DIRECTORS' REPORT

Half-yearly Report in accordance with the A.S.F. Regulation no. 5/2018

on the issuers of securities and security transactions

and the Ordinance no. 2844/2016 of the Ministry of Public Finance

on the approval of the Accounting Regulations

according to the International Financial Reporting Standards, for

the First Semester of 2022

Report date June 30 2022

ELECTROARGES SA

Half-yearly Report prepared in accordance with art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations, in the format provided in annex no. 14 of REGULATION No. 5/2018 on the issuers of financial instruments and market operations issued by the FINANCIAL AUTHORITY

Issuer "ELECTROARGES" SA

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

Tel./Fax no.: 0248 724 000/0248 724 004

Trade Register Registration number and date: J40/8487/2022

Tax Registration Code: RO 156027

The regulated market on which the issued securities are traded: BSE - on the Main Market 2nd Category – Shares

Subscribed and paid share capital: 6,976,465.00 lei

The main characteristics of the securities issued by the issuer: ELGS

1. COMPANY DESCRIPTION

Electroarges SA was founded in 1971, and its activity will start 2 years later. In 1991 Electroarges became a joint-stock company, with majority state capital.

The company's activity consists of:

- Production of appliances, household appliances, professional appliances for hotels and industrial equipment, portable electric tools, devices, tools and tool kits, vibrators for concrete compacting and automotive equipment.
- Electroarges SA has developed a series of collaborations for the execution of parts, subassemblies and products for several domestic and foreign companies.
- Maintenance and repairs for more than 400 molds, which constitutes the internal requirements of Electroarges SA.
- Execution of standards and test equipment and tools for Electroarges SA for current production and for new products.
- Execution of standards and test equipment and tools for internal and external clients.

Regarding the industrial equipment, Electroarges SA has the means and equipment necessary for the design of plastic mass products, the design and execution of molds, tools and devices necessary for the assimilation and maintenance of products in manufacturing.

Important events that took place in the first 6 months of the financial period and their impact on the half-yearly accounting report.

Electroarges SA's object of activity is the production and sale of consumer appliances, the execution of works and services for economic agents, in compliance with the legislation in force.
The products manufactured in the first semester of 2022 were delivered both on the domestic and foreign market.
The main export market was Germany (vacuum cleaners).

On the domestic market, Electroarges SA had collaborations for the sale of parts with Arctic SA, Haier Tech SRL, Cer Cleaning Equipment SRL, etc.

The main risks and uncertainties for the next 6 months of the financial period.

Market risk

The Romanian economy is constantly changing, thus there is uncertainty regarding the economic development in the near future. The management cannot predict the changes that will take place in Romania and their effects on the financial situation, the operating results and the company's cash flows.

Foreign currency risk

Foreign currency risk represents the risk that the value of a financial instrument will fluctuate as a result of the variation in exchange rates.

Fluctuations in the exchange rate are difficult to anticipate, and a possible appreciation or depreciation will not significantly affect the company's income and expenses, since approximately 70% of expenses are expressed in lei.

Interest rate risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate as a result of the variation of interest rates on the market.

2. ECONOMIC & FINANCIAL STATEMENT

a) BALANCE SHEET ITEMS

On 30.06.2022 the company registered total assets in the amount of 104,085,228 lei, structured as follows:

1. Balance sheet items on 30.06.2022 compared to 31.12.2021

	June 30 2022	December 31 2021
Fixed assets		
Tangible assets	63,710,396	65,787,983
Intangible assets	359,726	857,243
Financial assets	15,305,648	15,196,418
Deferred tax	2,483,145	2,483,145
Fixed assets	153,484	116,522
TOTAL FIXED ASSETS	**82,012,399**	**84,441,311**
Current assets		
Inventories	5,829,145	13,299,315
Trade and other receivables	14,073,252	22,173,505
Other financial assets	-	-
Cash and cash equivalents	2,170,432	11,006,959
TOTAL CURRENT ASSETS	**22,072,829**	**46,479,779**
TOTAL ASSETS	**104,085,228**	**130,921,090**
Trade and other liabilities	38,007,322	52,881,215
Short-term loans from banking institutions	3,628,340	7,857,828
Financial leasing	2,494,582	2,777,647
Employee benefits due in short term	116,190	129,691
Long-term loans from banking institutions – current maturity	2,915,899	416,557
Liabilities with the tax on profit	7,311	231,374
TOTAL SHORT-TERM LIABILITIES	**47,169,644**	**64,294,312**
Long-term loans from banking institutions	7,081,466	9,580,808
Subsidies	3,846,716	4,190,123

Employee benefits due in long term	164,440	222,815
Leasing	3,795,489	5,252,277
Deferred tax on profit	-	-
TOTAL LONG-TERM LIABILITIES	**14,888,111**	**19,246,023**
TOTAL LIABILITIES	**62,057,755**	**83,540,335**
NET ASSETS	**42,027,473**	**47,380,755**
Share capital	6,976,465	6,976,465
Legal reserve	1,617,005	1,617,005
Net reserves from revaluation	6,326,893	6,827,207
Other reserves	44,442,530	44,442,530
Retained earnings	(17,335,420)	(12,482,452)
TOTAL EQUITY	**42,027,473**	**47,380,755**
TOTAL LIABILITIES	**104,085,228**	**130,921,090**

2. Balance sheet items on 30.06.2022 compared to 30.06.2021

	June 30 2022	June 30 2021
Fixed assets		
Tangible assets	63,710,396	67,129,887
Intangible assets	359,726	910,245
Financial assets	15,305,648	17,693,668
Deferred tax	2,483,145	1,232,761
Fixed assets	153,484	1,464,045
TOTAL FIXED ASSETS	**82,012,399**	**88,430,606**
Current assets		
Inventories	5,829,145	16,311,638
Trade and other receivables	14,073,252	37,343,910
Other financial assets	2,170,432	9,254,418

Cash and cash equivalents	**22,072,829**	**62,909,966**
TOTAL CURRENT ASSETS	**104,085,228**	**151,340,572**
Trade and other liabilities	38,007,322	67,333,749
Short-term loans from banking institutions	3,628,340	7,606,312
Financial leasing	2,494,582	1,079,674
Employee benefits due in short term	116,190	373,679
Long-term loans from banking institutions – current maturity	2,915,899	0
Liabilities with the tax on profit	7,311	224,063
TOTAL SHORT-TERM LIABILITIES	**47,169,644**	**76,617,477**
Long-term loans from banking institutions	7,081,466	7,990,088
Subsidies	3,846,716	994,842
Employee benefits due in long term	164,440	285,986
Leasing	3,795,489	6,678,708
Deferred tax on profit	-	-
TOTAL LONG-TERM LIABILITIES	**14,888,111**	**15,949,624**
TOTAL LIABILITIES	**62,057,755**	**92,567,101**
NET ASSETS	**42,027,473**	**58,773,471**
Share capital	6,976,465	6,976,465
Legal reserve	1,617,005	1,617,005
Net reserves from revaluation	6,326,893	7,982,853
Other reserves	44,442,530	44,442,530
Retained earnings	(17,335,420)	(2,245,382)
TOTAL EQUITY	**42,027,473**	**58,773,471**
TOTAL LIABILITIES	**104,085,228**	**151,340,572**

b) PROFIT & LOSS ACCOUNT

INDICATORS	30.06.2022	30.06.2021	% 2022/2021
Net turnover – Total, out of which:	**53,739,555**	**132,460,731**	**40.57**
- Income from the sell of finished products	49,956,727	132,250,804	37.77
- Income from the works and services provided	92,601	172,884	53.56
- Income from the sell of merchandise	3,693,973	37,757	*
- Trade discounts granted	(3,746)	(714)	*
Operating income – Total, out of which:	**54,400,000**	**132,596,967**	**40.46**
- Turnover	53,739,555	132,460,731	40.57
- Changes in inventories	(1,719,504)	(1,638,285)	104.38
- Other operating income	2,379,949	1,774,521	133.55
Operating expenses – Total, out of which:	**59,305,955**	**131,562,629**	**44.51**
- Expenses on raw material and consumables	34,518,794	96,115,713	35.34
- Other material expenses (inventory items)	146,866	774,920	188.95
- Expenses on merchandise	3,072,127	33,859	*
- Trade discounts received	(4,425)	(126,490)	34.41
- Expenses on personnel	5,851,524	14,106,242	40.91
- Expenses on amortizations	3,938,119	4,590,030	85.23
- Other operating expenses	11,782,950	16,068,355	72.76
I. OPERATING RESULT – PROFIT	**(4,905,955)**	**1,034,338**	*
Financial income	17	446,778	*
Financial expenses	447,343	217,104	1.28
II. FINANCIAL RESULT	**(447,326)**	**229,674**	*
III. CURRENT RESULT	**(5,353,281)**	**1,264,012**	*

TOTAL INCOME	**54,400,017**	**133,043,745**	**40.32**
TOTAL EXPENSES	**59,753,298**	**131,779,733**	**44.77**
IV. GROSS RESULT OF THE FINANCIAL YEAR	**5,353,281**	**1,264,012**	*****

c) CASH FLOW

	June 30 2022	**December 31 2021**
+/- Business income	(5,353,281)	(11,849,219)
+ Amortization included in costs	3,938,119	13,823,579
- Changes in inventories (+/-)	(7,470,170)	2,296,178
- Changes in receivables (+/-)	(8,100,253)	(11,089,561)
+ Changes in suppliers and client lenders (+/-)	(14,558,667)	3,359,063
- Changes in other assets (+/-)	(5,763,240)	(15,825,239)
+ Changes in other liabilities (+/-)	(6,634,180)	(12,734,708)
A = Cash flow from operating activity	**(1,274,346)**	**17,217,337**
+ Amounts from the sell of assets and fixed assets	0	0
- Acquisitions of tangible assets	3,334,328	25,092,438
+ B = Cash flow from investment activity	**(3,334,328)**	**(25,092,438)**
+ Changes in loans (+/-), out of which:	(4,229,488)	4,381,390
* Short-term credits	(4,229,488)	7,857,828
+ Dividends to be paid	1,635	527,073
+ C = Cash flow from financial activity	**(4,227,853)**	**4,908,463**
+ Liquid assets at the beginning of the year	11,006,959	13,973,596
+ Net cash flow (A+B+C)	**(8,836,527)**	**(2,966,638)**
= Liquid assets at the end of the period	**2,170,432**	**11,006,959**

d) CHANGES IN EQUITY

	June 30 2022	December 31 2021
Share capital	6,976,465	6,976,465
Income/loss related to the sale or cancellation of equity	1,132,496	1,132,496
Reserves from revaluation	6,326,893	6,827,207
Legal reserves	1,617,005	1,617,005
Other reser4ves	37,460,378	37,460,378
Other equity	5,849,655	5,849,655
Retained earnings, out of which:	(17,335,420)	(12,482,453)
*Total previous year retained earnings	(12,482,453)	(3,898,728)
*Other equity	500,314	3,265,495
*Financial year profit/loss	(5,353,281)	(11,849,219)
TOTAL EQUITY	**42,027,473**	**47,380,754**

3. ELECTROARGES SA'S ACTIVITY ANALYSIS

FIXED ASSETS

I. Intangible assets decreased in the first semester of 2022 compared to 2021.

II. Tangible assets decreased by 2,077,587 lei, which represents a decrease of 3% compared to 2021.

III. Financial assets register a slight decrease by 146,192 lei in the first semester of 2022 compared to 2021.

CURRENT ASSETS

I. Inventories in the amount of 5,829,145 lei registered on 30.06.2022 decreased significantly by 44%,compared to the previous period.

II. On 30.06.2022, the company registered a total of receivables in the amount of 14,073,252 lei, in which the largest share is held by the "trade receivables" group, Compared to the previous period, there was a decrease in total receivables by 8,100,253 lei, i,e, by 37%.

III. Cash and other liquid assets amount to 2,170,432 lei on 30,06,2022, down 80% compared to the previous period.

TOTAL CURRENT ASSETS

On 30.06.2022, current assets decreased significantly compared to the previous period, by 24,406,950 lei, i.e. by a percentage of 53%.

LIABILITIES

Electroarges SA registers on 30.06.2022 liabilities that must be paid in a period of up to one year, in the amount of 47,169,644 lei, in the following structure:

- 38,007,322 lei – trade liabilities - suppliers and similar;
- 3,628,340 lei – short-term loans from banking institutions;
- 2,494,582 lei - financial leasing - current part;
- 7,311 lei – debts with the tax on profit;
- 116,190 lei – employee benefits due in short term,

The liability to "Suppliers" is registered due to the method of payment practiced with external partners, namely at 60 days, but also the purchases from the last months of 2022 to ensure the base of raw materials and materials, according to the production estimate.

TOTAL CURRENT LIABILITIES

The value of 62,057,755 lei represents total liabilities, out of which:

- liabilities to be paid in a period of up to one year in the amount of 47,169,644 lei, presented previously;
- liabilities to be paid in a period of more than one year in the amount of 14,888,111 lei, representing long-term loans from banking institutions, financial leasing for a total period of 5 years, benefits granted to employees and subsidies.

EQUITY

Electroarges SA registers equity in the amount of 42,027,473 lei, down 11% compared to the previous period

The share capital on 30.06.2022 is in the amount of 6,976,465 lei, and the own sources of financing are represented by:

- legal reserve in the amount of 1,617,005 lei;
- reserves from revaluation in the amount of 6,326,893 lei;
- other reserves in the amount of 44,442,530 lei;
- retained earnings in the amount of (–) 17,335,420 lei.

PROFIT & LOSS ACCOUNT

Operating income recorded a significant drop of 59% compared to the same period last year, and operating expenses by 55%, so that the company recorded an operating loss of 4,905,955 lei on 30.06.2022.

Financial expenses registered an increase compared to the previous period.

The turnover decreased significantly by 60% in the first semester of 2022 compared to the first semester of 2021, a decrease determined by the termination of the collaboration with the main client Alfred Karcher SE & Co. KG. On 30.06.2022, a net loss was recorded in the amount of 5,353,281 lei

4. ECONOMIC & FINANCIAL INDICATORS

PROFITABILITY AND RETURN ON CAPITAL	June 30 2022
Equity efficiency ratio (A/B)	**-12.74%**
Net profit (A)	(5,353,281)
Equity (B)	42,027,473
Operating profit ratio (A/B)	**-9.84%**
Gross profit (A)	(5,353,281)
Operating income (B)	54,400,000
Net profit ratio (A/B)	**-9.84%**
Net profit (A)	(5,353,281)
Total income (B)	54,400,017
Total assets ratio (A/B)	**-5.14%**
Gross profit (A)	(5,353,281)
Total assets (B)	104,085,228

LIQUIDITY AND WORKING CAPITAL	June 30 2022
Overall liquidity ratio (A/B)	**46,79%**
Current assets (A)	22,072,829
Current liabilities (B)	47,169,644
Quick liquidity ratio (A-B)/C	**34.44%**
Current assets (A)	22,072,829
Inventories (B)	5,829,145
Current liabilities (C)	47,169,644
Client collection period (A/B*90 days)	**20**

Receivables (A)	11,703,639
Net turnover (B)	53,739,555
Supplier payment period (A/B*90 days)	**34**
Suppliers (A)	12,849,323
Material expenses (B)	34,518,794

Liquidity indicators

Current liquidity indicator = Current assets/ Current liabilities = 0.47

The recommended acceptable value is between the value of 1 and 3 and offers the guarantee of covering the accumulated liabilities from the current assets.

The immediate liquidity indicator = Current assets - inventories / Current liabilities = 0.34

This indicator is also called the acid test and shows the company's ability to cover its current liabilities from receivables and assets that are easily achievable assets that do not require additional expenses, This indicator is slightly above the lower limit, in these conditions the company will not have to call on inventories to transform them into liquid assets.

Risk indicators

General indebtedness ratio = Total debts/Equity = 1.48

The recommended acceptable value is between the value of 0,1 and 2 and offers the guarantee of covering the accumulated liabilities from the current assets.

This indicator is also known as the "leverage ratio" and expresses the entity's total indebtedness (short, medium and long term) in relation to its equity.

The result must be under-unitary; a value above unit means a high degree of indebtedness, A value that exceeds 2.00 expresses a very high degree of indebtedness; the company may even be in the stage of imminent bankruptcy if the

result exceeds the threshold of 2.33 several times, This is not the case Electroarges SA, this indicator being within the recommended limits.

Management indicators

Inventory turnover speed = Inventories/Turnover x 90 days = 10 days

From the analysis of the management indicators, the conclusion was drawn that the inventory turnover speed is satisfactory, the number of storage days is 10 days, suppliers are paid at a number of 34 days, greater than the collection of receivables, clients are paid in a interval of about 20 days.

5. CHANGES AFFECTING THE COMPANY'S CAPITAL AND MANAGEMENT

5.1. In the first semester of 2022, the company was able to meet its financial obligations.

5.2. In the first semester of 2022, the shareholding structure changed compared to 2021, as follows:

Shareholder	Shares	Percent %
Investments Constantin SRL	25,699,543	36.84%
Trans Expedition Feroviar SRL	8,963,266	12.85%
Standard Equity SRL	7,542,172	10.81%
Natural Persons	21,629,081	31.00%
Legal Persons	5,930,588	8.50%
TOTAL	**69,764,650**	**100%**

5.3. On 30.06.2021, the structure of the board of directors is as follows:

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

6. SIGNIFICANT TRANSACTIONS

It is not the case.

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS,

ROXANA SCARLAT

STATEMENT OF COMPREHENSIVE INCOME ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	June 30 2021
Income from contracts	**53,739,555**	**132,460,731**
Other operating income	2,379,949	1,774,521
Changes in inventories	(1,719,504)	(1,638,285)
Raw materials and consumables	(34,665,660)	(96,798,002)
Expenses on personnel	(5,851,524)	(14,106,242)
Amortization	(3,938,119)	(4,590,030)
Other operating expenses	(14,850,652)	(16,068,355)
Operating profit	**(4,905,955)**	**1,034,338**
Financial income	17	446,778
Financial expenses	(447,343)	(217,104)
Profit/Loss before taxation	**(5,353,281)**	**1,264,012**
Expenses with the tax on profit	0	393,595
Profit/Loss	**(5,353,281)**	**870,417**
BASIC/DILUTED PER SHARE RESULT	**(0.0767)**	**0.0125**

Vice-Chairman of the Board of Directors,

Roxana Scarlat

Financial Manager,

Iulia Petre

STATEMENT OF FINANCIAL POSITION ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	December 31 2021
Assets		
Fixed assets		
Tangible assets	63,710,396	65,787,983
Intangible assets	359,726	857,243
Financial assets	15,305,648	15,196,418
Deferred tax	2,483,145	2,483,145
Fixed assets	153,484	116,522
TOTAL FIXED ASSETS	**82,012,399**	**84,441,311**
Current assets		
Inventories	5,829,145	13,299,315
Trade and other receivables	14,073,252	22,173,505
Other financial assets	2,170,432	11,006,959
TOTAL CURRENT ASSETS	**22,072,829**	**46,479,779**
TOTAL ASSETS	**104,085,228**	**130,921,090**
Trade and other liabilities	38,007,322	52,881,215
Short-term loans from banking institutions	3,628,340	7,857,828
Leasing liabilities	2,494,582	2,777,647
Employee benefits due in short term	116,190	129,691
Long-term loans from banking institutions – current maturity	2,915,899	416,557
Liabilities with the tax on profit	7,311	231,374
TOTAL SHORT-TERM LIABILITIES	**47,169,644**	**64,294,312**
Long-term loans from banking institutions	7,081,466	9,580,808

Subsidies	3,846,716	4,190,123
Employee benefits due in long term	164,440	222,815
Leasing	3,795,489	5,252,277
Deferred tax on profit	-	-
TOTAL LONG-TERM LIABILITIES	**14,888,111**	**19,246,023**
TOTAL LIABILITIES	**62,057,755**	**83,540,335**
NET ASSETS	**42,027,473**	**47,380,755**

	30 Iunie 2022	**31 Decembrie 2021**
Share capital	6,976,465	6,976,465
Legal reserve	1,617,005	1,617,005
Net reserves from revaluation	6,326,893	6,827,207
Other reserves	44,442,530	44,442,530
Retained earnings	(17,335,420)	(12,482,452)
TOTAL EQUITY	**42,027,473**	**47,380,755**
TOTAL LIABILITIES	**104,085,228**	**130,921,090**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

STATEMENT OF CHANGES IN EQUITY ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	Share capital	Income/loss related to the sale or cancellation of equity	Reserves from revaluation	Legal reserves	Other reserves	Other equity	Retained earnings	Total
December 31 2020	**6,976,465**	**1,132,496**	**9,075,585**	**1,617,005**	**37,460,378**	**5,849,655**	**(3,898,728)**	**58,212,857**
Loss of the financial year	-	-	-	-	-	-	(11,849,219)	**(11,849,219)**
Retaking of the reserve from revaluation to other reserves			(2,248,378)				2,248,378	**-**
Remeasurment of pension benefit schemes							73,391	73,391
Revaluation of financial investments at fair value							1,137,462	1,137,462
Deferred tax related to the above items							(193,736)	(193,736)
Total comprehensive income	**-**	**-**	**(2,248,378)**	**-**	**-**	**-**	**(8,583,724)**	**(10,832,102)**
Distributed dividends	-	-	-	-	-	-	-	**-**
Allocations of other reserves	-	-	-	-	-	-	-	**-**
December 31 2021	**6,976,465**	**1,132,496**	**6,827,207**	**1,617,005**	**37,460,378**	**5,849,655**	**(12,482,453)**	**47,380,754**
Loss of the financial year							(5,353,281)	**(5,353,281)**
Retaking of the reserve from revaluation to other reserves			(500,314)				500,314	**-**
June 30 2022	**6,976,465**	**1,132,496**	**6,326,893**	**1,617,005**	**37,460,378**	**5,849,655**	**17,335,420**	**42,027,473**

Vice-Chairman of the Board of Directors,

Roxana Scarlat

Financial Manager,

Iulia Petre

CASH-FLOW STATEMENT ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	December 31 2021
+/- Business income	(5,353,281)	(11,849,219)
+ Amortization included in costs	3,938,119	13,823,579
- Changes in inventories (+/-)	(7,470,170)	2,296,178
- Changes in receivables (+/-)	(8,100,253)	(11,089,561)
+ Changes in suppliers and client lenders (+/-)	(14,558,667)	3,359,063
- Changes in other assets (+/-)	(5,763,240)	(15,825,239)
+ Changes in other liabilities (+/-)	(6,634,180)	(12,734,708)
A = Cash flow from operating activity	**(1,274,346)**	**17,217,337**
+ Amounts from the sell of assets and fixed assets	0	0
- Acquisitions of tangible assets	3,334,328	25,092,438
+ B = Cash flow from investment activity	**(3,334,328)**	**(25,092,438)**
+ Changes in loans (+/-), out of which:	(4,229,488)	4,381,390
* Short-term credits	(4,229,488)	7,857,828
+ Dividends to be paid	1.635	527,073
+ C = Cash flow from financial activity	**(4,227,853)**	**4,908,463**
+ Liquid assets at the beginning of the year	11,006,959	13,973,596
+ Net cash flow (A+B+C)	**(8,836,527)**	**(2,966,638)**
= Liquid assets at the end of the period	**2,170,432**	**11,006,959**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

FINANCIAL INDICATORS ON JUNE 30 2022

(all amounts expressed in lei, unless specified otherwise)

PROFITABILITY AND RETURN ON CAPITAL	**June 30 2022**
Equity efficiency ratio	
Net profit (A)	(5,353,281)
Equity (B)	42,027,473
A/B	**-12.74%**
Operating profit ratio	
Gross profit (A)	(5,353,281)
Operating income (B)	54,400,000
A/B	**-9.84%**
Net profit ratio	
Net profit (A)	(5,353,281)
Total income (B)	54,400,017
A/B	**-9.84%**
Total assets ratio	
Gross profit (A)	(5,353,281)
Total assets (B)	104,085,228
A/B	**-5.14%**
SOLVENCY	**June 30 2022**
Liability ratio	
Total liabilities (A)	62,057,755
Total assets (B)	104,085,228
A/B	**59.62%**
Financial autonomy ratio	

Equity (A)	42,027,473
Total assets less net current liabilities (B)	56,915,584
A/B	**73.84%**

LIQUIDITY AND WORKING CAPITAL	**June 30 2022**
Overall liquidity ratio	
Current assets (A)	22,072,829
Current liabilities (B)	47,169,644
A/B	**46.79%**
Quick liquidity ratio	
Current assets (A)	22,072,829
Inventories (B)	5,829,145
Current liabilities (C)	47,169,644
(A-B)/C	**34.44%**
Client collection period	
Trade receivables (A)	11,703,639
Net turnover (B)	53,739,555
A/B*90 days	**20**
Inventory immobilization period	
Inventories (A)	5,829,145
Net turnover (B)	53,739,555
A/B*90 days	**10**
Supplier payment period	
Suppliers (A)	12,849,323
Material expenses (B)	34,518,794
A/B*90 days	**34**

Vice-Chairman of the Board of Directors, Financial Manager,

Roxana Scarlat Iulia Petre

1. ELECTROARGES SA ECONOMIC & FINANCIAL STATEMENT ON JUNE 30 2022

1.1. BALANCE CLOSED ON 30.06.2022

Assets	June 30 2022	December 31 2021
Fixed assets	82,012,399	84,441,311
Current assets	22,072,829	46,479,779
TOTAL ASSETS	**104,085,228**	**130,921,090**
Current liabilities	47,169,644	64,294,312
Long-term liabilities	14,888,111	19,246,023
TOTAL LIABILITIES	**62,057,755**	**83,540,335**
NET ASSETS	**42,027,473**	**47,380,755**

Share capital and reserves	June 30 2022	December 31 2021
Share capital	6,976,465	6,976,465
Other equity items	5,849,655	5,849,655
Reserves from revaluation	6,326,893	6,827,207
Other reserves	39,077,383	39,077,383

Earnings related to equity	1,132,496	1,132,496
Retained earnings	(11,982,138)	(633,232)
Current result	(5,353,281)	(11,849,219)
TOTAL EQUITY	**42,027,473**	**47,380,755**

On 30.06.2022, there is a decrease in net assets by 5,353,282 lei compared to 2021, due to the decrease in current assets.

The structure of tangible assets on 30.06.2022 is as follows:

Tangible assets	**June 30 2022**	**December 31 2021**
Land and constructions	24,623,164	25,171,793
Technical installations and machines	15,452,315	15,710,957
Other installations, equipment and furniture	1,024,876	1,001,419
Tangible assets in progress	11,515,434	11,626,579
Assets – rights to use	1,460,934	1,629,355
TOTAL	**54,076,723**	**55,140,103**

On 30.06.2022, there is a slight decrease in tangible assets in the amount of 1,063,380 lei, due to the decrease in advance payments, technical installations and machines and land and constructions. Also, the tangible assets in progress have decreased compared to 2021.

The structure of inventories on 30.06.2022 is as follows:

Inventories	**June 30 2022**	**December 31 2021**
Raw materials and consumables	4,451,609	10,082,094

Production in progress and semi-finished products	341,708	747,790
Finished products and merchandise	1,035,828	2,469,431
TOTAL	**5,829,145**	**13,299,315**

On 30.06.2022, there is a significant decrease in inventories by 7,470,170 lei compared to 2021, due to the decrease in inventories of raw materials and consumables and the withdrawal from production of finished products for the client Alfred Karcher SE & Co. KG.

Receivables	**June 30 2022**	**December 31 2021**
Trade receivables	10,686,725	9,645,330
Other receivables	3,386,527	12,528,175
TOTAL	**14,073,252**	**22,173,505**

The trade receivables of Electroarges SA increased on 30.06.2022 compared to 31.12.2021, by 1,041,395 lei, while the total receivables decreased by 8,100,253 lei.

The structure of liabilities on 30.06.2022 is as follows:

Liabilities	**June 30 2022**	**December 31 2021**
Trade liabilities	38,007,322	52,881,215
Loans from banking institutions	9,038,821	11,052,032
Other liabilities	123,501	361,065
Total short-term liabilities	**47,169,644**	**64,294,312**
Loans from banking institutions	7,081,466	9,580,808
Subsidies	3,846,716	4,190,123

Financial leasing	3,795,489	5,252,277
Other liabilities	164,440	222,815
Total long-term liabilities	**14,888,111**	**19,246,023**
TOTAL	**62,057,755**	**83,540,335**

Obligations to the state budget and local budgets, respectively taxes, special funds and other taxes were paid on time.

On 30.06.2022, a decrease in trade liabilities in the amount of 17,124,668 lei is recorded, and at the same time, a decrease in loans to banking institutions is also recorded.

1.2. PROFIT & LOSS ACCOUNT ON 30.06.2022

	June 30 2022	**June 30 2021**
Income from sales	**53,739,555**	**132,460,731**
Other operating income	2,379,949	1,774,521
Changes in inventories	(1,719,504)	(1,638,285)
Total operating expenses	(59,305,955)	(131,562,629)
Operating profit/(loss)	**(4,905,955)**	**1,034,338**
Net financial income/(expenses)	447,326	229,674
Profit/(Loss) before taxation	**(5,353,281)**	**1,264,012**
Tax expenses	0	393,595
Profit/(Loss)	**(5,353,281)**	**870,417**

On 30.06.2022, a net loss in the amount of 5,353,281 lei is recorded, due to the decrease in turnover.

The turnover decreased on 30.06.2022 by 40% compared to 30.06.2021, due to the termination of the collaboration with the main client Alfred Karcher SE & Co. KG.

The structure of operating expenses on 30.06.2022 is as follows:

Operating expenses	June 30 2022	June 30 2021
Raw materials and consumables	34,665,660	96,798,002
Expenses on personnel	5,851,524	14,106,242
Amortization	3,938,119	4,590,030
Other operating expenses	14,850,652	16,068,355
TOTAL	**59,305,955**	**131,562,629**

On 30.06.2022, a significant decrease by 62,132,342 lei compared to the previous period in raw materials and material expenses can be observed. There is also a decrease by 8,254,718 lei in expenses on personnel compared to 30.06.2021. The decrease of these expenses was determined by the reduction of turnover compared to the previous period.

On 30.06.2022, the amortization registers a low value compared to the similar period of 2021, by 651,911 lei. At the same time, expenses with utilities and external services also decreased, compared to the same period last year.

1.3. FINANCIAL INDICATORS

PROFITABILITY AND RETURN ON CAPITAL	June 30 2022
Equity efficiency ratio	
Net profit (A)	(5,353,281)
Equity (B)	42,027,473
A/B	**-12.74%**
Operating profit ratio	
Gross profit (A)	(5,353,281)
Operating income (B)	54,400,000
A/B	**-9.84%**
Net profit ratio	

Net profit (A)	(5,353,281)
Total income (B)	54,400,017
A/B	**-9.84%**
Total assets ratio	
Gross profit (A)	(5,353,281)
Total assets (B)	104,085,228
A/B	**-5.14%**

LIQUIDITY AND WORKING CAPITAL	**June 30 2022**
Overall liquidity ratio	
Current assets (A)	22,072,829
Current liabilities (B)	47,169,644
A/B	**46.79%**
Quick liquidity ratio	
Current assets (A)	22,072,829
Inventories (B)	5,829,145
Current liabilities (C)	47,169,644
(A-B)/C	**34.44%**
Client collection period	
Trade receivables (A)	11,703,639
Net turnover (B)	53,739,555
A/B*90 days	**20**

Inventory immobilization period	
Inventories (A)	5,829,145
Net turnover (B)	53,739,555
A/B*90 days	**10**

Supplier payment period	
Suppliers (A)	12,849,323
Material expenses (B)	34,518,794
A/B*90 days	**34**

2. ELECTROARGES SA SHARE CAPITAL

The of the company's subscribed capital on 30.06.2022 is 6,976,465 lei, the nominal value of a share being 0,10 lei/share,

The shareholding structure on 30.06.2022 is as follows:

Shareholder	**Shares**	**Percent %**
Investments Constantin SRL	25,699,543	36.84%
Trans Expedition Feroviar SRL	8,963,266	12.85%
Standard Equity SRL	7,542,172	10.81%
Natural persons	21,629,081	31.00%
Legal persons	5,930,588	8.50%
TOTAL	**69,764,650**	**100%**

The structure of the board of directors on 30.06.2022 is as follows:

Item no,	Board Member	Position	Number of shares
1,	Stefan Constantin	Board Chairman	0
2,	Cardinal Main SRL by permanent representative Roxana Scarlat	Board Vice-Chairman	0
3,	CsoarpiSaints SRL by permanent representative Adrian Ionescu	Board Member	0

3. CONTINGENT LIABILITIES

There are no significant contingent liabilities at the balance sheet date.

4. COMMITMENTS

On 30.06.2022 the company had the following commitments granted for credits:

- Loans at a single bank – Raiffeisen Bank Pitesti Branch

- Guarantees: receivables assignment contract and movable mortgage contract on the pledged assets.

5, INFORMATION RELATING TO THE AUDIT OF FINANCIAL SITUATIONS

The financial statements prepared on 30.06.2022 were not audited.

5. FURTHER EVENTS

There are no further events that can influence these financial statements.

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

STATEMENT

I, the undersigned Roxana Scarlat, as Vice-Chairman of the ELECTROARGES SA Board of Directors, with the registered office in Bucharest, strada Horatiu, nr. 8-10, sector 1, according to the provisions of art. no. 30 of the Accounting Law no. 82/1991, as republished, take the responsibility for the accurate presentation of the financial statements for the first semester of 2022, in accordance with the Accounting Regulations harmonized with the Fourth Directive of the European Economic Communities and with the International Financial Reporting Standards, approved by OMFP no. 2844/2016, OMFP no. 881/2012, and confirm that:

- the accounting policies used in preparing the financial statements are in accordance with the applicable accounting regulations;

- the financial statements offer a correct image and in accordance with the reality of the assets, liabilities, financial position, profit and loss account;

- the board of directors' report presents correctly and completely the information about Electroarges SA regarding the company's development and performances, including the main risks and uncertainties specific to the activity carried out;

- Electroarges SA carries out its activity in conditions of continuity.

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

ROXANA SCARLAT

ANNEX 30.B. ECONOMIC & FINANCIAL INDICATORS

Indicator	Calculation method	Result	Optimal values
Current liquidity indicator	Current assets/Current liabilities	22,072,829/47,169,644 = 0.46	2
Indebtedness degree indicator	Borrowed capital/Equity	18,426,225/42,027,473 = 0.44	Minimal value
Debit turnover speed - clients	Client balance/Turnover x 90 days	11,703,639/53,739,555 x 90 days = 20 days	Maximal value
Fixed assets turnover speed	Turnover/Fixed assets	53,739,555/82,012,399 = 0.66	Minimal value

Vice-Chairman of the Board of Directors,

Roxana Scarlat

Financial Manager,

Iulia Petre

DIRECTORS' REPORT

Half-yearly Report in accordance with the ASF Regulation no, 5/2018

on the issuers of securities and security transactions

and the Ordinance no, 2844/2016 of the Ministry of Public Finance

on the approval of the Accounting Regulations

according to the International Financial Reporting Standards,

for

THE CONSOLIDATED ACCOUNTING REPORTS

ON JUNE 30 2022

Reporting date: June 30 2022

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

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

Telephone: 0248/724000

Fax: 0248/724 004

E-mail: electroarges@electroarges,ro

Tax Registration Code: RO 156027

Trade Register Registration number and date: J40/8487/2022

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

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

Main characteristics of the securities issued by the company:

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

STATEMENT OF FINANCIAL POSITION ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	December 31 2021
Assets		
Fixed assets		
Tangible assets	66,639,199	75,186,611
Goodwill	3,734,837	3,734,837
Intangible assets	359,729	852,328
Equivalent titles	5,494,873	4,844,753
Other financial fixed assets	9,633,673	2,243,692
Real estate investments	2,353,782	2,780,884
Deferred tax		1,858,019
Total fixed assets	**88,216,093**	**91,501,124**
Current assets		
Inventories	6,890,873	13,610,743
Trade and other receivables	8,089,472	23,730,913
Other financial assets	2,898,843	232,044
Cash and cash equivalents	2,298,901	11,183,650
Total current assets	**20,178,089**	**48,757,350**
TOTAL ASSETS	**108,394,240**	**140,258,474**
Liabilities		
Current liabilities		
Trade and similar liabilities	13,656,603	54,712,950
Loans from banking institutions	9,423,344	8,379,508
Advance payments for orders	1,794,755	2,892,508
Employee benefits due in short term		129,691
Long-term loans from banking institutions – current maturity and other liabilities	24,761,880	648,040
Total current liabilities	**49,636,582**	**66,762,697**
Long-term liabilities		
Long-term loans from banking institutions	9,580,699	9,580,699
Financial leasing	3,621,919	5,252,277
Other liabilities	2,592,805	4,412,938
Total long-term liabilities	**15,795,423**	**19,245,914**
TOTAL LIABILITIES	**65,432,005**	**86,008,612**
NET ASSETS	**42,962,235**	**54,249,862**

	June 30 2022	December 31 2021
Share capital	6,976,465	6,976,465
Own shares	1,127	(118,748)
Other equity	1,444,655	122,497
Net reserves from revaluation	7,484,693	8,174,015
Other reserves	39,300,404	50,538,045
Retained earnings	(13,557,442)	(12,940,197)
Non-controlling interest	1,312,333	1,497,786
TOTAL EQUITY	**42,962,235**	**54,249,862**
TOTAL LIABILITIES AND EQUITY	**108,394,240**	**140,258,474**

STATEMENT OF COMPREHENSIVE INCOME ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	June 30 2021
TURNOVER	**55,639,600**	**133,789,800**
Income from sales	**55,643,346**	**133,790,514**
Trade discounts	3,746	714
Other operating income	2,418,552	1,781,474
Changes in inventories	-1,762,634	-1,715,809
Income from the production of tangible assets	-	-
Raw materials and consumables	39,551,544	-99,249,092
Expenses on personnel	-6,485,709	-14,675,814
Amortization	-4,180,893	-4,831,444
Research and development	-	-
Other operating expenses	11,130,806	-15,320,282
Operating profit/(loss)	**-5,044,584**	**1,128,584**
Financial costs	-468,353	-241,016
Financial income	-	446,772
Profit share related to the associated and jointly controlled entities	-	-
Profit/(Loss) before taxation	**-5,512,937**	**1,334,340**
Expenses on tax	24,559	-
Profit/(Loss) from the parent company's continuing activities	**-5,499,613**	**930,005**
Profit/(Loss) from the minor interests' continuing activities	**-37,883**	**10,740**
Result from discontinued activities, net of tax	-	-
Profit/(Loss)	**-5,499,613**	**930,005**
Other comprehensive income		
Items that will not be reclassified:		

Revaluation of tangible assets	-	-
Remeasurement of pension benefit schemes	-	-
Comprehensive income share related to associates/JV	-	-
Related taxes	-	-
Items that will be or may be reclassified:		
AFS adjustments	-	-
Cash-flow hedging	-	-
Adjustments from retaking	-	-
Related taxes	-	-
Total other comprehensive income	**-**	**-**
Total comprehensive income	**-5,512,937**	**1,334,340**
Interests that control the financial result	**-5,499,613**	**930,005**
Interests that do not control the financial result	**-37,883**	**10,740**

1. ANALYSIS OF THE COMPANIES' BUSINESS ACTIVITY

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

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

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

Telephone: 0248/724000; 0763/676160

Fax: 0248/724 004

E-mail: electroarges@electroarges,ro;

Tax Registration Code: RO/156027

Trade Register registration number and date: J40/8487/2022

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

ELECTROARGES SA Curtea de Arges' object of activity:

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

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

The share capital subscribed and paid on 30.06.2022 is 6,974,465 lei, representing 69,764,650 shares with a nominal value of 0.10 lei / share.

The shareholding structure on 30.06.2022 was the following:

Shareholder	**Shares**	**Percent %**
Investments Constantin SRL	25,699,543	36.84%
Trans Expedition Feroviar SRL	8,963,266	12.85%
Standard Equity SRL	7,542,172	10.81%
Natural persons	21,629,081	31.00%
Legal persons	5,930,588	8.50%
TOTAL	**69,764,650**	**100%**

Administrators' participation to the share capital is the following:

Item no,	Board Member	Position	Number of shares
1,	Stefan Constantin	Board Chairman	0
2,	Cardinal Main SRL by permanent representative Roxana Scarlat	Board Vice-Chairman	0
3,	Csoarpi Saints SRL by permanent representative Adrian Ionescu	Board Member	0

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

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

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

2. ELARS SA, a subsidiary to which ELECTROARGES SA helds 20,555,276 shares, with a nominal value of 2,055,527,60 lei, representing 88.16% of the share capital.

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

Trade Register Registration Number: J10/124/1991

Tax Registration Code: RO1168275

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

At ELARS SA, the shareholding structure was as follows:

Shareholder	***Share capital value***	***%***
ELECTROARGES SA	2,055,527.60	***88.1611***
Legal persons	5,618.10	***0.2410***

Natural persons by PPM	270,412.40	***11.5979***
TOTAL	**2,331,558.1**	***100.00***

3. AMPLO SA, a subsidiary to which ELECTROARGES SA helds 2,668,396 shares, with a nominal value of 6,670,990 lei, representing 84.4119% of the share capital,

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

Trade Register Registration Number: J29/13/1991

Tax Registration Code: RO1359038

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

At AMPLO SA, the shareholding structure was as follows:

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

Corporate Governance Structures at the parent company

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

In the Corporate Governance Regulation, the corporate governance structures, the positions, competencies and responsibilities of the Board of Directors and the executive management, transparency, financial reporting, the corporate information regime and the company's social responsibility for the activities carried out are detailed.

The members of the board of directors at the other entities

- Elars SA Board of Directors

Full name	Position
Investment Constantin SRL by representative Mircescu Mihaela	Sole Director

- Amplo SA Board of Directors

Full name	Position
Benjamins United SRL by representative Mircescu Mihaela	Sole Director

Consolidation needs

The consolidation perimeter and the rules for preparing the consolidated annual financial statements are established according to IFRS (IFRS 10)

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

The parent company must prepare consolidated financial reports using uniform accounting policies for similar transactions and events in similar circumstances, Consolidation of an invested entity must begin on the date the investor obtained control and must stop when the investor loses control of the invested entity.

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

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

1.1. b) Parent company formation:

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

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

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

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

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

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

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

It is not the case.

1.1. d) Important events that took place in the first 6 months of the financial year and their impact on the half-yearly accounting report

Electroarges SA's object of activity is the production and sale of consumer electrical goods, the execution of works and services for economic agents, in compliance with the legislation in force.

The products nanufactured in the first semester of 2022 were delivered both to the foreign market, in a proportion of 95% by the parent company, and to the domestic market, where it

tried to consolidate its position as a company producing household electrical appliances, household appliances, professional appliances for semi-industrial and hotel use, industrial equipment and subassemblies intended for local producers.

The main export market was Germany (vacuum cleaners and ash pans).

On the domestic market, Electroarges products were sold through distributors and direct sales. Also internally, Electroarges SA collaborated for the sale of parts to CER Cleaning Equipment, Arctic Gaesti and Subansamble Auto

1.1.1. Elements of general evaluation

On 30.06.2022 the group's net operating result was in the amount of (-)5,044,584 lei compared to 1,128,584 reported on 30.06.2021, while the gross result was (-) 5,512,937 lei compared to 1,334,340 lei from the the previous period.

Analyzed in their structure, the main operating expenses are as follows:

	For the period	
Operating expense items	**30.06.2022**	**30.06.2021**
Raw materials abd consumables	39,551,544	99,249,092
Expenses on personnel	6,485,709	14,675,814
Amortization	4,180,893	4,831,444
Other operating expenses	11,130,806	15,320,282
Operating expenses	**61,348,952**	**134,076,632**

Within the group there are entities paying tax on profit and income tax, for the first semester of 2022 the total tax on profit expense is 24,559 lei, and the income tax expense is zero.

Liquidity and credit

On June 30, 2022, the general liquidity raio is 0.41 points.

Cash available on 30.06.2022 in the amount of 2,298,901 lei, represents money deposited in current bank accounts or in deposit accounts at banks in Romania for a period of less than 3 months.

Cash and cash equivalents	31-dec 2021	30-iun-2022
Available in bank	11,175,937	2,276,328
Cash and cash equivalents	7,713	22,573
Deposits with a less than 3 month maturity	-	-
Miscellaneous	-	-
Total	**11,183,650**	**2,298,901**

1.1.2. Evaluation of the company's technical level:

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

a) Main markets and distribution methods:

The products made in the first semester of 2022 were delivered to both the foreign and domestic markets, where they tried to consolidate their position as companies producing household electrical appliances, household appliances, professional appliances for semi-industrial and hotel use, industrial equipment and parts/subassemblies intended for industrial producers, machines and devices for measuring, checking, control and navigation, underwear and clothing articles, as well as construction works performed by groups's member entities.

On the domestic market, Electroarges products were sold through our distributors and direct sales, Electroarges also had important collaborations with Arctic SA, Haier Tech SRL, Cer Cleaning Equipment SRL, etc.

The Research - Development Department within Electroarges SA had as its main objective the development of new products, as follows:

- in the field of railways - a vibration absorbing carpet;
- the introduction of some restyled Electroarges brand projects, such as the EA Cleaner vacuum cleaner, coffee grinder and hair dryer.

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

The range of products intended for the Arctic has been expanded, by the production of new injected plastic parts and sub-assemblies, parts printed by "hot stamping" technology, "hot printing", and door sub-assemblies for washing machines, including injected plastic parts for them.

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

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

Actions will be implemented to modernize current products according to market requirements (eg hair dryers, coffee grinders, wall fans) and those of assimilation in the manufacturing of parts, sub-assemblies and finished products, for various industrial manufacturers. The new investments in CNC machines and injection machines will be capitalized in production. Opportunities for collaboration in production with important producers will be identified and initiated, especially with those in the area of injected plastic parts. Also, the traditional products will be modernized and put back into production: hair dryer, coffee grinder, wall fans.

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

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

Only the parent company purchases raw materials and materials from the foreign market, the other companies use raw materials and materials from the domestic market in proportion of 100%.

In the activity of purchasing raw material and materials from suppliers, the selection, comparison, negotiation and capitalization of the most advantageous offers for the group's member companies was and is a permanent priority.

Important actions carried out within the companies were represented by the capitalization of without movement or with slow movement inventories, depending on the manufacturing program or other emergencies in the company's activity, as well as the minimal sizing of orders to suppliers in order to prevent the formation of such inventories.

Under these conditions, there is concern and interest for the assimilation of raw material and materials produced by Romanian companies from or Romanian representatives of some important companies in the world, even if the assimilation procedure and taking over as a supplier is quite difficult.

1.1.4. Evaluation of sale activity.

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

Compared to the total value of sales from previous periods, in the first semester of 2022, sales have decreased compared to 2021, the same period of the first semester.

INDICATORS	Row no.	30.06.2021	30.06.2022
A	B	1	2

1. Net turnover (row 02 to 05)	**01**	**133,789,800**	**55,639,600**
Production sold (acc.701+702+703+704+705+706+708)	02	133,644,178	51,945,103
Income from sale of merchandise (acc. 707)	03	146,336	3,698,243
Trade discounts (acc. 709)		714	3,746

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

Electroarges SA also has sales on the domestic market with the following collaborators: Arctic SA, Steinel Electronic SRL, Cer Cleaning Equipment SRL, Haier Tech SRL and others. At the same time, an audit was carried out by the client Subansemble Auto, Checking the requirements of the integrated management system allows Electroarges to start collaboration with an important supplier in the automotive field.

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

Also for 2022, the first semester, the competition on the market of electrical household appliances and products was accentuated by the economic developments in Europe, for example the change in the euro/dollar parity.

The market was flooded with branded products at prices comparable or even lower than those of ELECTROARGES products. Also on the market there are many products manufactured by Asian manufacturers at very low prices and with a more attractive design, under well-known domestic or western brands, which are offered for sale with attractive payment conditions.

Electroarges SA has kept its character as a special producer for a series of products with a high degree of technicality and practical application, such as: egg incubators, wall fans, water pumps, various household appliances.

The service activity and the guarantee provided for the manufactured products materialized by the lack of major notifications related to the quality of the products, represent an important factor in orienting buyers towards products manufactured by ELECTROARGES.

Currently, ELECTROARGES products, ensuring a balance of costs compared to the existing prices on the market and technical performance, are found in the clients' area of interest and acceptability.

ELECTROARGES' main competitors are the companies that produce under recognized brands, having sales through supermarket chains, under the conditions of considerable marketing-sales budgets.

The other group entities face the same problems, because the the other entities' competitors on the market are also producers with costs and respectively prices below those offered by Elars, SA, AMPLO SA, and even BRAICONF SA, which faces fierce competition on the market for the manufacture of underwear articles or even imports.

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

In 2022, the range of products intended for the Arctic will be expanded, by the production of new injected plastic parts and sub-assemblies, parts printed by "hot stamping" technology, and door sub-assemblies for washing machines, including injected plastic parts for them.

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

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

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

The professional training of the Electroarges employees was carried out according to the actual financial possibilities and in relation to the budget approved in this chapter for the year that ended.

The human resources development and training strategy aimed to develop the workforce in order to become more adaptable to structural changes in the context of the skills shortage identified in the domestic workforce with a focus on qualification and retraining of the workforce directly at work. In this sense, the development of professional ability for integration into a professional standard was taken into account, providing employees with the necessary knowledge to acquire the profession or occupation based on experience gained at work, making products that best meet evolving needs and quality requirements of foreign partners.

Regarding the expenses on personnel, these were as follows at the group level:

INDICATORS	Row no.	30.06.2021	30.06.2022
A	B	1	2
6. Expenses on personnel (row 16 + 17 out of which:)	15	**14,675,814**	**6,485,709**
a) Sallaries and allowances (acc. 641+642-7414)	16	14,407,948	6,350,094
b) Insurance and social contribution expenses (acc. 645)	17	267,866	135,615

Regarding the number of employees, it is decreasing in all group entities.

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

Relationships between manager and employees were and are governed by the Collective Labor Contract wherver the case is and there is a Collective Labor Contract and the legislation in force.

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

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

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

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

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

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

Environmental factor AIR:

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

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

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

Environmental factor WATER:

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

The rules implemented concern:

-Water Management Authorization no. 290/09.2016 on ‘’Electrical consumer goods factory (portable electrical tools, low electric power motors and other electrical equipment) Curtea de Arges’’ issued by the APELE ROMANE National Administration– ARGES-VEDEA Water Basin Administration.

-Authorization regarding the operation of wastewater pretreatment facilities no, 2/2019 issued by Aquaterm AG'98 SA.

-Organizing and operating Regulation of the neutralization station;

-The waste water resulting from the metal coating workshop is purified locally, before being discharged into the city sewer network, in the neutralization station;

-The waters treated in the neutralization station are monitored and measured;

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

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

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

Environmental factor SOIL & WASTE:

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

-The provisions of Law 211/2011 on waste are being followed.

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

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

-The provisions the Government Decision 235/2007 as further amended (ie Government Emergency Ordinance 15/2010) on the management of waste oil are applied by : providing collection of waste oil on types, use of appropriate collection containers, avoiding soil or groundwater contamination, their storage in specially designed premises, capitalization of the waste oil by authorized economic agents, after requesting and receiving the Dangerous Goods Transport / Shipment Form.

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

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

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

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

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

-The provisions of Government Emergency Ordinance 5/2015 on the electrical and electronic equipment waste are implemented as follows: on designing the products, the specialists of the Technical Department comply with the special environmental and /or security requirements, the requirements for facilitating the part dismantling and recovery; provide options of reuse and recycling of the electrical and electronic equipment waste.

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

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

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

CHEMICAL SUBSTANCES:

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

-The Law no. 360/2003 as further amended and supplemented on the regime of hazardous chemical substances and compounds, conditions: decisions on the personnel responsible for managing, storing and handling the hazardous chamical substances; permit

for transportation, possession and use of toxic products and substances; the amounts of the toxic substances used are monitored through the ''Records for the movment of toxic products and substances''; the need to supervise the purchase of hazardous chemical substances accompanied by Safety Data Sheets in accordance with Regulation 453/2010; complying with the conditions provided in the Safety Data Sheets of the hazardous products on packaging transportation, storage, handling/use and management of these substances.

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

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

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

b). Summary description of the impact of the issuer's basic activity on the

environment as well as any existing or expected disputes regarding the violation of the environmental protection legislation:

Electroarges SA does not perform activities with significant environmental impact.

It should be mentioned that Electroarges SA has all the necessary legal authorizations (Environmental Authorization, Water Management Authorization and Authorization concerning the operation of waste water pre-treatment facilities) to carry out the business activity.

Following the checks carried out in previous years by the National Environmental Guard - Arges Regional Department a measure was ordered regarding "Separate collection of all types of generated waste, in special spaces or containers, with labels for each type of waste". The respective measure was implemented accordingly.

The fact that Electroarges location is in the industrial area of Curtea de Arges does not affect the quality of life, the population's health condition, or the vegetation and fauna.

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

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

There is collaboration in production with Arctic SA and Haier Tech SRL, through the assimilation in manufacturing of an important range of injected plastic parts, subassemblies and part kits. Also, the collaboration with STEINEL in the production of injected plastic parts was resumed and negotiations with automotive manufacturers were started.

During 2022, the development program will include objectives for the modernization of products under the ARGIS Electroarges brand, in accordance with the requirements of the domestic and foreign markets. Collaborations will be initiated and continued with manufacturers of electrical household appliances, injected plastic parts and subassemblies for various applications.

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

Electroarges SA is facing a major rish, namely the loan with one bank – Raiffeisen Bank, Pitesti branch - any change of the bank's policy in the current situation may also have consequences on the Electroarges SA's capacity to support interest and reimbursement rates.

Also, a small portfolio of clients represents a big risk.

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

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

- ensuring the profitability on the traditional market (increasing the competitivness of products through redesign, manufacturing cost control, non-quality cost reduction, boosting sales by changing marketing policies) ;
- penetrating new markets and diversifying the range of services/products offered ;
- rendering of services and manufacturing products for third parties in related fields (for which there are insuficiently used technological capabilities) ;
- participation in inter-disciplinary programs at national and international level ; attracting structural grant funds ;
- developing the client portfolio.

GROUP'S ECONOMIC & FINANCIAL INDICATORS

Item No.	Explanation	Calculation method	**30.06.2022** earnings		**Optimal values**
	I. LIQUIDITY INDICATORS				
1	Overall liquidity (Overall solvency)	Current assets / Current liabilities	20,178,089 / 49,636,582	**0.41**	0.1 - 3

2	Immediate liquidity (Immediate solvency)	Current assets - Inventories / Current liabilities	13,287,216 / 49,636,582	**0.27**	0.8 - 1,5
3	Overall indebtedness ratio	Total liabilities / Equity	65,432,005 / 42,962,235	**1.52**	0.1 - 3
	II. MANAGEMENT INDICATORS				
1	Inventory turnover speed	Net turnover / Inventory	55,639,600 / 6,890,873	**8.07**	maximal value
2	Storage days	Inventory x 360 / Net turnover	6,890,873 x 360 / 55,639,600	**44.59**	minimal value
3	Debit turnover speed (clients)	Trade receivables / Net turnover	8,089,472 x 360 / 55,639,600	**52.34**	minimal value
4	Fixed asset turnover speed	Net turnover / Fixed assets	55,639,600 / 88,216,093	**0.63**	maximal value
5	Total asset turnover speed	Net turnover / Total assets	55,639,600 / 108,394,240	**0.51**	maximal value
6	Credit turnover speed (suppliers)	Liability balance x 360 / Net turnover	15,451,358 x 360 / 55,639,600	**99.97**	greater value II.3
	III. PROFITABILITY INDICATORS				
1	Operating profit return ratio	Opetating profit x 100 / Total assets	-5,044,584 x 100 / 108,394,240	**-4.65**	
2	Net profit return ratio	Net profit x 100	0 x 100	**0.00**	

		Total assets	108,394,240		
3	Expenses with income coverage degree	Total income / Total expenses x 100	56,295,518 / 61,808,455 x 100	**91.08**	

Liquidity indicators

Current liquidity indicator = Current assets / Current liabilities = 0.41

The recommended acceptable value is between the value of 1 and 3 and offers the guarantee of covering the accumulated liabilities from the current assets.

The immediate liquidity indicator = Current assets - inventories / Current liabilities = 0.27

This indicator is also called the acid test and shows the company's ability to cover its current liabilities from receivables and assets that are easily achievable assets that do not require additional expenses. This indicator is slightly above the lower limit, in these conditions the company will not have to call on inventories to transform them into availability.

Risk indicators

General indebtedness ratio = Total liabilities/Equity = 1.52

The recommended acceptable value is between the value of 0.1 and 2 and offers the guarantee of covering the accumulated liabilities from the current assets.

This indicator is also known as the "leverage ratio" and expresses the entity's total indebtedness (short, medium and long term) in relation to its own capital.

The result must be sub-unitary; a value above unit means a high degree of indebtedness, A value that exceeds 2.00 expresses a very high degree of indebtedness; the company may even be in the stage of imminent bankruptcy if the result exceeds the threshold of 2.33 several times. This is not the case of the Group, where the indicator is within the recommended limits.

Management indicators

From the analysis of the management indicators, the conclusion was drawn that the inventory turnover speed is satisfactory, the number of storage days is 45 days, suppliers are paid at

119 days, greater than the collection of receivables, clients are paid in a interval of about 57 days.

Liquidity risk

Liquidity risk arises from the Company's management of current assets and financing expenses and principal repayments for its debit instruments.

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

The following table shows the cash flows, as well as the distribution of short-term and long-term liabilities:

CASH FLOW	30.06.2022	30.06.2021
(+/-) Business income	**-5,499,613**	**930,005**
(+) Amortizations and provisions included in the costs recorded during the period	**4,831,444**	**4,831,444**
(-) Changes in inventories	6,719,870	-4,635,805
(-) Changes in receivables	12,974,642	-3,518,235
(+)Changes in suppliers and client lenders	-39,261,592	-10,619,766
CASH FLOW FROM OPERATING ACTIVITY (A)	**-20,235,249**	**-13,012,357**
(-) Changes in fixed assets	-1,546,413	-17,239,613
CASH FLOW FROM INVESTMENT ACTIVITY (B)	**-1,546,413**	**-17,239,613**

(+) Changes in loans and similar liabilities	-1,043,836	4,844,550
(+) Changes in other liabilities	-3,835,927	1,954,266
(+) Changes in equity	5,849,655	5,849,655
CASH FLOW FROM FINANCIAL ACTIVITY (C)	**969,892**	**12,648,471**
(+) Changes in other liabilities	11,926,963	12,650,620
(-) Changes in other assets	58	90,758
CASH FLOW FROM OTHER ACTIVITIES (D)	**11,927,021**	**12,741,378**
TOTAL CASH FLOW (A+B+C+D)	**-8,884,749**	**-4,862,121**
Liquid assets at the beginning of the period	11,183,650	14,185,632
Liquid assets at the end of the period	**2,298,901**	**9,323,511**

INDICATORS	Row no.	31.12.2021	30.06.2022
A	B	1	2
D. LIABILITIES ~ AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR			
TOTAL (row 39 to 49)	**50**	**66,762,697**	**49,636,582**
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (row 37+38-49-68)	**51**	**-18,005,347**	**-29,458,435**
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 21+50)	**52**	**73,495,777**	**58,757,658**
G. LIABILITIES " AMOUNTS TO BE PAID WITHIN A PERIOD OF MORE THAN ONE YEAR			
TOTAL (row 53 to 62)	**63**	**19,245,914**	**15,795,423**

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

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

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

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

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

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

1.1.9. Perspective elements regarding the company's activity:

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

Based on what was presented previously, the strategy applied within the parent company, as in the case of the other entities, has as its main objective the reorientation of the activity based on the analysis of profitability in the conditions of the increase in the turnover and the parallel development of some activities that allow the control of costs and the strengthening of the position on the market.

In order to achieve these objectives and eliminate events or uncertainty factors that could affect the company's liquidity, actions are taken for:

- reducing dependence on the KÄRCHER contract, the parent company;

- reducing and liquidating inventories;

- reducing financing costs by renegotiating contracts with suppliers and clients;

- reorientating the sales department from the need to ensure volume to ensuring profitability;

- sales-production-purchases relational planning with consolidation of all inventory categories;

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

1.1.9.b) Presentation of the changes in equity

	Share capital	Own shares	Other equity	Reserves from revaluation	Legal reserves	Other reserves	Retained earnings	Total attributable to the Group	Minority interest	Total equity
December 31 2021	**6,976,465**	**(118,748)**	**122,497**	**8,174,015**	**2,513,708**	**48,024,337**	**(12,940,197)**	**52,752,077**	**1,497,786**	**54,249,863**
Profit of the financial period	-	-			-735,526	- 10,502,115	-617,245			
Other comprehensive income	-	119,875	6,859,654	-689,322				**-58,251,690**	223,336	**- 11,287,628**
Total comprehensive income										
June 30 2022	**6,976,465**	**1,127**	**6,982,151**	**7,484,693**	**1,778,182**	**37,522,222**	**(13,557,442)**	**(5,499,613)**	**1,274,450**	**42,962,235**

The parent company has no outstanding obligations to the state budget, unlike the other companies, which register outstanding liabilities and even benefit from deferred payment (AMPLO SA).

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

Electroarges SA, as well as the other entities in the group, carries out its activity on the principle of continuity, based on the income and expenses budget and the development programs, evaluated in accordance with the commercial contracts that are the basis of economic collaborations.

At this time, there are no known events that would significantly affect the income from the basic activity.

2. COMPANY'S TANGIBLE ASSETS

2.1. Location and characteristics of the companies' main production facilities

The parent company, "ELECTROARGES" SA, has its working point in Curtea de Arges, str. Albesti, nr. 12, jud. Arges. Total area of the land owed by the company was 59,346 sqm, acquired with the Title Deed series M03, NO. 0674/08.12.1993, out of which the land adjoining the Studio Block was sold to the tenants in 1995 and the land adjoining the Bachelors' Hostel, was conveyed by enforcement in 2001,

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

1. Total built area = 31,313.15 sqm

Out of which:

- production and administrative departments = 31,297.34 sqm

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

3. Area related to the municipal networks = 932.00 sqm

4. Free area = 7,235.00 sqm

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

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

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

- quality assurance activity;

- research and development activity;

- marketing-sales and service activitiy;

- logistics, acquisitions and transportation;

- financial-accounting activity;

- production planning and monitoring;

- human resources and administrative management,

On 30.06.2022, the situation of the group's fixed assets can be found below,

INDICATORS	30.06.2021	30.06.2022
A	2	2
A. FIXED ASSETS		
I. INTANGIBLE ASSETS		
2. Development expenses	0	0
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	910,245	359,726
4. Goodwill	4,560,969	3,734,837
5. Advance payments and intangible assets in progress	0	0
TOTAL (row 01 to 05)	**5,471,214**	**4,094,563**
II. TANGIBLE ASSETS		
1. Land and constructions	31,655,111	35,451,143
2. Technical installations and machines	28,502,453	17,148,491
3. Other installations, equipment and furniture	391,669	1,063,197
4. Real estate investments	0	0
5. Advance payments and tangible assets in progress	8,724,030	1,460,934
6. Real estate investments in progress	10,393,958	11,515,434
TOTAL (row 06 to 11)	**79,667,221**	**66,639,199**

2.2. Analysis of the company's property wear :

The wear of all the company's capabilities is 35.87%, by category of assets fluctuating from minimum to maximum.

Accounting wear of the company's properties was calculated according to Law 15/1994 and Law no. 227/2015 regarding the Tax Code, the straight-line method, being influenced by the subsequent regulations on the utilization of fixed assets.

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

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

It is not the case.

3. PARENT COMPANY-ISSUED SECURITY MARKET

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

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

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

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

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

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

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

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

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

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

3 FINANCIAL ASSETS

On June 30, 2022, the group's financial assets are presented as follows:

INDICATORS	31.12.2021	30.06.2022
A	**1**	**2**
IV. FINANCIAL ASSETS		
1. Shares held in subsidiaries	4,304,266	5,494,873
2. Loans granted to group entities		
3. Shares held in associated and jointly controlled entities	64,045	232,044
4. Loans granted to associated and jointly controlled entities		
5. Other fixed assets	19,467	2,121,741
6. Other loans	5,301,572	9,633,673
TOTAL	**9,689,350**	**17,482,331**

The evaluation at fair value of the financial assets held at those listed companies but which did not have a sufficient number of transactions to be in active market conditions as well as those held at unlisted entities was made on the basis of an evaluation report issued by an independent assessor, The evaluation was based on the discounted future cash flow method.

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

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

3.3. ELECTROARGES SA classifies the subsidiaries, the companies over which, by the share of the participation in the social capital of these companies, it has control. With these, Electroarges SA enters consolidation, and prepares consolidated financial statements.

The companies classified as subsidiaries are:

1, AMPLO SA, in which Electroarges holds a number of 2,668,396 shares (84.4119% of the share capital);

2, ELARS SA, in which Electroarges holds a number of 20,555,276 shares (88.1611% of the share capital);

During 2019, a number of 3,470,199 Braiconf SA shares were purchased, 18,892,000 shares being sold, Electroarges holding at the end of 2020 a number of 11,802,363 shares, respectively 26.3354% of the share capital of Braiconf SA.

ELECTROARGES SA has no branches.

3.4. ELECTROARGES SA has not issued bonds or other debentures.

4. COMPANIES' MANAGEMENT.

4.1. a) List of ELECTROARGES SA's directors

The members of the Electroarges SA Board of Directors are:

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

4.1. b) Any agreement, understanding or family relationship between that directors and another person for whom that person has been appointed director - It is not the case.

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

Directors do not participate to the share capital.

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

Item no.	Full name	Share capital participation rate
1.	Stefan Constantin – indirect holding through Investments Constantin SRL and Benjamin United SRL	37.73%
2.	Investments Constantin SRL	36.84%
3.	Benjamins United SRL	-
4.	Amplo SA – Electroarges holdings	84.41%
5.	Elars SA - Electroarges holdings	88.16%
6.	Braiconf SA - Electroarges holdings	22.49%

7.	Csoarpi Saints SRL, – indirect affiliation through joint management	-
8.	Cardinal Main SRL, – indirect affiliation through joint management	-

4.2. a). The list of the executive management:

Item no.	Surname	Given Names	Position	Period as a member of the executive management
1.	Caramida	Valentin	Deputy General Manager	05.06.2020 – indefinite
2.	Petre	Iulia	Financial Manager	01.05.2020 – indefinite
3.	Onu	Patricia	Project Manager	17.05.2021 – indefinite

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

All the people who are part of the company's executive management are employed with individual employment contracts.

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

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

The corrections with the affiliated entities shown below are:

- For the patrimonial situation:

ASSET	TOTAL	CORRECTIONS		CONSOLIDATED ACCOUNTS
		+	-	
ASSETS				
Fixed assets				
· Intangible assets	**359,726**	**3,734,837**	**0**	**4,094,563**
	359,726			
. - GOODWILL		3,734,837		
· Tangible assets	**66,639,199**			**66,639,199**
Land and constructions	35,451,143			
installations	17,148,491			
other installations	1,063,197			
real estate in progress	11,515,434			
advance payments	1,460,934			
Real estate investments	0			**0**
		0	**7,644,178**	
Financial assets	**15,492,836**			**7,848,658**
			7,490,694	
Subsidiary shares 2611 + 2613	12,985,567			5,494,873
Associated entity shares	232,044			232,044
Entity loans	153,484		153,484	0
Other titles	2,121,741			2,121,741
Other taxed real estate titles	0			0
. Deferred tax				
. Other real estate assets used Leased assets	**9,633,673**			**9,633,673**
Current assets				

· Inventories	**6,890,873**			**6,890,873**
Raw material	4,820,655			
Production in progress	456,903			
Finished products	1,298,068			
Advance payments and merchandise	315,247			
· Receivables	**18,036,843**		**7,048,528**	**10,988,315**
Trade receivables	11,692,773		3,827,509	7,865,264
Amounts from the group	80,000		80,000	0
Advance payments	224,208			224,208
Other receivables	6,039,862		3,141,019	2,898,843
Short-term investments	**0**			**0**
· Cash and bank accounts	**2,298,901**		0	**2,298,901**
· Advance expenses	58		0	**58**
TOTAL ASSETS	**119,352,109**	**3,734,837**	**14,692,706**	**108,394,240**

LIABILITIES	**TOTAL**	**CORRECTIONS**		**CONSOLIDATED ACCOUNTS**
		+	**-**	
· Share capital	17,210,925		0	**6,976,465**
	0			
Share capital adjustments – acc.1028	0		0	**0**
Other equity – acc. 103	5,849,655		0	**5,849,655**
· Share premiums	0		0	**0**

Earnings related to capital	1,132,496			**1,132,496**
. Own shares	9,518		8,391	**1,127**
· Reserves from revaluation	14,189,078		6,704,385	**7,484,693**
· Legal reserves	2,674,886		896,704	**1,778,182**
-· Other reserves	37,982,757		460,535	**37,522,222**
· Financial period profit/loss	**-5,537,496**			**-5,499,613**
	elars	215,567		
	amplo	-361,899		
● Profit/loss carried forward-117	-22,470,707		8,913,265	**-13,557,442**
● Profit/loss carried forward-118	0		0	**0**
· Distribution of profit	0		0	**0**
Non-controlling interests-other equity account 1082		0		**1,312,333**
Elars		374,095		
Amplo		938,238		
Non-controlling interests-result of the financial period account 1081	0	0		**-37,883**
Elars		28,948		
Amplo		-66,831		
TOTAL EQUITY	**51,022,076**	**1,128,118**	**16,409,453**	**42,962,235**
Short-term liabilities	52,534,610		2,898,028	**49,636,582**
Credit institutions amounts	9,423,344			9,423,344

Advance payments	1,794,755			1,794,755
Trade liabilities	13,656,603			13,656,603
Associated entities	2,898,028		**2,898,028**	0
effects	0			0
Other liabilities	24,761,880			24,761,880
Long-term liabilities	**15,795,423**		0,00	**15,795,423**
Credit institutions	10,965,457			10,965,457
Other liabilities	4,829,966			4,829,966
· Provisions	0			**1**
Employee provisions				0
Other provisions	0			0
· Advance income	0			**0**
Amounts one year				
Greater amounts				0
TOTAL LIABILITIES	**119,352,109**	**1,128,118**	**19,307,481**	**108,394,240**

Consolidated profit and loss account 30.06.2022

DEBIT	**CONSOLIDATED ACCOUNTS**
1. Expenses on raw material and consumables **Acc. 601, 602-7412**	**34,814,138**
2. Other material expenses – acc. 603,604, 608	**155,892**
3. Expenses on energy and water – acc. 605-7413	**1,501,878**
4. Expenses on merchandise acc. 607	**3,075,211**

5. Trade discounts received - acc 609	**4,425**
6. Expenses on personnel 641+642+643+644-7414, 645-7415	**6,485,709**
adjustments - amortization	**4,180,893**
8. Adjustments regarding current assets	**0**
expenses	
income	
9. Expenses on external services **acc 611, 612, 612, 614, 621, 622, 623, 624, 625, 626, 627, 628 - 7416**	**7,222,964**
10. Expenses on taxes and duties – acc. 635	**471,102**
11. Expenses on environmental protection – acc. 652	**188,671**
12. Other expenses **Acc. 6581, 6582, 6583, 6585, 6588**	**642,086**
13. Adjustments regarding provisions	**2,605,983**
Total operating expenses	**61,340,102**
Financial expenses	**468,353**
Fixed asset adjustments	
Exceptional expenses	**0**
Expenses with the tax on profit - 6911	**24,559**
Expenses with the deferred tax on profit 692	**0**
Expenses with the income tax - 6918	**0**
Profit and loss	**-5,499,613**
Minority interest result	**-37,883**
TOTAL DEBIT	**56,295,517**

CREDIT	CONSOLIDATED ACCOUNTS
1. Turnover, out of which:	**55,639,600**
· production sold	**51,945,103**
· sell of merchandise	**3,698,243**
· trade discounts granted 709	**3,746**
· income from Board subsidies 7411	**0**
2. Changes in inventories - acc 711	**-1,762,634**
3. Income from the production of fixed assets and real estate investments	**0**
4. Income from the production of intangible and tangible assets	**0**
5. Income from the production of real estate investments 725	**0**
6. Income from fixed assets 753	**0**
7. Income from the revaluation of intangible and tangible assets 755	**0**
8. Income from real estate investments 756	**0**
9. Income from biological assets and agricultural production 757	**0**
10. Income from operating subsidies in case of disasters and similar events 7417	**0**
11. Other operating income – acc. 758, 7419	**2,418,552**
TOTAL OPERATING INCOME	**56,295,518**
FINANCIAL INCOME	**0**
TOTAL CREDIT	**56,295,518**

4.2. b) Any agreement, understanding or family relationship between that director and another person for whom that person has been appointed a management member.

It is not the case.

4.2. c) Management's participation to the company's share capital:

Item no.	Surname	Given name	Position	Share participation to the company's share capital
1.	Caramida	Valentin	Deputy Director	0
2.	Petre	Iulia	Financial Manager	0
3.	Onu	Patricia	Project Manager	0

4.3. List of the disputes or administrative procedures for the last 5 years involving members of the administrative management.

It is not the case

5. STATEMENT OF FINANCIAL ACCOUNTING

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

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

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

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

INDICATOR	Row no.	31.12.2021	30.06.2022
A	B	1	2
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
2. Development expenses	01	0	0
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	02	852,328	359,726
4. Goodwill	03	3,734,837	3,734,837
5. Advance payments and intangible assets in progress	04	0	0
TOTAL (row 01 to 04)	**05**	**4,587,165**	**4,094,563**
II. TANGIBLE ASSETS			
TOTAL (row 06 to 11)	**12**	**75,186,611**	**66,639,199**
III. BIOLOGICAL ASSETS	**13**		
IV. FINANCIAL FIXED ASSETS			
TOTAL (row 14 to 19)	**20**	**11,727,348**	**17,482,331**
TOTAL FIXED ASSETS (row 05+12+13+20)	**21**	**91,501,124**	**88,216,093**
B. CURRENT ASSETS			
I. INVENTORIES			
TOTAL (row 22 to 26)	**27**	**13,610,743**	**6,890,873**
II. RECEIVABLES			
7. Subscribed and unpaid capital (acc.456-495)	34		
TOTAL (row 28 to 34)	**35**	**23,962,957**	**10,988,315**
III. SHORT-TERM INVESTMENTS (acc.505+506+508-595-596-598+5113+5114)	**36**	**0**	**0**

IV. CASH AND BANK ACCOUNTS (acc. 5112+512+531+532+541+542)	**37**	**11,183,650**	**2,298,901**
CURRENT ASSETS - TOTAL (row 27+35+36+37)	**38**	**48,757,350**	**20,178,089**
C. ADVANCE EXPENSES (acc. 471) AND PROVISIONS	**39**	0	58
D. LIABILITIES ~ AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR			
TOTAL (row 39 to 49)	**50**	**66,762,697**	**49,636,582**
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES(row 37+38-49-68)	**51**	**- 18,005,347**	**-29,458,435**
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 21+50)	**52**	**73,495,777**	**58,757,658**
G. LIABILITIES " AMOUNTS TO BE PAID IN A PERIOD OF MORE THAN ONE YEAR			
TOTAL (row 53 to 62)	**63**	**19,245,914**	**15,795,423**
H. PROVISIONS			
1. Proviosions for employee benefits (acc.1517)	64	0	0
2. Other provisions (acc.1511+1512+1513+1514+1518)	65		0
TOTAL (row 64 to 65)	**66**	**0**	**0**
I. ADVANCE INCOME			
1. Subsidies for investments (acc.475)	67	0	0
2. Advance income (acc.472) -total(row 68+69)	68	**0**	**0**
Amounts to be retaken in a period of up to one year (acc.472)	69		
Amounts to be retaken in a period of more than one year (acc.472)	70		0
3. Advance income related to assets received by transfer from clients (acc.478)	71		
TOTAL (row 67+68+71)	**72**	**0**	**0**
J. EQUITY AND RESERVES			
I. SUBSCRIBED CAPITAL			
1. Paid subscribed capital (acc.1012)	73	**6,976,465**	**6,976,465**

2. Unpaid subscribed capital (acc.1011)	74		
3. Subscribed capital representing financial liabilities (acc.1027)	75		
4. Share capital adjustments (acc.1028) BALANCE C	76		
BALANCE D	77		
5. Other equity(acc.103) BALANCE C	78		**5,849,655**
BALANCE D	79		
TOTAL (row 73+74+75-76+77+78-79)	**80**	**6,976,465**	**12,826,120**
II. SHARE PREMIUMS (acc.104)	81	0	0
III. RESERVES FROM REVALUATION (acc. 105)	82	8,174,015	7,484,693
IV. RESERVES			
1. Legal reserves (acc.1061)	83		1,778,182
2. Statutory or contractual reserves (acc. 1063)	84		
3. Other reserves (acc. 1068)	85	50,538,045	37,522,222
TOTAL (row 83 to 85)	**86**	**50,538,045**	**39,300,404**
Exchange rate differences from the conversion of standalone annual financial statements into a presentation currency different from the functional currency (acc. 1072) BALANCE C (acc.1072)	87		
BALANCE D (acc.1072)	88		
Own shares (acc.109)	89	-118,748	1,127
Earnings related to equity (acc.141)	90	122,497	1,132,496
Losses related to equity (acc.149)	91		
V. REPORTED RESULT, WITH THE EXCEPTION OF THE REPORTED RESULT FROM THE ADOPTION FOR THE FIRST TIME OF IAS 29 BALANCE C (acc. 117)	92		
BALANCE D (acc. 117)	93	12,940,197	13,557,442

VI. REPORTED RESULT FROM THE ADOPTION FOR THE FIRST TIME OF IAS 29 BALANCE C (acc. 118)	94		
BALANCE D (acc. 118)	95		0
VII. PROFIT OR LOSS FOR THE FINANCIAL PERIOD related to the parent company **SOLD C (acc. 121)**	**96**		**0**
SOLD D (acc. 121)	**97**		**5,499,613**
- out of which - the result of associated enterprises			
Distribution of profit	98		
VII. MINORITY INTERESTS	99	1,497,786	1,274,450
1. Profit or loss of the financial period related to the minority interests	100	1,497,786	1,312,333
2. Other equity – interests that do not control other equity1082	101		-37,883
TOTAL EQUITY	102	**54,249,863**	**42,962,235**

5 b. Statement of income and expenses

INDICATOR	**Row no.**	**30.06.2021**	**30.06.2022**
A	**B**	**1**	**2**
1. Net turnover (row 02 to 05)	**01**	**133,789,800**	**55,639,600**
Production sold (acc.701+702+703+704+705+706+708)	02	133,644,178	51,945,103
Income from sell of merchandise (acc. 707)	03	146,336	3,698,243
Trade discounts (acc. 709)		714	3,746
Income from interests recorded by entities whose main business activity is leasing (acc. 766)	04		

Income from operating subsidies related to net turnover	05		
2. Changes in inventories of finished products and production in progress (acc. 711) balance C	06		
(acc. 711) balance D	07	1,715,809	1,762,634
3. Production carried out by the entity for its own purposes and capitalized (acc. 721+722)	08	0	0
4. Other operating income (acc. 758+7417)	09	1,781,474	2,418,552
OPERATING INCOME - TOTAL (row 01+06-07+08+09)	**10**	**133,855,465**	**56,295,518**
5. a) Expenses on raw material and consumables (acc. 601 + 602 -7412)	11	96,260,990	34,814,138
Other material expenses (acc. 603 + 604 +606+608)	12	782,247	155,892
b) Other external expenses (on energy and water -acc. 605 - 7413)	13	2,205,855	1,501,878
c) Expenses on merchandise (acc. 607)	14	133,849	3,075,211
Trade discounts received (acc. 609)		126,977	4,425
6. Expenses on personnel (row 16 + 17 out of which :)	15	14,675,814	6,485,709
a) Sallaries and allowances (acc. 641+642-7414)	16	14,407,948	6,350,094
b) Expenses on social insurance and protection (acc. 645)	17	267,866	135,615
7. a) Value adjustments regarding tangible and intangible assets (row19-20)	18	4,831,444	4,180,893
a.1) Expenses (acc 654+6813)	*19*	4,831,444	4,180,893
a.2) Income (acc 7813)	*20*		
7. b) Value adjustments regarding current assets if they exceed the amount of value adjustments that are normal (row 22-23)	21	-674,231	0
b.1) Expenses (acc 654+6814)	*22*	3,347,566	0
a.2) Income (acc 754 +7814)	*23*	4,021,797	0
8. Other operating expenses (row 25 to 28)	24	**15,320,282**	**8,524,823**
8.1. Expenses on external services (acc 611+612+613+614+621+622+623+624+625+626+627+628-7416)	25	12,226,057	7,222,964
8.2. Expenses with other taxes, duties and similar payments (acc 635)	26	528,025	471,102

8.3. Expenses on environmental protection (acc 652)	27	336,942	188,671
Expenses regarding refinancing interests recorded by the entities whose main business activity is leasing (acc 666)	*28*		
8.4. Other expenses	29	2,229,258	642,086
Adjustments regarding provisions (row 30-31)	30	-682,392	2,605,983
Expenses (acc. 6812)	31	389	0
Income (acc. 7812)	32	682,781	0
OPERATING INCOME – TOTAL (row 11 to 15+18+21+24+29)	**33**	**132,726,881**	**61,340,102**
OPERATING PROFIT OR LOSS:			
- P r o f i t (row 10-32)	**34**	**1,128,584**	**-5,044,584**
- Loss (row 32-10)	**35**		
9. Income from participation interests (acc 7611+7613)	36	0	0
- out of which, Income from affiliated entities	37		
10. Income from other investments and loans that are part of fixed assets (acc.763)	38	0	0
- out of which, Income from affiliated entities	39		
11. Income from exchange rate differences (acc.765)	40	0	0
12. Income from interests (acc.766)	41	0	0
- out of which, Income from affiliated entities	42		
Other financial income (acc. 7615 +764+765 +767+768)	43	446,772	0
FINANCIAL INCOME - TOTAL (row 36+40+41+43)	**44**	**446,772**	**0**
13. Value adjustments regarding financial assets and investments held as current assets	45	0	0
- Expenses	46		
- Income	47	0	0
14. Expenses on interests (acc. 666-7418)	48	238,208	467,097
- out of which, Expenses in relation with affiliated entities	49		
15. Other financial expenses (acc.663+664+665+667+668)	50	2,808	1,256
FINANCIAL EXPENSES – TOTAL (row 45+48+50)	**51**	**241,016**	**468,353**

FINANCIAL PROFIT OR LOSS:			
- P r o f i t (row 44-51)	**52**	**205,756**	**-468,353**
- Loss (row 51-44)	**53**		
14. CURRENT ACTIVITY PROFIT OR LOSS			
- P r o f i t (row 10+44-33-51)	54	**1,334,340**	**-5,512,937**
- Loss (row 33+51-10-44)	55		
16. Extraordinary income (acc. 771)	56		
17. Extraordinary expenses (acc. 671)	57		
17. EXTRAORDINARY ACTIVITY PROFIT OR LOSS			
- P r o f i t (row 56-57)	**58**		
- Loss (row 57-56)	**59**		
TOTAL INCOME		**134,302,237**	**56,295,518**
TOTAL EXPENSES		**132,967,897**	**61,808,455**
18. Tax on profit	60	393,595	24,559
Deferred tax on profit			
19. Income tax (acc. 6918)	61	0	0
20. The profit or loss of the financial period related to the integrated entities	62		
21. The profit or loss of the financial period related to the parent company	**63**	**930,005**	**-5,499,613**
- out of which, the result of associated enterprises			
22. The profit or loss of the financial period related to the minority interests	**64**	10,740	-37,883

6. CORPORATE GOVERNANCE

ELECTROARGES SA, as an issuer listed on the Bse Main Market 2ND Category – Shares, always considers compliance with the principles of corporate governance from the BSE Corporate Governance Code.

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

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

ELECTROARGES SA respects the rights of the shareholders, ensuring them a fair treatment.

For the General Meetings of Shareholders, details regarding their conduct, the convenings, the materials related to the agenda, the special power of attorney form and the attending procedures as well as the voting procedures that ensure the efficient conduct of the work and which confers the right of any shareholder to freely express his/her opinion on the issues under debate, the decisions adopted by the shareholders were published on the company's website.

For the first semester of the financial year 2022, the information regarding the financial calendar, annual, half-yearly, quarterly and current reports were posted on the website.

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS,

ROXANA SCARLAT

ELECTROARGES SA

Consolidated financial reportings for
the period June 30, 2022

prepared in accordance with IFRS adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME ON JUNE 30 2022
(expressed in lei, unless specified otherwise)

	June 30 2022	June 30 2021
TURNOVER	**55,639,600**	**133,789,800**
Income from sales	**55,643,346**	**133,790,514**
Trade discounts	3,746	714
Other operating income	2,418,552	1,781,474
Changes in inventories	-1,762,634	-1,715,809
Income from the production of tangible assets	-	-
Raw materials and consumables	-39,551,544	-99,249,092
Expenses on personnel	-6,485,709	-14,675,814
Amortization	-4,180,893	-4,831,444
Research and development	-	-
Other operating expenses	-11,130,806	-15,320,282
Operating profit/(loss)	**-5,044,584**	**1,128,584**
Financial costs	-468,353	-241,016
Financial income	-	446,772
Profit share related to the associated and jointly controlled entities	-	-
Profit/(Loss) before taxation	**-5,512,937**	**1,334,340**
Expenses on tax	24,559	-
Profit/(Loss) from parent company's continuing activities	**-5,499,613**	**930,005**
Profit/(Loss) from minor interests' continuing activities	**-37,883**	**10,740**
Result from discontinued activities, net of tax	-	-
Profit/(Loss)	**-5,499,613**	**930,005**
Other comprehensive income		
Items that will not be reclassified:		
Revaluation of tangible assets	-	-
Remeasurement of pension benefit schemes	-	-
Comprehensive income share related to associates/JV/JV	-	-
Related taxes	-	-
Items that will be or may be reclassified:		
AFS Adjustments	-	-
Cash-flow hedging	-	-
Adjustments from retaking	-	-
Related taxes	-	-
Total other comprehensive income	**-**	**-**
Total comprehensive income	**-5,512,937**	**1,334,340**
Interests that control the financial result	**-5,499,613**	**930,005**
Interests that do not control the financial result	**-37,883**	**10,740**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

STATEMENT OF FINANCIAL POSITION ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

	June 30 2022	December 31 2021
Assets		
Fixed assets		
Tangible assets	66,639,199	75,186,611
Goodwill	3,734,837	3,734,837
Intangible assets	359,729	852,328
Equivalent titles	5,494,873	4,844,753
Other financial fixed assets	9.633.673	2.243.692
Real estate investments	2,353,782	2,780,884
Deferred tax		1,858,019
Total fixed assets	**88,216,093**	**91,501,124**
Current assets		
Inventories	6,890,873	13,610,743
Trade and similar receivables	8,089,472	23,730,913
Other financial assets	2,898,843	232,044
Cash and cash equivalents	2,298,901	11,183,650
Total current assets	**20,178,089**	**48,757,350**
TOTAL ASSETS	**108,394,240**	**140,258,474**
Liabilities		
Current liabilities		
Trade and similar liabilities	13,656,603	54,712,950
Short-term loans from banking institutions	9,423,344	8,379,508
Advance payments for orders	1,794,755	2,892,508
Employee benefits due in short term		129,691
Long-term loans from banking institutions – current maturity and other liabilities	24,761,880	648,040
Total current assets	**49,636,582**	**66,762,697**
Long-term liabilities		
Long-term loans from banking institutions	9,580,699	9,580,699
Financial leasing	3,621,919	5,252,277
Other liabilities	2,592,805	4,412,938
Total long-term liabilities	**15,795,423**	**19,245,914**
TOTAL LIABILITIES	**65,432,005**	**86,008,612**
NET ASSETS	**42,962,235**	**54,249,862**

	June 30 2022	December 31 2021
Share capital	6,976,465	6,976,465
Own shares	1,127	(118,748)
Other equity	1,444,655	122,497
Net reserves from revaluation	7,484,693	8,174,015
Other reserves	39,300,404	50,538,045
Retained earnings	(13,557,442)	(12,940,197)
Non-controlling interests	1,312,333	1,497,786
TOTAL EQUITY	**42,962,235**	**54,249,862**
TOTAL LIABILITIES AND EQUITY	**108,394,240**	**140,258,474**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

CASH-FLOW STATEMENT ON JUNE 30 2022

(expressed in lei, unless specified otherwise)

The following table shows the cash-flow

CASH-FLOW	30.06.2022	30.06.2021
(+/-) Business income	**-5,499,613**	**930,005**
(+) Amortization and provisions included in costs recorded during the period	**4,831,444**	**4,831,444**
(-) Changes in inventories	6,719,870	-4,635,805
(-) Changes in receivables	12,974,642	-3,518,235
(+) Changes in suppliers and client lenders	-39,261,592	-10,619,766
CASH-FLOW FROM OPERATING ACTIVITY (A)	**-20,235,249**	**-13,012,357**
(-) Changes in fixed assets	-1,546,413	-17,239,613
CASH-FLOW FROM INVESTMENT ACTIVITY (B)	**-1,546,413**	**-17,239,613**
(+) Changes in loans and similar liabilities	-1,043,836	4,844,550
(+) Changes in other liabilities	-3,835,927	1,954,266
(+) Changes in equity	5,849,655	5,849,655
CASH-FLOW FROM FINANCIAL ACTIVITY (C)	**969,892**	**12,648,471**
(+) Changes in other liabilities	11,926,963	12,650,620
(-) Changes in other assets	58	90,758
CASH-FLOW FROM OTHER ACTIVITIES (D)	**11,927,021**	**12,741,378**
TOTAL CASH-FLOW (A+B+C+D)	**-8,884,749**	**-4,862,121**
Available at the beginning of the period	11,183,650	14,185,632
Available at the end of the period	**2,298,901**	**9,323,511**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

STATEMENT OF CHANGES IN EQUITY ON JUNE 30 2022
(expressed in lei, unless specified otherwise)

	Share capital	Own shares	Other equity	Reserves from revaluation	Legal reserves	Other reserves	Retained earnings	Total attributable to the group	Minority interest	Total equity
December 31 2021	**6,976,465**	**(118,748)**	**122,497**	**8,174,015**	**2,513,708**	**48,024,337**	**(12,940,197)**	**52,752,077**	**1,497,786**	**54,249,863**
Profit of the financial period	-	-			-735,526	- 10,502,115	-617,245			
Other equity	-	119,875	6,859,654	-689,322				**-58,251,690**	223,336	**- 11,287,628**
Total comprehensive income										
June 30 2022	**6,976,465**	**1,127**	**6,982,151**	**7,484,693**	**1,778,182**	**37,522,222**	**(13,557,442)**	**(5,499,613)**	**1,274,450**	**42,962,235**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

GROUP'S ECONOMIC & FINANCIAL INDICATORS
(expressed in lei, unless specified otherwise)

Item no.	Explanation	Calculation method	30.06.2022 earnings		Optimal values
	I. LIQUIDITY INDICATORS				
1	Overall liquidity (Overall solvency)	Current assets / Current liabilities	20,178,089 / 49,636,582	**0.41**	0.1 - 3
2	Immediate liquidity (Immediate solvency)	Current assets - Inventories / Current liabilities	13,287,216 / 49,636,582	**0.27**	0.8 - 1,5
3	Overall indebtedness ratio	Total liabilities / Equity	65,432,005 / 42,962,235	**1.52**	0.1 - 3
	II. MANAGEMENT INDICATORS				
1	Inventory turnover speed	Net turnover / Inventory	55,639,600 / 6,890,873	**8.07**	maximal value
2	Storage days	Inventory x 360 / Net turnover	6,890,873 x 360 / 55,639,600	**44.59**	minimal value
3	Debit turnover speed (clients)	Trade receivables / Net turnover	8,089,472 x 360 / 55,639,600	**52.34**	minimal value
4	Fixed asset turnover speed	Net turnover / Fixed assets	55,639,600 / 88,216,093	**0.63**	maximal value
5	Total asset turnover speed	Net turnover / Total assets	55,639,600 / 108,394,240	**0.51**	maximal value
6	Credit turnover speed (suppliers)	Liability balance x 360 / Net turnover	15,451,358 x 360 / 55,639,600	**99.97**	greater value II.3

	III. PROFITABILITY INDICATORS				
1	Operating profit return ratio	Opetating profit x 100 / Total assets	-5,044,584 x 100 / 108,394,240	**-4.65**	
2	Net profit return ratio	Net profit x 100 / Total assets	0 x 100 / 108,394,240	**0.00**	
3	Expenses with income coverage degree	Total income x 100 / Total expenses	56,295,518 x 100 / 61,808,455	**91.08**	

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre

ANALYSIS OF THE COMPANIES' BUSINESS ACTIVITY

JUNE 30 2022

OVERVIEW OF THE ENTITIES THAT HAVE ENTERED THE CONSOLIDATION PERIMETER

GROUP CONSOLIDATION BOARD

Company	Percentage of control held	Percentage of interest held	Control type	Consolidation method
ELARS SA	88.1611%	88.1611%	Sole control by right	Global integration
AMPLO SA	84.4119%	84.4119%	Sole control by right	Global integration

When separate financial statements are prepared in accordance with IFRS5, investments in subsidiaries, jointly controlled entities and associates that are not classified as held for sale (or included in a group to be disposed of that is classified as held for sale) must be accounted for either:

a) at cost, or

b) in accordance with IAS 39.

The cost method is an accounting method by which the investment is recorded at cost. The profit and loss account reflects the investment income only to the extent that the investor is allocated parts of the net profits of the enterprise in which it invested, which appear to be after the acquisition date.

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

Registered office: Bucharest, strada Horatiu nr. 8-10, sector 1

Telephone: 0248/724000 ; 0763/676160

Fax: 0248/724 004

E-mail: electroarges@electroarges.ro;

Tax Registration Code: RO/156027

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

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

ELECTROARGES SA's object of activity:

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

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

The share capital subscribed and paid on 30.06.2022 is of 6,974,465 lei, representing 69,764,650 shares with a nominal value of 0.10 lei / share.

The shareholding structure on 30.06.2022 was the following :

Shareholder	**Shares**	**Percent %**
Investments Constantin SRL	25,699,543	36.84%
Trans Expedition Feroviar SRL	8,963,266	12.85%
Standard Equity SRL	7,542,172	10.81%
Natural persons	21,629,081	31.00%
Legal persons	5,930,588	8.50%
TOTAL	**69,764,650**	**100%**

Directors' participation to the share capital is the following:

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

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

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

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

2. ELARS SA, a subsidiary to which ELECTROARGES SA helds 20,555,276 shares, with a nominal value of 2,055,527.60 lei, representing 88.16% of the share capital.
Registered office: Ramnicu Sarat, str. Industriei, nr. 4, judetul Buzau
Trade Register Registration Number: J10/124/1991
Tax Registration Code: RO1168275

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

At ELARS SA, the shareholding structure was as follows:

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

3. AMPLO SA, a subsidiary to which ELECTROARGES SA helds 2,668,396 shares, with a nominal value of 6,670,990 lei, representing 84.4119% of the share capital.

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

Trade Register Registration Number: J29/13/1991

Tax Registration Code: RO1359038

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

At AMPLO SA, the shareholding structure was as follows:

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

Corporate Governance structures in the parent company

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

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

Board members at other entities :

- Elars SA Board of Directors

Full name	Position
Investement Constantin SRL by representative Mircescu Mihaela	Sole Director

- Amplo SA Board of Directors

Full name	Position
Benjamins United SRL by Mircescu Mihaela	Sole Director

Needs of consolidation

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

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

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

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

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

All other entities prepare standalone financial statements in accordance with OMFP 1802/2014, but in order to prepare the consolidated financial statements they have made the necessary adjustments to the transition to IFRS, preparing financial statements in

accordance with IFRS starting with the financial year 2016. Thus, the consolidated financial statements of S.C. ELECTROARGES S.A. have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS). The Company has prepared financial information that complies with IFRS applicable for the period ended on JUNE 30 together with the data for the comparative period and for the period ended on JUNE 30 2021.

Basis of consolidation

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

b) Associated entities: these are entities not included in the consolidation in which the parent company (investor) holds a significant participation interest (over 20%). These entities are included in the consolidation **through the equity method**. For 2022 **BRAICONF BRAILA**)

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

d) Goodwill: was determined as the difference between the purchase price of the participation titles and their nominal value.

e) Minority interests: were determined as the difference between the integration percentage and the interest percentage of the parent company, to reflect the amount of equity attributable to shares (and shares) in subsidiaries included in consolidation held by persons other than entities included in consolidation.

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

The main accounting policies applied to the preparation of these consolidated financial

statements in accordance with IFRS are presented below. These policies have been consistently applied to the financial statements presented, unless otherwise specified.

All entities in the group comply with the following:

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

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

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

Declaration of conformity

The financial statements of the Companies included in the consolidation perimeter have been prepared in accordance with the Order of the Ministry of Public Finance 2844/2016 for approving the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force at the Company's annual reporting date, respectively June 30 2022.

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

Basis of evaluation

The consolidated financial statements on June 30 2022 were prepared based on historical cost, except for the revalued value as the assumed cost for tangible assets and fair value for real estate investments and financial instruments.

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

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the

current unit of measurement at the balance sheet date. Thus, the values expressed in the current unit of measurement on June 30, 2022 are treated as the basis for the carrying amounts reported in these separate financial statements and do not represent measured values, replacement cost, or any other measurement of the current value of assets or prices at which the transactions would take place at this time.

Functional and presentation currency

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

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

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

Foreign currency

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

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

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

Crucial accounting evaluations and estimates

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

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

Use of professional estimates and reasoning

The preparation of financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. The estimates and judgments associated with them are based on historical data and other factors considered to be eloquent in the given circumstances, and the result of these factors forms the basis of judgments used in determining the carrying amount of assets and liabilities for which no other evaluation sources are available. Actual results may differ from estimated values.

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

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

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

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of the cash flows expected to be received. The companies review their trade and other receivables at each date of the financial position, in order to evaluate if they have to register in the profit and loss account a depreciation of value. In particular, the professional reasoning of management is necessary for estimating the value and for coordinating future cash flows when the impairment loss is determined. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

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

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

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

a) Evaluation of land and buildings owned

The Group obtains evaluations made by external assessors to determine the fair value of the buildings owned. These evaluations are based on assumptions that include future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Assessors also refer to market information related to the prices of transactions with similar properties.

b) Evaluation of financial assets

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

Financial assets at fair value through profit or loss (FVTPL) include financial assets

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

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

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

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

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

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

b) Adjustments for impairment of receivables

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

d) Accounting estimates of expenses

There are objective situations in which until the closing date of some fiscal periods or until the closing date of a financial year the exact values of some expenses incurred by the group companies are not known (ex: marketing-sales campaigns to promote products and stimulate sales) . Preliminary expenses will be made for this category of expenses, which will be corrected in the following periods when the outflow of cash flows will also occur.

Estimates of expenses, for each category of expense, will be made by persons with experience in the type of activity that generated that expense.

e) Taxation

The taxation system in Romania is in a phase of consolidation and harmonization with European legislation. However, there are still different interpretations of tax legislation. In certain situations, the tax authorities may treat certain aspects differently, proceeding to the calculation of additional taxes and fees and the related delay penalties. The management of each Company considers that the fiscal obligations included in the financial statements are adequate.

Separate presentation of the financial statements

Starting with the 2021, ***according to Law no. 238 of November 6, 2020, the threshold regarding the turnover achieved at the end of the previous financial year was increased from 220,000 lei to 1,000,000 euros.***

"Article 28 of the Accounting Law no. 82/1991, as republished in the Official Gazette of Romania, Part I, issue 454 of June 18, 2008, as further amended and supplemented, paragraph (2) is amended and will have the following content: (2) The Ministry of Public Finance can establish the preparation and submission to the territorial units of the Ministry of Public Finance of financial statements or accounting reports and on periods other than annually, within the financial period, *only by the persons who achieved a turnover greater than the equivalent in lei of 1,000,000 euros at the end of the previous financial period."*

As a result, apart from the parent company, which had the obligation to prepare and submit the half-yearly reports, the group companies did not have the obligation to prepare and submit the reports, these being prepared only in view of the preparation of the consolidated half-yearly reports related to the date of June 30, 2022.

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

Acquired intangible assets

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

Expenses related to the acquisition of patents, copyrights, licenses, trademarks or other intangible assets recognized from an accounting point of view, with the exception of incorporation expenses, goodwill, intangible assets with an indefinite useful life, according to the accounting regulations, are recovered through linear depreciation deductions during the contract or during use, as the case may be. Expenses related to the acquisition or production of computer programs are recovered through straight-line depreciation deductions for a period of 3 years.

Internally generated intangible assets (development costs)

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

Tangible assets

Tangible assets are tangible items that:

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

b) are expected to be used during several periods.

Recognition:

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

a) it is probable that it will generate future economic benefits for the entity related to the asset; and
b) the cost of the asset can be reliably evaluated.

Evaluation after recognition

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

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

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

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

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

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

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

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

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

Amortization

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

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

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

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

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

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

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

Depreciation

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

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

***Financial assets* - IFRS 9 – Financial instruments (replaces IAS 39 Financial Instruments: Recognition and Measurement**

Initial evaluation of financial assets and liabilities

IFRS 9 replaces IAS 39, Financial Instruments - Recognition and Measurement. The IASB has developed IFRS 9 in three stages, which separately deals with IFRS classification and evaluation of financial assets, depreciation and risk coverage. Other aspects of IAS 39, such as the scope, recognition and de-recognition of financial assets have survived with only a few changes to IAS 39.

The classification on IFRS 9 is determined by the characteristics of the cash flows and the business model in which an asset is held.

Further evaluation of the financial assets

IFRS 9 has a single model with fewer exceptions than IAS 39 which had a complex pattern. The new standard is based on the concept that financial assets should be classified and measured at fair value, with changes in the fair value recognized in the profit and loss account when they arise ("FVPL"), unless the restrictive criteria are met when the classification and evaluation of the asset is made at amortized cost or at fair value through other "FVOCI" incomes.

Impairment of financial assets

IFRS 9 eliminates the evaluation of impairment for investments in equity instruments because they can now be measured only at FVPL or FVOCI without resuming fair value changes in profit and loss account.

Additionally, IFRS 9 establishes a new approach for loans and receivables, including trade receivables with an "early loss" model that focuses primarily on risk.

Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or that are not classified as loans and receivables, investments held to maturity or financial assets at fair value through profit or loss.

Earnings and losses

An earning or loss on a financial asset available for sale is recognized under Other

comprehensive income, with the exception of impairment losses. Dividends for an equity instrument available for sale are recognized in profit or loss when the entity's right to receive payment is established.

When a decrease in the fair value of a financial asset available for sale has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in other comprehensive income must be reclassified from equity in profit or loss as an adjustment from reclassification, even if the financial asset has not been derecognized.

The amount of the cumulative loss that is deducted from equity and recognized in profit or loss must be the difference between the acquisition cost (net of any principal payment and amortization) and the present fair value, minus any impairment loss for that previously recognized financial asset in profit or loss.

If, in a subsequent period, the fair value of a liability instrument classified as available for sale increases, and that increase may be objectively linked to an event that occurs after the impairment loss has been recognized in profit or loss, the impairment loss is resumed and the amount of the recovery recognized in profit or loss.

Cash and cash equivalents

The third major change that IFRS 9 introduces is related to hedging; IFRS 9 allows the coverage of several exposures and the establishment of new criteria for coverage against risks.

Cash and cash equivalents include the cash, bank deposits, other very short-term liquid investments with original maturity dates of three months or less than three months, and - for the purpose of the cash flow statement - account overdrafts.

Inventories

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

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

b. in production for such a sale; or

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

Evaluation of inventories:

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

Inventory costs

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

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

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

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

Adjustments for inventory depreciation

The evaluation for the inventory depreciation is carried out at the individual level and is based on the management's best estimate regarding the present value of the cash flows that are expected to be received. In order to estimate these flows, the management makes certain estimates regarding the utility value of the inventory, taking into account the expiration date, the possibility of use in the company's current activity and other factors specific to each inventory category. Each impaired asset is analyzed individually. The accuracy of the adjustments depends on the estimation of future cash flows.

Receivables

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

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

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

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

Financial liabilities

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

Recognition of income and expenses

Recognition of income

Income represents the gross inflow of economic benefits during the period, generated in the course of the normal activities of an entity, when these inputs result in increases in equity, other than increases related to participants' contributions to equity.

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

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

Starting with January 1st, 2018, the IFRS 15 standard regarding the contracts concluded with the clients has entered into force. In some cases, IFRS 15 may require changes to current systems and may affect some aspects of operations.

IFRS 15 is a complex standard that introduces far more prescriptive requirements than previously included in IAS 18 Income, IAS 11 Construction Contracts and can therefore lead to changes in income recognition policies.

In accordance with IFRS 15, income is recognized when a client gains control over the goods. The company delivers goods under contractual conditions based on internationally accepted delivery conditions (INCOTERMS). The moment when the client gains control over the goods is considered to be substantially the same for most of the Company's contracts in accordance with IFRS 15, as in accordance with IAS 18.

Income evaluation

According to IAS 18, income was measured at the fair value of the consideration received or receivable, after deducting rebates or discounts. The income from the sale of the goods was recognized when all of the following conditions were met:

a. the entity transferred to the buyer the significant risks and benefits related to the ownership of the property;

b. the entity no longer manages the assets sold at the level they would normally have done in the case of their ownership and no longer has the effective control over them;

c. the value of the incomes can be reliably evaluated;

d. it is likely that the economic benefits associated with the transaction will be generated for the entity;

e. the costs incurred or to be incurred in connection with the respective transaction can be reliably evaluated.

Instead, the new standard focuses on identifying obligations and makes a clear distinction between obligations that are satisfied "at a certain point in time" and those that are satisfied "over a period of time", this being determined by the way in which the control of goods or services is transferred to the client. The new income model in accordance with IFRS 15 means that we may have recognized income over a period for some results that have been accounted for as assets in accordance with IAS 18.

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

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

The income classification is divided into three main groups:

- **Operating income**, which include: income from the production sold, from the sale of goods, from operating subsidies related to the net turnover, from the changes in inventories, from fixed assets, other operating income, from value adjustments on

fixed assets, from value adjustments regarding current assets, from adjustments regarding provisions for risks and expenses.

- **Financial income**, which includes: income from participation interests, from other financial investments and receivables that are part of the fixed assets, from interests, other financial income, from adjusting the value of the financial assets and of the financial investments held as current assets;
- **Extraordinary income**.

Special cases: If it is found that the income associated with a period of the current year is burdened with fundamental errors, they will be corrected, during the period when the error is discovered. If the error is discovered in the following years, its correction will no longer affect the income accounts, but the result account carried over from the corrections of fundamental errors, if the value of the error will be considered significant.

An extended presentation of information, including disaggregation of total income, information on execution obligations, changes in contractual balances of assets and liabilities between periods, reasoning and key estimates will be provided;

Recognition of expenses

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

Impairment of non-financial assets (excluding inventories, real estate investments and deferred tax assets) - IAS 36 "Impairment of assets"

Assets held by the company, as specified in IAS 36 "Impairment of assets", are subject to impairment tests whenever events or changes in circumstances indicate that their accounting value may not be fully recoverable. When the carrying amount of an asset exceeds the recoverable amount (that is, the higher of the value between use value and the fair value minus selling costs), the asset is adjusted accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash-generating units ('UGNs').

Impairment expenses are included in the profit or loss account, unless they reduce previously recognized earnings in other comprehensive income.

Provisions –IAS 37 "Privisions, contingent liabilities and contingent assets"

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

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

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

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

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

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

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

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

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

a. disputes;

b. guarantees given to clients;

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

d. restructuring;

e. other provisions.

The provisions previously established are periodically reviewed and updated.

Employee benefits –IAS 19 Employee benefits

Current benefits offered to employees

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

services.

Benefits after termination of the employment agreement

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

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

Pensions and other benefits after retirement

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

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

Deferred tax-IAS 12

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

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

- initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction does not affect the accounting profit or the taxable profit;

and

- investments in subsidiaries and jointly controlled entities when the Company can control the timing of the difference reversal and the difference may not be reversed in the foreseeable future.

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

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

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

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

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

Dividends

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

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

Capital si rezerve

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

The group entities were established according to Law no. 31/1990 on commercial companies.

In the first set of financial reports prepared according to IFRS, the parent company applied IAS 29 - "Financial reporting in hyperinflationary economies" for the shareholders'

contributions obtained before January 1, 2004, namely, they were adjusted with the corresponding inflation index.

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

Financing costs

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

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

Result per share

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

Segment reporting

A segment is a distinct component of the Company that provides certain products or services (segment of activity) or provides products and services in a certain geographical environment (geographical segment) and which is subject to risks and benefits different from those of the other segments. From the point of view of the activity segments, no group member Company does identify distinct components.

Affiliated parties

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

a. holds joint control or control over the Company;

b. has a significant influence on the Company;

c. is a key member of the management personnel

Key management personnel is those persons who have the authority and responsibility to

directly or indirectly plan, direct and control the Company's activities, including any director (executive or otherwise) of the entity.

List of people affiliated with the company

Item no.	Full name	Percentage participation in the share capital
1.	Stefan Constantin – indirect holding by Investments Constantin SRL and Benjamin United SRL	37.73%
2.	Investments Constantin SRL	36.84%
3.	Benjamins United SRL	-
4.	Amplo SA –Electroarges holdings	84.41%
5.	Elars SA – Electroarges holdings	88.16%
6.	Braiconf SA – Electroarges holdings	22.49%
7.	Csoarpi Saints SRL - indirect affiliation through joint management	-
8.	Cardinal Main SRL - indirect affiliation through joint management	-

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

a. The Entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary in the same group is linked to the others).

b. An entity is an associated entity or joint venture of the other entity (or an associated entity or joint venture of a member of the group of which the other entity is a part).

c. Both entities are participating associations of the same third party.

d. One entity is a joint venture of a third entity, and the other is an associated entity of the third entity.

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

f. The entity is controlled or jointly controlled by an affiliated person

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

Changes to the parent company and the other group entities' accounting policies

The parent company applied IFRS 15 and IFRS 9 for the first time in the annual financial reporting period ended on December 31, 2018. The standards that will enter into force in the period 2019-2021 were not applied when preparing these financial statements: [IAS 8.30 (a)].

The following new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) *have not yet entered into force* for the annual financial reporting period ended on December 31, 2019 and have not been applied to the preparation of these financial statements: [IAS 8.30 (a)]:

- IFRS 16 Leasing Standard (IFRS 16) and
- Interpretation of IFRIC 23 Uncertainties over the tax treatments related to income tax (IFRIC 23)

➢ *IFRS 16 Leasing*

IFRS 16 replaces IAS 17 Leasing and related interpretations. The standard eliminates the current accounting model for lessees and instead requires companies to bring most leasing contracts on the balance sheet within a single model, eliminating the distinction between operational and financial leasing.

IFRS 16 is applicable for annual periods beginning on or after January 1, 2019, early adoption is permitted for entities applying IFRS 15 on or before the date of initial application of IFRS 16.

According to IFRS 16, a contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for a mandatory payment. In the case of this type of contract, the new model requires that a lessee recognize an asset with a right of use and a leasing liability. The right-of-use asset is depreciated, and the liability accumulates interest. This will result in a higher payment pattern at the beginning of the leasing period of the expenses for most leases, even when the lessee pays constant annual rents.

The new standard introduces a number of exceptions to the scope for users that include:

- leasing contracts with a rental period of 12 months or less and which do not contain

purchase options, and

- leasing contracts where the underlying asset has a low value ("reduced value" leasing transactions).

The parent company analyzed all rental contracts. Contracts are considered to have a rental period of more than 12 months, although they usually include clauses that allow their termination within less than 12 months, by either party. The company considers that a possible termination of the rental contract is improbable.

Effective June 1, 2020, IFRS 16 has been amended to provide a practical tool for lessees accounting for lease concessions that arise as a direct consequence of the COVID-19 pandemic and meet the following criteria:

The change in lease payments results in a revised lease consideration that is substantially the same or less than the lease consideration immediately prior to the change; (b) The reduction if the lease payments affect only the payments initially due on or before June 30, 2022; and (c) There is no substantial change to other terms and conditions of the rental agreement.

Lease concessions that meet these criteria can be accounted for in accordance with practical expediency, which means that the lessee does not assess whether the lease concession meets the definition of a lease modification. The tenants apply other requirements in IFRS 16 in the accounting of the concession.

➢ *IFRIC 23*

IFRIC 23 provides guidance on the accounting of liabilities and current and deferred taxes and assets in circumstances where there is uncertainty regarding the tax treatments related to income tax. The interpretation provides the following:

• It must be established whether uncertain tax treatments should be considered separately, or together as a group, depending on which approach provides better predictions about resolution;

• To establish whether it is likely that the tax authorities will accept the uncertain tax treatment; and

• If it is not likely that the uncertain tax treatment will be accepted, the tax uncertainty should be measured according to the most probable amount or the expected value, according to

whichever method better predicts the resolution of the uncertainty. The measurement must be based on the assumption that each of the tax authorities will examine the amounts they have the right to examine and have full knowledge of all the information related to the performance of these examinations.

Following the application of the provisions of IFRIC 23, no impact on corporate tax liabilities was identified.

New standards and interpretations, which are not applicable

The following changes are valid for the period starting on January 1, 2022:

• Onerous contracts - The cost of fulfilling a contract (Amendments to IAS 37); • Tangible assets: cashings before the intended use (amendments to IAS 16); • Annual improvements to IFRS standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and • References to the conceptual framework (Amendments to IFRS 3).

The following changes are valid for the period starting on January 1, 2023

The International Accounting Standards Board (IASB) issued "Classification of liabilities as current or non-current (Amendments to IAS 1)" providing a more general approach to the classification of liabilities in accordance with IAS 1 based on existing contractual arrangements at the reporting date.

The changes were initially valid for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was postponed to annual reporting periods beginning on or after January 1, 2023:

The changes in the Classification of current or non-current liabilities (Amendments to IAS 1) only affect the presentation of liabilities in the statement of financial position - not the amount or time of recognition of any asset, income or expenses or the information that the entities present about these elements.

The following is clarified:

The classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period and align the wording in all related paragraphs to refer to the "right" to defer settlement for at least twelve months and clarify that only rights in force "at the end of the reporting period" should affect the classification of a liability;

The classification is not affected by expectations regarding the fact that an entity will exercise its right to postpone the settlement of a liability;

Settlement refers to the transfer of cash to the counterparty, equity instruments, other assets or services.

An entity applies this interpretation for annual reporting periods beginning on or after January 1, 2019. Earlier application of this date is allowed.

The term "uncertain tax regime" denotes a tax treatment in connection with which there is uncertainty regarding the fact that the competent tax authority will accept it under the tax legislation.

Retakings related to previous periods

The parent company prepared and submitted consolidated financial reports for the financial semester ended on June 30, 2022. The comparative figures from the financial statements prepared by the parent company for this period do not differ from those from the previously submitted financial statements. The differences were recorded only between the 2019 financial year and the 2018 financial year, as follows:

- the correction of some records made during the consolidation of the entities in which the Group has control
- recording the deferred tax effect in accordance with the provisions of IAS 12.
- the reclassification or netting of some positions from the statement of the comprehensive income and the statement of the financial position without effect on the current result or the reported net asset, of which we mention the most important

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Credit risk
- Currency exchange risk
- Liquidity risk

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

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

Further details on these policies are set out below:

Credit risk

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

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

Electroarges, the parent company, works with only one client - over 95% of the turnover represents the production collaboration with Kaercher. Any syncope in the development of the contract with this company can be immediately and severely felt. The alternative to this dependent is the development of the production for the internal market and other clients, so that it reaches 50% of the turnover.

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

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

The collection period of the receivables is 52 days on average. Electroarges SA has managed to permanently provide the necessary liquidity and solvency at high rates and will try to maintain the positive trend of the receivable collection periods.

The other companies have a more diverse range of clients, but this risk is valid for any of the companies, given the existing market and the problems of all current economies.

Currency exchange risks

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

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

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

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

- firm commitments denominated in foreign currencies; and

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

The effect of the 10% weakening of the Euro currency in favor of the functional currency (LEI) at the reporting date, on financial instruments held in Euros, under the conditions that other variables remain constant, would result in an increase in profit before taxation and a decrease in net assets by 1,1 million Lei.

Considering the net exposure for USD, the effect of the exchange rate is insignificant.

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

The liquidity risk

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

The company's treasury function prepares forecasts regarding the reserve of liquidity and maintains an adequate level of the credit facilities so that it can prudently manage the liquidity and cash-flow risks. For this purpose, the guarantee contract with the mortgage was

extended in favor of the bank with which we opened the credit line. The limit of this credit line was kept at a level that can be raised even if they have been rarely accessed and at a reduced rate. At the same time, the investments were limited to those that have a direct contribution to the turnover. If the optimal conditions in terms of liquidity and cash flow were not met, the investments were deferred or limited to their own financing sources.

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

Interest risk

The companies' income and cash flows from financing activities are influenced by changes in interest rates because most loan interest rates are variable as shown in Note 17. The companies do not have significant interest-bearing financial assets.

Operational risk

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

The main responsibility for the development of the controls related to the operational risk lies with the unit management. The responsibility is supported by the development of the Companies' general standards of the operational risk management in the following areas:

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

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

The products made by ELECTROARGES SA were delivered both on the foreign and domestic markets, where it tried to consolidate its position as a company producing household electrical appliances, household appliances, professional appliances for semi-industrial and hotel use, industrial and parts/subassemblies intended for industrial manufacturers.

Electroarges SA exports to the main markets, such as: Germany (vacuum cleaners), Slovakia (vacuum cleaners) and France (vacuum cleaners and incubators).

Electroarges SA also has sales on the domestic market with the following collaborators: Arctic SA, Steinel Electronic SRL, Cer Cleaning Equipment SRL, Haier Tech SRL and others.

In 2022, the range of products intended for the Arctic will be expanded, by the production of new injected plastic parts and subassemblies, parts printed by "hot stamping" technology, door subassemblies for washing machines, including injected plastic parts for them.

Also, in 2022, the following projects will be prioritized and implemented:

• The prototype version of the PAPR E Air+ individual air purifier was made to test the assembly as well as the functionality. The conclusions of the evaluation in the prototype stage were to redefine the design, a stage that entails the modification of 2D and 3D drawings, the adjustment of the assembly concept as well as the modification of molds in accordance with the new design.

• The production of Electroarges brand vacuum cleaners with the new design and the evaluation of the possibility of introducing the EA industrial vacuum cleaner to the market.

• Completion of the feasibility study, the technology and the manufacturing flow for the production introduction of the Vibration Absorbing Carpet.

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

Capital adequacy

The management's policy regarding capital adequacy focuses on maintaining a solid capital base, in order to support the Company's continuous development and the achievement of investment objectives.

Categories of financial instruments

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

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

Statement of assets, liabilities and equity:

INDICATOR	Row no.	31.12.2021	30.06.2022
A	B	1	2
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
2. Development expenses	01	0	0
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	02	852,328	359,726
4. Goodwill	03	3,734,837	3,734,837
5. Advance payments and intangible assets in progress	04	0	0
TOTAL (row 01 to 04)	**05**	**4,587,165**	**4,094,563**
II. TANGIBLE ASSETS			
TOTAL (row 06 to 11)	**12**	**75,186,611**	**66,639,199**
III. BIOLOGICAL ASSETS	**13**		
IV. FINANCIAL FIXED ASSETS			
TOTAL (row 14 to 19)	**20**	**11,727,348**	**17,482,331**
TOTAL FIXED ASSETS (row 05+12+13+20)	**21**	**91,501,124**	**88,216,093**
B. CURRENT ASSETS			
I. INVENTORIES			
TOTAL (row 22 to 26)	**27**	**13,610,743**	**6,890,873**
II. RECEIVABLES			
7. Subscribed and unpaid capital (acc.456-495)	34		
TOTAL (row 28 to 34)	**35**	**23,962,957**	**10,988,315**

III. SHORT-TERM INVESTMENTS (acc.505+506+508-595-596-598+5113+5114)	**36**	**0**	**0**
IV. CASH AND BANK ACCOUNTS (acc. 5112+512+531+532+541+542)	**37**	**11,183,650**	**2,298,901**
CURRENT ASSETS - TOTAL (row 27+35+36+37)	**38**	**48,757,350**	**20,178,089**
C. ADVANCE EXPENSES (acc. 471) AND PROVISIONS	**39**	0	58
D. LIABILITIES ~ AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR			
TOTAL (row 39 to 49)	**50**	**66,762,697**	**49,636,582**
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES(row 37+38-49-68)	**51**	**- 18,005,347**	**-29,458,435**
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 21+50)	**52**	**73,495,777**	**58,757,658**
G. LIABILITIES " AMOUNTS TO BE PAID IN A PERIOD OF MORE THAN ONE YEAR			
TOTAL (row 53 to 62)	**63**	**19,245,914**	**15,795,423**
H. PROVISIONS			
1. Proviosions for employee benefits (acc.1517)	64	0	0
2. Other provisions (acc.1511+1512+1513+1514+1518)	65		0
TOTAL (row 64 to 65)	**66**	**0**	**0**
I. ADVANCE INCOME			
1. Subsidies for investments (acc,475)	67	0	0
2. Advance income (acc.472) -total(row 68+69)	68	**0**	**0**
Amounts to be retaken in a period of up to one year (acc.472)	69		
Amounts to be retaken in a period of more than one year (acc.472)	70		0
3. Advance income related to assets received by transfer from clients (acc.478)	71		
TOTAL (row 67+68+71)	**72**	**0**	**0**
J. EQUITY AND RESERVES			
I. SUBSCRIBED CAPITAL			
1. Paid subscribed capital (acc.1012)	73	**6,976,465**	**6,976,465**
2. Unpaid subscribed capital (acc.1011)	74		
3. Subscribed capital representing financial liabilities (acc.1027)	75		
4. Share capital adjustments (acc.1028) BALANCE C	76		
BALANCE D	77		
5. Other equity(acc.103) BALANCE C	78		**5,849,655**

BALANCE D	79		
TOTAL (row 73+74+75-76+77+78-79)	**80**	**6,976,465**	**12,826,120**
II. SHARE PREMIUMS (acc.104)	81	0	0
III. RESERVES FROM REVALUATION (acc. 105)	82	8,174,015	7,484,693
IV. RESERVES			
1. Legal reserves (acc.1061)	83		1,778,182
2. Statutory or contractual reserves (acc. 1063)	84		
3. Other reserves (acc. 1068)	85	50,538,045	37,522,222
TOTAL (row 83 to 85)	**86**	**50,538,045**	**39,300,404**
Exchange rate differences from the conversion of standalone annual financial statements into a presentation currency different from the functional currency (acc. 1072) BALANCE C (acc.1072)	87		
BALANCE D (acc.1072)	88		
Own shares (acc.109)	89	-118,748	1,127
Earnings related to equity (acc.141)	90	122,497	1,132,496
Losses related to equity (acc.149)	91		
V, REPORTED RESULT, WITH THE EXCEPTION OF THE REPORTED RESULT FROM THE ADOPTION FOR THE FIRST TIME OF IAS 29 BALANCE C (acc. 117)	92		
BALANCE D (acc. 117)	93	12,940,197	13,557,442
VI, REPORTED RESULT FROM THE ADOPTION FOR THE FIRST TIME OF IAS 29 BALANCE C (acc. 118)	94		
BALANCE D (acc. 118)	95		0
VII. PROFIT OR LOSS FOR THE FINANCIAL PERIOD related to the parent company SOLD C (acc. 121)	**96**		**0**
SOLD D (acc. 121)	**97**		**5,499,613**
- out of which - the result of associated enterprises			
Distribution of profit	98		
VII. MINORITY INTERESTS	99	1,497,786	1,274,450
1. Profit or loss of the financial period related to the minority interests	100	1,497,786	1,312,333

2. Other equity – interests that do not control other equity1082	101		-37,883
TOTAL EQUITY	102	**54,249,863**	**42,962,235**

Statement of income and expenses

INDICATOR	Row no.	30.06.2021	30.06.2022
A	B	1	2
1. Net turnover (row 02 to 05)	**01**	**133,789,800**	**55,639,600**
Production sold (acc.701+702+703+704+705+706+708)	02	133,644,178	51,945,103
Income from sell of merchandise (acc. 707)	03	146,336	3,698,243
Trade discounts (acc. 709)		714	3,746
Income from interests recorded by entities whose main business activity is leasing (acc. 766)	04		
Income from operating subsidies related to net turnover	05		
2. Changes in inventories of finished products and production in progress (acc. 711) balance C	06		
(acc. 711) balance D	07	1,715,809	1,762,634
3. Production carried out by the entity for its own purposes and capitalized (acc. 721+722)	08	0	0
4. Other operating income (acc. 758+7417)	09	1,781,474	2,418,552
OPERATING INCOME - TOTAL (row 01+06-07+08+09)	**10**	**133,855,465**	**56,295,518**
5. a) Expenses on raw material and consumables (acc. 601 + 602 -7412)	11	96,260,990	34,814,138
Other material expenses (acc. 603 + 604 +606+608)	12	782,247	155,892
b) Other external expenses (on energy and water -acc. 605 - 7413)	13	2,205,855	1,501,878
c) Expenses on merchandise (acc. 607)	14	133,849	3,075,211
Trade discounts received (acc. 609)		126,977	4,425
6. Expenses on personnel (row 16 + 17 out of which :)	15	14,675,814	6,485,709
a) Sallaries and allowances (acc. 641+642-7414)	16	14,407,948	6,350,094
b) Expenses on social insurance and protection (acc. 645)	17	267,866	135,615
7. b) Value adjustments regarding current assets if they exceed the amount of value adjustments that are normal (row 22-23)	18	4,831,444	4,180,893
b.1) Expenses (acc 654+6814)	*19*	4,831,444	4,180,893
a.2) Income (acc 754 +7814)	*20*		
8. Other operating expenses (row 25 to 28)	21	-674,231	0

8.1. Expenses on external services (acc 611+612+613+614+621+622+623+624+625+626+627+628-7416)	*22*	3,347,566	0
8.2. Expenses with other taxes, duties and similar payments (acc 635)	*23*	4,021,797	0
8.3. Expenses on environmental protection (acc 652)	24	**15,320,282**	**8,524,823**
Expenses regarding refinancing interests recorded by the entities whose main business activity is leasing (acc 666)	25	12,226,057	7,222,964
8.4. Other expenses	26	528,025	471,102
Adjustments regarding provisions (row 30-31)	27	336,942	188,671
Expenses (acc. 6812)	*28*		
Income (acc. 7812)	29	2,229,258	642,086
7. b) Value adjustments regarding current assets if they exceed the amount of value adjustments that are normal (row 22-23)	30	-682,392	2,605,983
b.1) Expenses (acc 654+6814)	31	389	0
a.2) Income (acc 754 +7814)	32	682,781	0
OPERATING INCOME – TOTAL (row 11 to 15+18+21+24+29)	**33**	**132,726,881**	**61,340,102**
OPERATING PROFIT OR LOSS:			
- P r o f i t (row 10-32)	**34**	**1,128,584**	**-5,044,584**
- Loss (row 32-10)	**35**		
9. Income from participation interests (acc 7611+7613)	36	0	0
- out of which, Income from affiliated entities	37		
10. Income from other investments and loans that are part of fixed assets (acc.763)	38	0	0
- out of which, Income from affiliated entities	39		
11. Income from exchange rate differences (acc.765)	40	0	0
12. Income from interests (acc.766)	41	0	0
- out of which, Income from affiliated entities	42		
Other financial income (acc. 7615 +764+765 +767+768)	43	446,772	0
FINANCIAL INCOME - TOTAL (row 36+40+41+43)	**44**	**446,772**	**0**
13. Value adjustments regarding financial assets and investments held as current assets	45	0	0
- Expenses	46		
- Income	47	0	0
14. Expenses on interests (acc. 666-7418)	48	238,208	467,097
- out of which, Expenses in relation with affiliated entities	49		
15. Other financial expenses (acc.663+664+665+667+668)	50	2,808	1,256
FINANCIAL EXPENSES – TOTAL (row 45+48+50)	**51**	**241,016**	**468,353**
FINANCIAL PROFIT OR LOSS:			

- P r o f i t (row 44-51)	**52**	**205,756**	**-468,353**
- Loss (row 51-44)	**53**		
14. CURRENT ACTIVITY PROFIT OR LOSS			
- P r o f i t (row 10+44-33-51)	54	**1,334,340**	**-5,512,937**
- Loss (row 33+51-10-44)	55		
16. Extraordinary income (acc. 771)	56		
17. Extraordinary expenses (acc. 671)	57		
17. EXTRAORDINARY ACTIVITY PROFIT OR LOSS			
- P r o f i t (row 56-57)	**58**		
- Loss (row 57-56)	**59**		
TOTAL INCOME		**134,302,237**	**56,295,518**
TOTAL EXPENSES		**132,967,897**	**61,808,455**
18. Tax on profit	60	393,595	24,559
Deferred tax on profit			
19. Income tax (acc. 6918)	61	0	0
20. The profit or loss of the financial period related to the integrated entities	62		
21. The profit or loss of the financial period related to the parent company	**63**	**930,005**	**-5,499,613**
- out of which, the result of associated enterprises			
22. The profit or loss of the financial period related to the minority interests	**64**	10,740	-37,883

The corrections with the affiliated entities shown below are:
- For the patrimonial situation:

ASSET	TOTAL	CORRECTIONS		CONSOLIDATED ACCOUNTS
		+	-	
ASSETS				
Fixed assets				
· Intangible assets	**359,726**	**3,734,837**	**0**	**4,094,563**
	359,726			
, - GOODWILL		3,734,837		
· Tangible assets	**66,639,199**			**66,639,199**
Land and constructions	35,451,143			
installations	17,148,491			
other installations	1,063,197			
real estate in progress	11,515,434			
advance payments	1,460,934			
Real estate investments	0			**0**

		0	**7,644,178**	
Financial assets	**15,492,836**			**7,848,658**
			7,490,694	
Subsidiary shares 2611 + 2613	12,985,567			5,494,873
Associated entity shares	232,044			232,044
Entity loans	153,484		153,484	0
Other titles	2,121,741			2,121,741
Other taxed real estate titles	0			0
, Deferred tax				
, Other real estate assets used Leased assets	**9,633,673**			**9,633,673**
Current assets				
· Inventories	**6,890,873**			**6,890,873**
Raw material	4,820,655			
Production in progress	456,903			
Finished products	1,298,068			
Advance payments and merchandise	315,247			
· Receivables	**18,036,843**		**7,048,528**	**10,988,315**
Trade receivables	11,692,773		3,827,509	7,865,264
Amounts from the group	80,000		80,000	0
Advance payments	224,208			224,208
Other receivables	6,039,862		3,141,019	2,898,843
Short-term investments	**0**			**0**
· Cash and bank accounts	**2,298,901**		0	**2,298,901**
· Advance expenses	58		0	**58**
TOTAL ASSETS	**119,352,109**	**3,734,837**	**14,692,706**	**108,394,240**

LIABILITIES	TOTAL	CORECTII		CONTURI CONSOLIDATE
		+	-	
· Share capital	17,210,925		0	**6,976,465**
	0			
Share capital adjustments – acc.1028	0		0	**0**
Other equity – acc. 103	5,849,655		0	**5,849,655**
· Share premiums	0		0	**0**
Earnings related to capital	1,132,496			**1,132,496**
. Own shares	9,518		8,391	**1,127**
· Reserves from revaluation	14,189,078		6,704,385	**7,484,693**
· Legal reserves	2,674,886		896,704	**1,778,182**
-· Other reserves	37,982,757		460,535	**37,522,222**
· Financial period profit/loss	**-5,537,496**			**-5,499,613**
	elars	215,567		
	amplo	-361,899		
● Profit/loss carried forward-117	-22,470,707		8,913,265	**-13,557,442**
● Profit/loss carried forward-118	0		0	**0**
· Distribution of profit	0		0	**0**
Non-controlling interests- other equity account 1082		0		**1,312,333**
Elars		374,095		
Amplo		938,238		
Non-controlling interests- result of the financial period account 1081	0	0		**-37,883**
Elars		28,948		
Amplo		-66,831		
TOTAL EQUITY	**51,022,076**	**1,128,118**	**16,409,453**	**42,962,235**
Short-term liabilities	52,534,610		2,898,028	**49,636,582**
Credit institutions amounts	9,423,344			9,423,344

Advance payments	1,794,755			1,794,755
Trade liabilities	13,656,603			13,656,603
Associated entities	2,898,028		**2,898,028**	0
effects	0			0
Other liabilities	24,761,880			24,761,880
Long-term liabilities	**15,795,423**		0.00	**15,795,423**
Credit institutions	10,965,457			10,965,457
Other liabilities	4,829,966			4,829,966
· Provisions	0			**1**
Employee provisions				0
Other provisions	0			0
· Advance income	0			**0**
Amounts one year				
Greater amounts				0
TOTAL LIABILITIES	**119,352,109**	**1,128,118**	**19,307,481**	**108,394,240**

Consolidated profit and loss account 30.06.2022

DEBIT	CONSOLIDATED ACCOUNTS
1. Expenses on raw material and consumables **Acc. 601, 602-7412**	**34,814,138**
2. Other material expenses – acc. 603,604, 608	**155,892**
3. Expenses on energy and water – acc. 605-7413	**1,501,878**
4. Expenses on merchandise acc. 607	**3,075,211**
5. Trade discounts received - acc 609	**4,425**
6. Expenses on personnel 641+642+643+644-7414, 645-7415	**6,485,709**
adjustments - amortization	**4,180,893**
8. Adjustments regarding current assets	**0**
expenses	
income	
9. Expenses on external services **acc 611, 612, 612, 614, 621, 622, 623, 624, 625, 626, 627, 628 - 7416**	**7,222,964**
10. Expenses on taxes and duties – acc. 635	**471,102**
11. Expenses on environmental protection – acc. 652	**188,671**
12. Other expenses **Acc. 6581, 6582, 6583, 6585, 6588**	**642,086**

13. Adjustments regarding provisions	**2,605,983**
Total operating expenses	**61,340,102**
Financial expenses	**468,353**
Fixed asset adjustments	
Exceptional expenses	**0**
Expenses with the tax on profit - 6911	**24,559**
Expenses with the deferred tax on profit 692	**0**
Expenses with the income tax - 6918	**0**
Profit and loss	**-5,499,613**
Minority interest result	**-37,883**
TOTAL DEBIT	**56,295,517**

CREDIT	CONSOLIDATED ACCOUNTS
1. Turnover, out of which:	**55,639,600**
· production sold	**51,945,103**
· sell of merchandise	**3,698,243**
· trade discounts granted 709	**3,746**
· income from Board subsidies 7411	**0**
2. Changes in inventories - acc 711	**-1,762,634**
3. Income from the production of fixed assets and real estate investments	**0**
4. Income from the production of intangible and tangible assets	**0**
5. Income from the production of real estate investments 725	**0**
6. Income from fixed assets 753	**0**
7. Income from the revaluation of intangible and tangible assets 755	**0**
8. Income from real estate investments 756	**0**
9. Income from biological assets and agricultural production 757	**0**
10. Income from operating subsidies in case of disasters and similar events 7417	**0**
11. Other operating income – acc. 758, 7419	**2,418,552**
TOTAL OPERATING INCOME	**56,295,518**
FINANCIAL INCOME	**0**
TOTAL CREDIT	**56,295,518**

CONTINGENT LIABILITIES

There are no significant contingent liabilities at the balance sheet date.

COMMITMENTS

On 30.06.2022 the parent company had the following commitments granted for credits:
- Loans at a single bank – Raiffeisen Bank Pitesti Branch

- Guarantees: receivables assignment contract and movable mortgage contract on the pledged assets.

INFORMATION RELATING TO THE AUDIT OF FINANCIAL SITUATIONS

The consolidated financial statements prepared on 30.06.2022 were not audited.

FURTHER EVENTS

There are no further events that can influence these financial statements.

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Financial Manager,
Iulia Petre