



Translation from Romanian

ADMINISTRATORS' REPORT

Semestrial 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 first semester of 2020**

Reporting date: June 30th, 2020

E L E C T R O A R G E S S A - C U R T E A D E A R G E S

Semestrial report prepared in accordance with art. 65 of Law no. 24/2017, regarding issuers of financial instruments and market

operations, in the form provided in Annex no. 14, of the REGULATION no. 5/2018 on issuers of financial instruments and market operations issued by the FINANCIAL REGULATOR

Issuer name: "ELECTROARGES" SA

Registered office: Curtea de Arges, str. ALBESTI, nr. 12, jud. ARGES, cod 115300

TEL/FAX no.: 0248 724 000/0248 724 004

Trade Register Registration no. and date: J03/758/1991

Tax Code: RO 156027

The regulated market on which the issued securities are traded: BVB - on the Main Market Category II - Shares

Share capital subscribed and paid: 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 began to operate 2 years later.

In 1991, Electroarges became a joint stock company, with majority state capital.

The company's activity consists of:

- Production of electrical consumer goods, household appliances, professional appliances for hotel and industrial facilities, portable electrical tools, devices, tools and tool kits, vibrators for concrete compacting and car equipment.
- Electroarges SA developed a series of collaborations for the execution of parts, subassemblies and products for several home and foreign companies.
- Maintenance and repairs for more than 400 molds, which is ELECTROARGES SA's internal requirement.
- Execution of metal stamps and test equipment and tools for ELECTROARGES SA's current production and new products.
- Execution of metal stamps and test equipment and tools for internal and external clients.

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

Major events that took place during the first six months of the financial year and their impact on the semestrial accounting report.

Electroarges SA Curtea de Arges has as main activity the production and marketing of household goods, the execution of works and services for the economic agents, in compliance with the legislation in force.

The products made in the first semester of the 2020 were delivered both on the foreign and the domestic market, where the company tried to strengthen its position as a company producing household goods and appliances,

professional semi-industrial and hotel equipment, industrial equipment and parts for the local producers.

At export, the main markets were: Germany (vacuum cleaners and scrubbers).

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

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

Market risk

The Romanian economy is constantly changing, with uncertainty about economic development in the near future. The management can not foresee the changes that will take place in Romania and their effects on the financial situation, the operating results and the treasury flows of the company.

Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates as a result of foreign currency exchange rate fluctuations.

The company is exposed to foreign currency exchange risk because approximately 95% of the company's activity is carried out in foreign currency. Exchange rate fluctuations are difficult to predict, and a possible appreciation or depreciation will not significantly affect the company's revenue and expenditure, as approximately 70% of the expenditure is denominated in lei.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument fluctuates as a result of interest rate fluctuations on the market.

2. ECONOMIC AND FINANCIAL SITUATION

a) BALANCE ITEMS

The company registered total active assets in the amount of 141,406,618 lei, on 30.06.2020, as follows:

1. Balance items on 30.06.2020 compared to 31.12.2019

=lei=

| | June 30th 2020 | December 31st 2019 |
|--|--------------------|-----------------------|
| Fixed assets | | |
| Tangible assets | 52,433,563 | 53,860,817 |
| Intangible assets | 941,325 | 660,384 |
| Financial assets | 19,042,784 | 40,617,049 |
| Deferred tax | - | - |
| Fixed assets | 1,461,213 | 1,461,213 |
| TOTAL FIXED ASSETS | 73,878,885 | 96,599,463 |
| Current assets | | |
| Inventories | 19,119,716 | 17,475,452 |
| Trade and other receivables | 45,602,315 | 37,279,516 |
| Other financial assets | - | 15,803 |
| Cash and cash equivalents | 2,805,702 | 3,269,415 |
| TOTAL CURRENT ASSETS | 67,527,733 | 58,040,186 |
| TOTAL ASSETS | 141,406,618 | 154,639,649 |
| Trade and other payables | 56,952,637 | 55,191,083 |
| Short-term loans from banking institutions | 11,900,732 | 10,779,181 |
| Financial leasing | 1,969,537 | 2,107,741 |
| Employee benefits short-term due share | 127,638 | 248,494 |
| Long-term loans from banking institutions – current maturity | 79,214 | 211,238 |
| Payables with tax on profit | - | 253,920 |
| TOTAL SHORT-TERM PAYABLES | 71,029,758 | 68,791,657 |
| Long-term loans from banking institutions | - | - |
| Subsidies | 1,771,192 | 2,192,823 |
| Employee benefits long-term due share | 534,943 | 535,079 |
| Leasing | 7,219,236 | 7,624,062 |
| Deffered tax on profit | 1,299,542 | 1,299,542 |
| TOTAL LONG-TERM PAYABLES | 10,824,913 | 11,651,506 |
| TOTAL PAYABLES | 81,854,641 | 80,443,163 |
| NET ASSETS | 59,551,947 | 74,196,486 |
| Share capital | 6,976,465 | 6,976,465 |
| Legal reserves | 1,617,005 | 1,617,005 |
| Net reserves of revaluation | 9,788,066 | 10,872,567 |
| Other reserves | 43,030,790 | 43,030,790 |
| Retained earnings | (1,860,379) | 11,699,659 |
| TOTAL EQUITY | 59,551,947 | 74,196,486 |
| TOTAL PAYABLES | 141,406,618 | 154,639,649 |

2. Balance items on 30.06.2020 compared to 30.06.2019

=lei=

| | June 30th 2020 | June 30th 2019 |
|--|--------------------|--------------------|
| Fixed assets | | |
| Tangible assets | 52,433,563 | 488,038 |
| Intangible assets | 941,325 | 28,012,246 |
| Financial assets | 19,042,784 | 48,093,098 |
| Deferred tax | - | - |
| Fixed assets | 1,461,213 | |
| TOTAL FIXED ASSETS | 73,878,885 | 76,593,382 |
| Current assets | | |
| Inventories | 19,119,716 | 24,354,302 |
| Trade and other receivables | 45,602,315 | 32,343,099 |
| Other financial assets | 0 | 0 |
| Cash and cash equivalents | 2,805,702 | 1,032,432 |
| TOTAL CURRENT ASSETS | 67,527,733 | 57,729,833 |
| TOTAL ASSETS | 141,406,618 | 134,323,215 |
| Trade and other payables | 56,952,637 | 55,796,686 |
| Short-term loans from banking institutions | 11,900,732 | 11,808,236 |
| Financial leasing | 1,969,537 | 0 |
| Employee benefits short-term due share | 127,638 | 5,668,563 |
| Long-term loans from banking institutions – current maturity | 79,214 | 0 |
| Payables with tax on profit | 0 | 0 |
| TOTAL SHORT-TERM PAYABLES | 71,029,758 | 73,075,485 |
| Long-term loans from banking institutions | - | 369,667 |
| Subsidies | 1,771,192 | 2,614,454 |
| Employee benefits long-term due share | 534,943 | 0 |
| Leasing | 7,219,236 | 0 |
| Deffered tax on profit | 1,299,542 | 0 |
| TOTAL LONG-TERM PAYABLES | 10,824,913 | 2,984,121 |
| TOTAL PAYABLES | 81,854,641 | 67,776,589 |
| NET ASSETS | 59,551,947 | 74,196,468 |
| Share capital | 6,976,465 | 6,976,465 |
| Legal reserves | 1,617,005 | 1,617,005 |
| Net reserves of revaluation | 9,788,066 | 1,719,391 |
| Other reserves | 43,030,790 | 35,586,938 |
| Retained earnings | (1,860,379) | 12,363,810 |
| TOTAL EQUITY | 59,551,947 | 58,263,609 |
| TOTAL PAYABLES | 141,406,618 | 134,323,215 |

b) PROFIT & LOSS ACCOUNT

| INDICATORS | 30.06.2020 | 30.06.2019 | % 2020/2019 |
|--|--------------------|-------------------|----------------|
| Net turnover – Total, out of which: | 118,603,125 | 95,275,416 | 124.48 |
| - Income from the sell of finished goods | 117,970,020 | 95,090,818 | 124.06 |
| - Income from works and services provided | 128,174 | 173,033 | 74.07 |
| - Income from the sell of merchandise | 511,914 | 28,792 | 1777.97 |
| - Trade discounts granted | -6,983 | -17,227 | 40.54 |
| Operating income – Total, out of which: | 121,482,506 | 98,313,293 | 123.57 |
| - Turnover | 118,603,125 | 95,275,416 | 124.48 |
| - Changes in inventories | 288,065 | 1,590,303 | * |
| - Other operating income | 2,591,316 | 1,447,574 | 179.01 |
| Operating expenses – Total, out of which: | 114,147,140 | 97,807,053 | 116.71 |
| - Expenses on raw materials and consumables | 86,589,289 | 75,983,983 | 115.02 |
| - Other material expenses (inventory objects) | 126,154 | 297,308 | 42.43 |
| - Expenses regarding the merchandise | 485,925 | 32,981 | 1473.35 |
| - Trade discounts received | -168,088 | -17,147 | * |
| - Expenses on personnel | 12,313,623 | 11,405,381 | 107.96 |
| - Expenses on amortizations | 3,951,216 | 2,340,302 | 168.83 |
| - Other operating expenses | 10,849,021 | 7,764,245 | 139.73 |
| I. OPERATING PROFIT | 7,335,366 | 506,240 | 1448.99 |
| Financial income | 124,847 | 4,091,519 | * |
| Financial expenditure | 16,917,817 | 232,599 | 7273.38 |
| II. FINANCIAL RESULT | -16,792,970 | 3,858,920 | -435.17 |
| III. CURRENT RESULT – LOSS | -9,457,604 | 4,365,160 | -216.66 |
| TOTAL INCOME | 121,607,353 | 102,404,812 | 118.75 |
| TOTAL EXPENDITURE | 131,064,957 | 98,039,652 | 133.69 |
| IV. GROSS BUSINESS INCOME – LOSS | -9,457,604 | 4,365,160 | -216.66 |

c) CASH FLOW

| | June 30 th 2020 | December 31 st 2019 |
|---|----------------------------|--------------------------------|
| +/- Net business income | (9,457,604) | 2,036,989 |
| + Amortization included in costs | 4,373,729 | 4,121,408 |
| - Changes in inventories (+/-) | 1,644,264 | (3,750,288) |
| - Changes in receivables (+/-) | 8,322,799 | 6,873,841 |
| + Changes in suppliers and client lenders (+/-) | 3,772,848 | (221,662) |
| - Changes in assets (+/-) | (26,468,568) | (26,774) |

| | | |
|--|--------------------|----------------------|
| + Changes in liabilities (+/-) | (13,619,889) | (248,502) |
| A = Cash flow from operating activity | 1,570,588 | 2,591,454 |
| + Amounts from the sell of assets and fixed assets | 1,240,692 | 47,103 |
| - Acquisitions of tangible assets | 3,732,187 | 22,366,324 |
| + B = Cash flow from investment activity | (2,491,495) | (22,319,221) |
| + Changes in loans(+/-) out of which: | 446,497 | 11,342,892 |
| * Short-term credits | 1,121,551 | 4,246,925 |
| + Dividends to pay | 10,697 | 4,267,504 |
| + C = Cash flow from financial activity | 457,194 | (+)15,610,396 |
| + Liquid assets at the beginning of 2019 | 3,269,415 | 7,386,786 |
| + Net cash flow (A+B+C) | (463,713) | (4,117,371) |
| = Liquid assets at the end of the period | 2,805,702 | 3,269,415 |

d) CHANGES IN EQUITY:

June 30th

2020 December 31st 2019

| | | |
|---|--------------------|-------------------|
| Share capital | 6,976,465 | 6,976,465 |
| Profit/loss related to the sale or cancellation of equity instruments | 1,132,496 | 1,132,496 |
| Revaluation reserves | 9,788,066 | 10,872,567 |
| Legal reserves | 1,617,005 | 1,617,005 |
| Other reserves | 36,048,639 | 36,048,639 |
| Other equity | 5,849,655 | 5,849,655 |
| Total retained earnings previous year | 11,699,659 | 17,102,094 |
| Other comprehensive income items | (4,102,434) | (3,365,446) |
| Profit/Loss of the financial year | (9,457,604) | 2,036,989 |

| | | |
|---------------------|-------------------|-------------------|
| Retained earnings | (1,860,379) | 11,699,659 |
| Total equity | 59,551,947 | 74,196,486 |

3. ELECTROARGES SA ACTIVITY REVIEW

There are no known events that could affect the company's liquidity during this period.

FIXED ASSETS:

I. Intangible assets increased slightly in the first semester of 2020 compared to year 2019.

II. Tangible assets, by their nature: land, fixed assets and investments in progress, decreased very little compared to year 2019, only with 2.65%. The remaining value of the tangible assets on 30.06.2020 is 54,433,563 lei, compared to 53,860,817 lei registered on 31.12.2019.

III. Financial assets registered an significant decrease in the first semester of 2020 compared to year 2019, approximately 50%, decrease determined by the reassessment of the shares held by Electroarges SA at Mobila SA.

CURRENT ASSETS:

I. Inventories in the amount of 19,119,716 lei, registered on 30.06.2020, increased by 8.60% compared to the previous period.

II. On 30.06.2020, the company registered total receivables in the amount of 45,602,315 lei in which the greatest share of 51.78% was the "trade receivables" in the amount of 23,613,037 lei. Compared to the previous period, there was a increase in total receivables of 14,926,264 lei.

III. Cash and other liquid assets amounting to 2,805,702 lei on 30.06.2020, decreasing by 14% compared to the previous period. The share in the

available cash on 30.06.2020 decreased lightly to 0.13%, compared to year 2019.

TOTAL CURRENT ASSETS

On 30.06.2020, the current assets decreased compared to the previous period.

LIABILITIES

On 30.06.2020, Electroarges SA registers liabilities that are due within a period of up to one year, in the amount of 71,029,758 lei, as follows:

- 56,952,637 lei - trade liabilities - suppliers and similar;
- 11,900,732 - short-term loans from banking institutions;
- 1,969,537 lei - financial leasing - current part;
- 79,214 lei - short-term credits;
- 127,638 lei - employee benefits short-term.

The very high liability to the "Suppliers" is due to the payment method with the external partners, respectively at 60 days, but also to the acquisitions in the last decade of June 2020 for the provision of raw materials and materials for the period July-August when the partners-suppliers are on holiday.

TOTAL CURRENT LIABILITIES

Value of 81,854,671 lei, represent total liabilities, out of which:

- liabilities due within a period of up to one year: 71,029,758 lei, previously disclosed;
- liabilities due within a period exceeding one year in the amount of 10,824,813 lei representing the financial leasing over a period of 5 years, employee benefits, subsidies and deferred tax.

EQUITY

Electroarges SA registers equity of 59,551,947 lei, decreasing by 19.74% compared to the previous period, registered as a result of the business income of -9,457,604 lei for the reporting period.

The share capital on 30.06.2020 is in the amount of 6,976,465 lei, and the own sources of financing are represented by:

- legal reserves in the amount of 1,617,005 lei
- reserves from the revaluation in the amount of 9,788,066 lei
- other reserves in the amount of 43,030,790 lei
- reported result in the amount of (-) 1,860,379 lei

PROFIT AND LOSS ACCOUNT

Operating income increased by 19% compared the same period last year and operating costs by 14%, so the company recorded a profit of 7,335,366 lei on 30.06.2020, increasing by 93% compared to the first 6 months of 2019.

The financial income recorded an significant decrease compared to the previous period, which resulted in a financial loss in the amount of 16,792,270 lei.

The share of financial expenses in total costs is about 13%, with an increase of 12.76% compared with first semester of 2019, determined by the losses from revaluations of the shares portfolio, especially for Mobila SA.

The increase in turnover by 19.67% in the first semester of 2020 compared to the first semester of 2019 was determined on the one hand by the decrease in revenues from the sale of finished products by 19.39%, as well as by the increase of other operating income.

Operating expenses also increased, in proportion to the increase in operating revenues, respectively 14.31%.

On 30.06.2020, there was a loss in the amount of 9,457,604 lei, especially from the financial loss resulted from revaluations of the shares portfolio.

3. ECONOMIC AND FINANCIAL INDICATORS:


RETURN
Equity efficiency

| | |
|----------------|----------------|
| Net profit (A) | (9,457,604) |
| Equity (B) | 59,551,947 |
| A/B | -15.88% |

Operating profit rate

| | |
|----------------------|---------------|
| Gross profit (A) | (9,457,604) |
| Operating income (B) | 121,482,506 |
| A/B | -7.79% |

Net profit rate

| | |
|------------------|---------------|
| Net profit (A) | (9,457,604) |
| Total income (B) | 121,607,353 |
| A/B | -7.78% |

Total assets rate

| | |
|------------------|---------------|
| Gross profit (A) | (9,457,604) |
| Total assets (B) | 141,406,618 |
| A/B | -6.69% |

LIQUIDITY AND WORKING CAPITAL
June 30th 2020
Overall liquidity rate

| | |
|-------------------------|--------------|
| Current assets (A) | 59,551,947 |
| Current liabilities (B) | 71,029,758 |
| A/B | 0.84% |

Fast liquidity rate

| | |
|-------------------------|--------------|
| Current assets (A) | 59,551,947 |
| Inventories (B) | 19,119,716 |
| Current liabilities (C) | 71,029,758 |
| (A-B)/C | 0.57% |

General rate of indebtedness

| | |
|-----------------------|--------------|
| Total liabilities (A) | 81,854,671 |
| Equity (B) | 59,551,947 |
| A/B | 1.37% |

Clients collection period

| | |
|-----------------------|-------------|
| Trade receivables (A) | 45,602,315 |
| Met turnover (B) | 118,603,125 |
| A/B*90 days | 35 |

Inventories immobilization period

| | |
|--------------------|-------------|
| Inventories (A) | 19,119,716 |
| Net turnover (B) | 118,603,125 |
| A/B*90 days | 15 |

Suppliers payment period

| | |
|-----------------------|------------|
| Suppliers (A) | 56,952,637 |
| Material expenses (B) | 87,033,280 |
| A/B*90 days | 59 |

Liquidity indicators

Current liquidity indicator = current assets/ current liabilities = 0.84

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

Immediate liquidity indicator = Current assets - inventories/ Current liabilities = 0.57

This indicator is also called an acid test and shows the company's ability to cover its current liabilities from receivables and available assets that are easily achievable assets that no longer require additional expenses. This indicator is slightly above the lower limit, so under these conditions, the company will not have to resort to inventory to turn them into available assets.

Risk indicators

General rate of indebtedness = Total liabilities/equity = 1.37

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

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

The result must be subunitary, a supra-unitary value meaning a high degree of indebtedness. A value exceeding 2.00 expresses a very high degree of indebtedness, as the company may be in a state of imminent bankruptcy if the result exceeds a few times the threshold of 2.33. This is not the case with the Electroarges SA, which has a subunitary indicator within the recommended limits.

Management indicators

From the analysis of the management indicators it was concluded that the inventory turnover speed is satisfactory, the number of storage days is 15 days, the suppliers are paid within 59 days, higher than the payment of receivables, clients are collected in an interval of about 35 days.

4. CHANGES AFFECTING THE SHARE CAPITAL AND THE COMPANY'S MANAGEMENT

4.1. In the first semester of 2020, the company was in a position to comply with its financial obligations.

4.2. In the first semester of 2020 there were no changes regarding the rights of the holders of securities issued by SC ELECTROARGES SA.

5. SIGNIFICANT TRANSACTIONS

Not the case.

**CHAIRMAN OF THE BOARD OF DIRECTORS,
CONSTANTIN STEFAN**

Translation from Romanian

STATEMENT OF COMPREHENSIVE INCOME ON JUNE 30th 2020
(expressed in lei, unless specified otherwise)

| | June 30th 2020 | June 30th 2019 |
|-------------------------------------|---------------------------|---------------------------|
| Income from contracts | 118,603,125 | 95,275,416 |
| Other operating income | 2,591,316 | 1,447,574 |
| Changes in inventories | 288,064 | 1,590,303 |
| Raw materials and consumables | (87,033,280) | (76,297,125) |
| Expenses on personnel | (12,313,623) | (11,405,381) |
| Amortization | (3,951,216) | (2,340,302) |
| Other operating expenses | (10,849,021) | (7,764,245) |
| Operating profit | 7,335,366 | 506,240 |
| Financial income | 124,847 | 4,091,519 |
| Financial expenses | (16,917,917) | (232,599) |
| Profit/loss before taxation | (9,457,604) | 4,365,160 |
| Expenses with the tax on profit | 0 | 713,208 |
| Profit/loss | (9,457,604) | 3,651,952 |
| BASIC/DILUTED PER SHARE EARNINGS | (0.1356) | 0.0561 |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
 FINANCIAL MANAGER,**

**CONSTANTIN STEFAN
 ELENA NICUT**

IULIA-

STATEMENT OF FINANCIAL POSITION ON JUNE 30th 2020
(expressed in lei, unless specified otherwise)

| | June 30th 2020 | December 31st 2019 |
|--|---------------------------|-------------------------------|
| Assets | | |
| Fixed assets | | |
| Tangible assets | 52,433,563 | 53,860,817 |
| Intangible assets | 941,325 | 660,384 |
| Financial assets | 19,042,784 | 40,617,049 |
| Deferred tax | - | - |
| Fixed assets | 1,461,213 | 1,461,213 |
| TOTAL FIXED ASSETS | 73,878,885 | 96,599,463 |
| Current assets | | |
| Inventories | 19,119,716 | 17,475,452 |
| Trade and other receivables | 45,602,315 | 37,279,516 |
| Other financial assets | 0 | 15,803 |
| Cash and cash equivalents | 2,805,702 | 3,269,415 |
| TOTAL CURRENT ASSETS | 67,527,733 | 58,040,186 |
| TOTAL ASSETS | 141,406,618 | 154,639,649 |
| Trade and other payables | 56,952,637 | 55,191,083 |
| Short-term loans from banking institutions | 11,900,732 | 10,779,181 |
| Financial leasing | 1,969,537 | 2,107,741 |
| Employee benefits short-term due share | 127,638 | 248,494 |
| Long-term loans from banking institutions – current maturity | 79,214 | 211,238 |
| Payables with tax on profit | 0 | 253,920 |
| TOTAL SHORT-TERM PAYABLES | 71,029,758 | 68,791,657 |
| Long-term loans from banking institutions | - | - |
| Subsidies | 1,771,192 | 2,192,823 |
| Employee benefits long-term due share | 534,943 | 535,079 |
| Leasing | 7,219,236 | 7,624,062 |
| Deffered tax on profit | 1,299,542 | 1,299,542 |
| TOTAL LONG-TERM PAYABLES | 10,824,913 | 11,651,506 |
| TOTAL PAYABLES | 81,854,671 | 80,443,163 |
| NET ASSETS | 59,551,947 | 74,196,486 |

| | June 30th 2020 | December 31st 2019 |
|-----------------------------|---------------------------|-------------------------------|
| Share capital | 6,976,465 | 6,976,465 |
| Legal reserves | 1,617,005 | 1,617,005 |
| Net reserves of revaluation | 9,788,066 | 10,872,567 |
| Other reserves | 43,030,790 | 43,030,790 |
| Retained earnings | (1,860,379) | 11,699,659 |
| TOTAL EQUITY | 59,551,947 | 74,196,486 |
| TOTAL PAYABLES | 141,406,618 | 154,639,649 |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
MANAGER,**

**CONSTANTIN STEFAN
NICUT**

FINANCIAL

IULIA-ELENA

STATEMENT OF CHANGES IN EQUITY ON JUNE 30th 2020
 (expressed in lei, unless specified otherwise)

| | Share capital | Profit/loss related to the sale or cancellation of equity instruments | Revaluation reserves | Legal reserves | Other reserves | Other equity | Retained earnings | Total |
|-----------------------------------|------------------|---|----------------------|------------------|-------------------|------------------|--------------------|---------------------|
| January 1st 2019 | | | | | | | | |
| Total comprehensive income | - | - | 10,872,567 | - | - | - | 5,954,967 | 16,827,534 |
| Dividends distributed | - | - | - | - | - | - | (8,371,758) | (8,371,758) |
| Allocations of other reserves | - | - | - | - | 2,985,644 | - | (2,985,644) | - |
| December 31st 2019 | 6,976,465 | 1,132,496 | 10,872,567 | 1,617,005 | 36,048,639 | 5,849,655 | 11,699,659 | 74,196,486 |
| Other comprehensive income items | - | - | (1,084,501) | - | - | - | (4,102,434) | (5,186,935) |
| Profit of the financial year | - | - | - | - | - | - | (9,457,604) | (9,457,604) |
| June 30th 2020 | 6,976,465 | 1,132,496 | 9,788,066 | 1,617,005 | 36,048,639 | 5,849,655 | (1,860,379) | (59,551,947) |

CHAIRMAN OF THE BOARD OF DIRECTORS,
CONSTANTIN STEFAN

FINANCIAL MANAGER,
Iulia-Elena Nicut

CASH FLOW STATEMENT ON JUNE 30th 2020
(expressed in lei, unless specified otherwise)

| | June 30 th 2020 | December 31 st 2019 |
|--|----------------------------|-----------------------------------|
| +/- Net business income | (9,457,604) | 2,036,989 |
| + Amortization included in costs | 4,373,729 | 4,121,408 |
| - Changes in inventories (+/-) | 1,644,264 | (3,750,288) |
| - Changes in receivables (+/-) | 8,322,799 | 6,873,841 |
| + Changes in suppliers and client lenders (+/-) | 3,772,848 | (221,662) |
| - Changes in assets (+/-) | (26,468,568) | (26,774) |
| + Changes in liabilities (+/-) | (13,619,889) | (248,502) |
| A = Cash flow from operating activity | 1,570,588 | 2,591,454 |
| + Amounts from the sell of assets and fixed assets | 1,240,692 | 47,103 |
| - Acquisitions of tangible assets | 3,732,187 | 22,366,324 |
| + B = Cash flow from investment activity | (2,491,495) | (22,319,221) |
| + Changes in loans(+/-) out of which: | 446,497 | 11,342,892 |
| * Short-term credits | 1,121,551 | 4,246,925 |
| + Dividends to pay | 10,697 | 4,267,504 |
| + C = Cash flow from financial activity | 457,194 | (+)15,610,396 |
| + Liquid assets at the beginning of the year | 3,269,415 | 7,386,786 |
| + Net cash flow (A+B+C) | (463,713) | (4,117,371) |
| = Liquid assets at the end of the period | 2,805,702 | 3,269,415 |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
 MANAGER,**

CONSTANTIN STEFAN

FINANCIAL

Iulia-Elena Nicut

FINANCIAL INDICATORS ON JUNE 30th 2020

(all amounts expressed in lei, unless specified otherwise)

CAPITAL PROFITABILITY AND RETURN

June 30th 2020

Equity efficiency

| | |
|----------------|----------------|
| Net profit (A) | (9,457,604) |
| Equity (B) | 59,551,947 |
| A/B | -15.88% |

Operating profit rate

| | |
|----------------------|---------------|
| Gross profit (A) | (9,457,604) |
| Operating income (B) | 121,482,506 |
| A/B | -7.79% |

Net profit rate

| | |
|------------------|---------------|
| Net profit (A) | (9,457,604) |
| Total income (B) | 121,607,353 |
| A/B | -7.78% |

Total assets rate

| | |
|------------------|---------------|
| Gross profit (A) | (9,457,604) |
| Total assets (B) | 141,406,618 |
| A/B | -6.69% |

SOLVENCY

June 30th 2020

Payable rate

| | |
|--------------------|---------------|
| Total payables (A) | 81,854,671 |
| Total assets (B) | 141,406,618 |
| A/B | 57.89% |

Financial autonomy rate

| | |
|---|---------------|
| Equity (A) | 59,551,947 |
| Total assets less net current liabilities (B) | 70,376,860 |
| A/B | 84.62% |

LIQUIDITY AND WORKING CAPITAL

June 30th 2020

Overall liquidity rate

| | |
|-------------------------|---------------|
| Current assets (A) | 59,551,947 |
| Current liabilities (B) | 71,029,758 |
| A/B | 83.84% |

Fast liquidity rate

| | |
|-------------------------|---------------|
| Current assets (A) | 59,551,947 |
| Inventories (B) | 19,119,716 |
| Current liabilities (C) | 71,029,758 |
| (A-B)/C | 56.92% |

Clients collection period

| | |
|-----------------------|-------------|
| Trade receivables (A) | 45,602,315 |
| Met turnover (B) | 118,603,125 |
| A/B*90 days | 35 |

Inventories immobilization period

| | |
|--------------------|-------------|
| Inventories (A) | 19,119,716 |
| Net turnover (B) | 118,603,125 |
| A/B*90 days | 15 |

Suppliers payment period

| | |
|-----------------------|------------|
| Suppliers (A) | 56,952,637 |
| Material expenses (B) | 87,033,280 |
| A/B*90 days | 59 |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
 MANAGER,**

CONSTANTIN STEFAN

FINANCIAL

Iulia-Elena Nicut

1. ELECTROARGES SA ECONOMIC AND FINANCIAL STATEMENT ON JUNE 30th 2020

1.1. BALANCE ENDED ON 30.06.2020

| Assets | June 30th 2020 | December 31st 2019 |
|-----------------------|---------------------------|-------------------------------|
| Fixed assets | 73,878,885 | 96,599,463 |
| Current assets | 67,527,773 | 58,040,186 |
| TOTAL ASSETS | 141,406,618 | 154,639,649 |
| Current payables | 71,029,758 | 68,791,657 |
| Long-term payables | 10,824,913 | 11,651,506 |
| TOTAL PAYABLES | 81,854,913 | 80,443,163 |
| NET ASSETS | 59,551,947 | 74,196,486 |

| Share capital and reserves | June 30th 2020 | December 31st 2019 |
|--|---------------------------|-------------------------------|
| Share capital | 6,976,465 | 6,976,465 |
| Other items of equity | 5,849,655 | 5,849,655 |
| Revaluation reserves | 9,788,066 | 10,872,567 |
| Other reserves | 37,665,644 | 37,665,644 |
| Earnings related to equity instruments | 1,132,496 | 1,132,496 |
| Retained earnings | 8,222,475 | 10,287,920 |
| Business income | (9,457,604) | 2,036,989 |
| Profit distribution | (625,250) | (625,250) |
| TOTAL EQUITY | 59,551,947 | 74,196,486 |

On 30.06.2020, there is a decrease by 14,644,539 lei compared to 2019, a decrease due mainly to the revaluation of financial assets.

The structure of tangible assets on 30.06.2020 is as follows:

| | June 30th 2020 | December 31st 2019 |
|--|-----------------------|---------------------------|
| Tangible assets | | |
| Land and buildings | 21,037,577 | 22,270,848 |
| Technical installations and machines | 22,090,606 | 22,315,677 |
| Other installations, equipment and furniture | 434,592 | 340,919 |
| Tangible assets in progress | 5,688,598 | 5,619,614 |
| Advances | 3,182,190 | 3,313,759 |
| TOTAL | 52,433,563 | 53,860,817 |

Tangible assets in progress have increased, and the value of land, buildings and technical installations has decreased compared to 2019.

The structure of inventories on 30.06.2020 is as follows:

| | June 30th 2020 | December 31st 2019 |
|---|-----------------------|---------------------------|
| Inventories | | |
| Raw materials and consumables | 16,715,186 | 15,238,320 |
| Production in progress and semi-finished products | 430,745 | 501,841 |
| Finished products and merchandise | 1,973,785 | 1,735,291 |
| TOTAL | 19,119,716 | 17,475,452 |

On 30.06.2020 registers an increase of stocks by 1,644,264 lei compared to 2019, due to the increase of raw materials and consumables, but also the stock of finished products.

| | June 30th 2020 | December 31st 2019 |
|--------------------|-----------------------|---------------------------|
| Receivables | | |
| Trade receivables | 23,613,037 | 13,183,109 |
| Other receivables | 21,989,278 | 17,492,942 |
| TOTAL | 45,602,315 | 30,676,051 |

Electroarges SA's trade receivables increased on 30.06.2020 compared to 31.12.2019 by the amount of 14,926,264 lei. This significant increase was due to increase of trade receivables.

The structure of payables on 30.06.2020 is as follows:

| Payables | June 30th 2020 | December 31st 2019 |
|----------------------------------|-----------------------|---------------------------|
| Trade payables | 56,952,637 | 55,191,083 |
| Loans from banking institutions | 11,900,732 | 10,779,181 |
| Other payables | 2,176,387 | 2,821,393 |
| Total short-term payables | 78,135,806 | 68,791,657 |
| Subsidies | 1,771,192 | 2,192,823 |
| Financial leasing | 7,219,236 | 7,624,062 |
| Other payables | 1,834,485 | 1,834,621 |
| Total long-term payables | 11,191,880 | 11,651,506 |
| TOTAL | 81,854,961 | 80,443,163 |

The obligations towards the state budget and the local budgets, respectively taxes, special funds and other taxes were paid at the due terms.

On 30.06.2020, a decrease in the debt to the financial leasing and subsidies can be observed but, at the same time, the debt to the banking institutions increased by 1,121,551 lei compared to 31.12.2019.

1.2. PROFIT & LOSS ACCOUNT ON 30.06.2020

| | June 30th 2020 | June 30th 2019 |
|--------------------------------------|-----------------------|-----------------------|
| Income from sales | 118,603,125 | 95,275,416 |
| Other operating income | 2,591,316 | 1,447,574 |
| Changes in inventories | 288,064 | 1,590,303 |
| Total operating expenses | (114,147,140) | (97,807,053) |
| Operating profit/(loss) | 7,335,366 | 506,240 |
| Net financial income/(expenses) | (16,792,970) | 3,858,920 |
| Profit/(Loss) before taxation | (9,457,604) | 4,365,160 |
| Tax expenses | 0 | 713,208 |
| Profit/(Loss) | (9,457,604) | 3,651,952 |

On 30.06.2020, there is an operating profit greater by 6,829,126 lei compared to 31.03.2019, due to the turnover increase, but, at the same time, a financial loss by 16,792,970 lei can be observed.

The turnover increased by 23,327,709 lei on 30.06.2020 compared to 30.06.2019.

The structure of operating expenses on 30.06.2020 is as follows:

| Operating expenses | June 30th 2020 | June 30th 2019 |
|-------------------------------|-----------------------|-----------------------|
| Raw materials and consumables | 87,033,281 | 76,297,125 |
| Expenses on personnel | 12,313,623 | 11,405,381 |
| Amortization | 3,951,216 | 2,340,302 |
| Other operating expenses | 10,849,020 | 7,764,245 |
| TOTAL | 114,147,140 | 97,807,053 |

Raw materials and consumables significant increased by 10,736,156 lei compare to the previous period. Also, expenses on personnel increased by 908,242 lei.

Amortization registers a higher value by 1,610,914 lei. Expenses on utilities and external services have significantly increased compare to the last year.

1.3. FINANCIAL INDICATORS

CAPITAL PROFITABILITY AND RETURN

June 30th 2020

| | |
|------------------------------|----------------|
| Equity efficiency | |
| Net profit (A) | (9,457,604) |
| Equity (B) | 59,551,947 |
| A/B | -15.88% |
| Operating profit rate | |
| Gross profit (A) | (9,457,604) |
| Operating income (B) | 121,482,506 |
| A/B | -7.79% |
| Net profit rate | |
| Net profit (A) | (9,457,604) |
| Total income (B) | 121,607,353 |
| A/B | -7.78% |
| Total assets rate | |
| Gross profit (A) | (9,457,604) |
| Total assets (B) | 141,406,618 |
| A/B | -6.69% |

June 30th 2020

LIQUIDITY AND WORKING CAPITAL

| | |
|--|---------------|
| Overall liquidity rate | |
| Current assets (A) | 59,551,947 |
| Current payables (B) | 71,029,758 |
| A/B | 83.84% |
| Fast liquidity rate | |
| Current assets (A) | 59,551,947 |
| Inventories (B) | 19,119,716 |
| Current payables (C) | 71,029,758 |
| (A-B)/C | 56.92% |
| Clients collection period | |
| Trade receivables (A) | 45,602,315 |
| Net turnover (B) | 118,603,125 |
| A/B*90 days | 35 |
| Inventories immobilization period | |
| Inventories (A) | 19,119,716 |
| Net turnover (B) | 118,603,125 |
| A/B*90 days | 15 |
| Suppliers payment period | |
| Suppliers (A) | 56,952,637 |
| Material expenses (B) | 87,033,280 |
| A/B*90 days | 59 |

2. SHARE CAPITAL

The company's subscribed share capital on June 30th 2020 is 6,976,465 lei, the nominal value of one share being 0.10 lei / share.

The shareholding structure on 30.06.2020 is the following :

| Shareholder | Shares | Percent |
|----------------------------|-------------------|-------------|
| Investments Constantin SRL | 25,699,543 | 36.84% |
| Tudor Dumitru | 8,963,266 | 12.85% |
| Natural persons | 26,106,616 | 37.42% |
| Legal persons | 8,995,225 | 12.89% |
| TOTAL | 69,764,650 | 100% |

Administrators' participation to the share capital is as follows:

| Item no. | Surname | Given names | Position | No. of shares |
|----------|----------------------------|--|------------------|---------------|
| 1. | Stefan | Constantin | BD Chairman | 0 |
| 2. | Gavrilă | Ion | BD Member | 6,016,191 |
| 3. | Tudor | Dumitru | BD Member | 8,963,266 |
| 4. | Investments Constantin SRL | By permanent representative - Mr Zisu Robert | BD Vice-Chairman | 25,699,543 |
| 5. | Benjamins United SRL | By permanent representative - Mr Charles Nakouzi | BD Member | 621,000 |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
 MANAGER,**

**CONSTANTIN STEFAN
 Elena Nicut**

FINANCIAL

Iulia-

Translation from Romanian

DECLARATION

I, the undersigned, CONSTANTIN STEFAN, in my capacity as SC ELECTROARGES SA's Chairman of the Board of Directors, registered office in Curtea de Arges, str. Albesti, nr. 12, judet Arges, according to the provisions of art. 30 of the Accounting Law no. 82/1991, as republished, take full responsibility for the accurate presentation of the financial statements for the first semester of 2020, in accordance with the Accounting Regulations in compliance with Directive IV of the European Economic Community and the International Financial Reporting Standards, approved with the Ordinances no. 2844/2016 and 881/2012 of the Public Finances Minister, and confirm that:

- the accounting policies used in preparing the financial statements are in accordance with the applicable accounting regulations;
- the financial statements give a fair and accurate view of assets, liabilities, financial position, profit and loss account;
- the Board of Directors' report shows correctly and completely the information about SC Electroarges SA on the company's development and performance, including the main risks and uncertainties specific to the business activity;
- SC Electroarges SA operates in terms of continuity.

**CHAIRMAN OF THE BOARD OF DIRECTORS
CONSTANTIN STEFAN**



ELECTROARGES SA
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Translation from Romanian

ANNEX 30.B. ECONOMIC AND FINACIAL INDICATORS

| Indicator | Calculation method | Result | Optimal values |
|------------------|---------------------------|---------------|-----------------------|
|------------------|---------------------------|---------------|-----------------------|

| | | | |
|--|---|--|---------------|
| Current liquidity indicator | Current assets/ Current liabilities | $59,551,947 / 71,029,758 = 0.84$ | 2 |
| Indebtedness indicator | Borrowed capital/Own capital | $10,824,913 / 59,551,947 = 0.18$ | Minimal Value |
| Turnover speed, for client debit items | Client average balance/Turnover x 90 days | $23,565,044 / 118,603,125 \times 90 \text{ days} = 17.88 \text{ days}$ | Maximal Value |
| Fixed assets turnover speed | Turnover/ Fixed assets | $118,603,125 / 73,878,885 = 1.61$ | Minimal Value |

**CHAIRMAN OF THE BOARD OF DIRECTORS,
CONSTANTIN STEFAN**

**PREPARED BY,
IULIA-ELENA NICUT**