with subsequent amendments and completions), of the Capital Market Law no. 297/2004 and of Law 24/2017 regarding the issuers of financial instruments and market operations. According to article 6 of the Articles of Incorporation updated in June 2017, the object of activity of the Company is **"Manufacture of machinery and equipment for earthworks, power plants and environmental protection, lifting and transport equipment, including subassemblies thereof."**

COMELF is a production company in the field of machine building industry and has as object of activity the manufacture of equipment for power plants and environmental protection, steel structures in the field of renewable energy (resource: water, wind and sun), earthmoving machines and equipment or subassemblies equipment for lifting and transport equipment, including components thereof. The manufacture takes place in 6 production halls, with a total area of 80,824 sqm, equipped with equipment, installations, machine tools, laboratories and utility networks for the production processes.

COMELF SA does not own participations in other companies and does not own Subsidiaries/Branches.

b). Economic and financial situation

Presentation of an analysis of the current economic and financial situation compared to the same period last year:

a) COMELF SA balance sheet items:

RON	June 30, 2020	December 31, 2019
ASSETS		
Non-current Assets	84,239,958	87,388,747
Total Current Assets, of which:	63,985,874	67,543,169
Stocks of raw materials and materials	6,465,653	5,903,890

Cash and short-term deposits	8,213,060	7,528,245
Total assets	148,225,832	154,931,916
Equity and debts		
Total Equity, of which:	71,793,401	72,094,682
Share capital	13,036,325	13,036,325
Share capital adjustments	8,812,271	8,812,271
Other equity items	-	-
Reserves	50,755,282	50,512,978
Reported earnings	(2,020,591)	(2,891,006)
The result of the FY	1,210,114	2,624,114
Total Long-term debts, of which:	15,853,492	17,805,330
Long-term bank loans	-	896,119
Leasing liabilities	762,942	831,688
Provisions for risks and expenses	163,395	163,395
Tax liabilities deferred	9,265,917	9,436,041
Subsidies for long-term portion investments	5,661,238	6,478,087
Total Current liabilities, of which:	60,578,939	65,031,904
Trade payables	22,815,223	26,541,181
Interest-bearing bank loans	34,210,044	34,649,925
Leasing liabilities	219,712	214,593
Provisions for risks and expenses	1,364,334	1,698,191

Subsidies for long-term investments short	1,633,698	1,592,086
Deferred tax liabilities	335,928	335,928
Total equity and debt	148,225,832	154,931,916

b) COMELF SA profit and loss account:

RON	June 30, 2020	June 30, 2019
Income	64,001,334	79,434,624
Operating result	2,100,480	2,783,546
Financial result	(730,411)	(675,264)
Profit before tax	1,370,069	2,108,282
Income tax expense	159,955	285,621
Profit for the financial year	1,210,114	1,822,661
Number of shares	22,476,423	22,476,423
Earnings per share	0.05	0.08

COMELF SA **revenues** were RON 64 million in H1 / 2020 compared to RON 79 million in H1 / 2019, decreasing by 19%, having as main cause:

- decrease in turnover amid the COVID pandemic 19. The company delivers products to EU countries that have been severely affected by this pandemic, especially Italy, where COMELF SA delivers approximately 43% of turnover (first half of 2019) while in the first half of 2020 it delivered only 36% of the turnover. Also, the decreases of the turnover were registered in the commercial relations with companies from Germany, Austria and Sweden, also in a global economic and sanitary context influenced by the COVID19 pandemic;
- the amount of RON 0.5 million, representing dividends not claimed by the shareholders and prescribed according to the Civil Code, approved by the OGMS from 18.04.2019 is not-found in the revenues of the first semester of 2020. These are to be transferred to revenues for the financial year 2019;

The expenses of COMELF SA also decreased compared to the first half of 2020, especially the variable ones, which evolved in line with the evolution of revenues from operational activity, except for expenses with salaries of direct productive staff which did not decrease proportionally with the evolution of production; Part of this evolution was mitigated by the subsidy received for technical unemployment in April and May 2020; Fixed expenses such as depreciation, local taxes and indirectly productive staff salaries (to a lesser extent because here too measures were taken to suspend the activity of part of the staff) remained at last year's values or decreased slightly but not in the same rhythm with the decrease of the incomes from the sale of the production;

The gross result of the company was influenced by:

-the fixed costs of the company, mainly depreciation and local taxes, which remained in absolute values at the level of 2019 but on the background of decreasing revenues, negatively influenced the gross result of the company;

2. Review of the company's activity

2.1. Presentation and analysis of trends, elements, events or uncertainties that affect or could affect the company's liquidity, compared to the same period last year.

Comelf SA was not unable to fulfill its financial obligations during the reviewed period and we estimate that there will be no events or factors that affect the company's liquidity until the end of the financial year.

2.2 Presentation and outline of the effects on the financial situation of the company of all capital expenditures, current or anticipated, compared to the same period last year.

Capital expenditures for the first half of 2020 were **0, 6 millions RON** (first semester 2019 = RON 0.9 million). The financing of capital expenditures was made from own sources.

2.3. Presentation and analysis of events, transactions, economic changes which significantly affect the income from the core business. Description of the extent to which the revenues of each identified item have been affected. Comparison with the period corresponding to last year.

The economic-financial operations related to Semester 1/2020 were registered correctly, based on legally prepared documents. The obligations provided by law have been fulfilled, regarding the correct and up-to-date organization and management of the accounting, regarding the observance of the accounting principles, regarding the observance of the accounting rules and methods provided by the regulations in force.

The obligations towards the state and local budget, towards the special funds were correctly established and the transfers were made in accordance with the legal provisions.

We also mention that the income, expenses and the individual financial result related to the first six months of 2020 are faithfully reflected in the profit and loss account.

3. Changes affecting the capital and management of the company

3.1. Description of cases in which the company was unable to fulfil its financial obligations during that period:

Not applicable.

3.2. Description of any change in the rights of holders of securities issued by the company:

Not applicable.

4. Significant transactions

In the case of share-issuers, information on the major transactions concluded by the issuer with the persons with whom it acts in agreement or in which these persons were involved during the relevant period of time:

Not applicable

5. APPENDIXES

Copies of the following documents are attached to this report:

- the balance sheet, on 30.06.2020;
- the statement of the General Manager of Comelf SA regarding the undertaking of responsibility for the preparation of the financial-accounting statements related to the semester 1/2020;
- shareholding structure, on 30.06.2020
- copies of the supporting documents for all the modifications brought to the articles of association of the company, as well as to the management structures of the commercial company (administration, executive, etc.)

6. MENTION: The financial statements for the first semester of 2020 have been reviewed.

Appendixes:

Shareholding structure at the reference date June 30, 2020:

	Number of shares	% owned
Uzinsider SA	18,189,999	80.9292%
Other shareholders	4,286,424	19.0708%
Total	22,476,423	100%

Management structures:

As of *June 30, 2020*, the management of COMELF SA had the following component:

- Members of the Company's Board of Directors:

Savu Constantin	chairman
Babici Emanuel	member
Mustață Costica	member
Maistru Ion	member
Parvan Cristian	member

- Members of the Executive Management of the Company:

Cenusa Gheorghe	General Manager
Pop Viorel Mircea	Deputy General Director for Business Issues
Oprea Paul Cristian	D. G. Manager Technical & Production Issues
Tatar Dana	Economic Manager
Serban Marcela	Procurement Manager
Marica Ioan	Quality Manager
Barbuceanu Codrut-Florentin	Factory executive Manager
Viski Vasile	Factory Executive Manager
Campian Cosmin	Factory Executive Manager

Management statement

According to the best available information, we confirm that the individual financial statements, for the semester 1/2020, prepared in accordance with International Financial Reporting Standards, provide a correct and consistent picture of the assets, liabilities, financial position and profit and loss account and loss of Comelf SA, as provided by the applicable accounting standards.

We also confirm that the operational performance statement and the information presented in this report provide a correct and consistent picture of the main events that took place during the first six months of 2020 and their impact on the financial statements.

BD Chairman- eng. Savu Constantin

General Manager-Eng. Cenusă Gheorghe

Economic manager-ec. Tatar Dana

The revised financial statements as of 30.06.2020, together with the Report of the Board of Directors are posted on the company's website www.comelf.ro under the heading "Up-to-date information".

The financial statements and pertaining reports were sent to BVB and ASF, and can be consulted as well following the link below.