

Translation from Romanian

STATEMENT OF COMPREHENSIVE INCOME ON MARCH 31st 2021
(expressed in lei, unless specified otherwise)

	March 31st 2021	March 31st 2020
Income from contracts	66,702,795	63,045,657
Other operating income	260,415	675,782
Changes in inventories	(1,245,800)	218,558
Raw materials and consumables	(47,684,249)	(47,409,675)
Expenses on personnel	(7,000,169)	(6,158,619)
Amortization	(2,227,601)	(2,181,800)
Other operating expenses	(7,148,878)	(5,014,918)
Operating profit	1,656,513	3,174,985
Financial income	209,576	10
Financial expenses	(90,886)	(140,162)
Profit/Loss before taxation	1,775,203	3,034,833
Expenses with the tax on profit	123,305	561,326
Profit/Loss	1,651,898	2,473,507
BASIC/DILUTED PER SHARE EARNINGS	0.0237	0.0355

Chairman of the Board of Directors,
 Constantin Stefan

Financial Manager,
 Iulia Nicut

STATEMENT OF FINANCIAL POSITION ON MARCH 31st 2021
(expressed in lei, unless specified otherwise)

	March 31st 2021	December 31st 2020
Assets		
Fixed assets		
Tangible assets	55,185,843	52,219,321
Intangible assets	936,238	848,229
Financial assets	17,887,679	19,409,756
Deferred tax	1,232,761	1,232,761
Fixed assets	1,464,045	1,464,045
TOTAL FIXED ASSETS	76,706,566	75,174,112
Current assets		
Inventories	12,812,564	11,003,137
Trade and other receivables	36,890,510	33,263,066
Other financial assets	-	-
Cash and cash equivalents	6,776,110	13,973,596
TOTAL CURRENT ASSETS	56,479,184	58,239,799
TOTAL ASSETS	133,185,750	133,413,911
Trade and other liabilities	53,185,128	51,122,987
Short-term loans from banking institutions	10,496,777	13,473,803
Financial leasing	2,138,720	2,323,344
Employee benefits short-term due share	299,428	487,707
Long-term loans from banking institutions – current maturity	0	0
Liabilities with tax on profit	224,063	224,063
TOTAL SHORT-TERM LIABILITIES	66,344,117	67,631,904
Long-term loans from banking institutions	-	-
Subsidies	1,138,746	1,349,561
Employee benefits long-term due share	554,918	545,248
Leasing	5,283,217	5,674,341
Deffered tax on profit	-	-
TOTAL LONG-TERM LIABILITIES	6,976,881	7,569,150
TOTAL LIABILITIES	73,320,998	75,201,054
NET ASSETS	59,864,752	58,212,857
Share capital	6,976,465	6,976,465
Legal reserves	1,617,005	1,617,005
Net reserves of revaluation	8,534,848	9,075,585
Other reserves	44,442,529	44,442,530
Retained earnings	(1,706,095)	(3,898,728)
TOTAL EQUITY	59,864,752	58,212,857
TOTAL LIABILITIES	133,185,750	133,413,911

Chairman of the Board of Directors,
Constantin Stefan

Financial Manager,
Iulia Nicut

STATEMENT OF CHANGES IN EQUITY ON MARCH 31st 2021
(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 2020	6,976,465	1,132,496	10,872,567	1,617,005	36,048,639	5,849,655	11,699,659	74,196,486
Dividends distributed	-	-	-	-	1,411,739	-	(1,411,739)	-
Allocations of other reserves	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	(1,796,982)	-	-	-	(1,775,481)	(3,572,463)
Profit/Loss of the financial year	-	-	-	-	-	-	(12,411,167)	(12,411,167)
December 31st 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
Other comprehensive income	-	-	(540,737)	-	-	-	540,737	-
Profit/Loss of the financial year	-	-	-	-	-	-	1,651,898	1,651,898
March 31st 2021	6,976,465	1,132,496	8,534,848	1,617,005	37,460,378	5,849,655	(1,706,095)	59,864,752

Chairman of the Board of Directors,
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CASH FLOW STATEMENT ON MARCH 31st 2021
(expressed in lei, unless specified otherwise)

	March 31st 2021	December 31st 2020
+/- Business income	1,651,898	(12,411,167)
+ Amortization included in costs	2,227,601	8,467,874
- Changes in inventories (+/-)	1,809,427	(6,472,315)
- Changes in receivables (+/-)	3,627,444	(2,783,689)
+ Changes in suppliers and client lenders (+/-)	2,230,717	(595,097)
- Changes in other assets (+/-)	(4,119,657)	(34,049,795)
+ Changes in other liabilities (+/-)	(2,910,316)	(19,696,847)
A = Cash flow from operating activity	1,882,686	19,070,562
+ Amount from the sell of assets and fixed assets	0	1,240,692
- Acquisitions of tangible assets	5,652,111	11,375,880
+ B = Cash flow from investment activity	(5,652,111)	(10,135,188)
+ Changes in loans (+/-), out of which:	(3,435,286)	1,134,950
* Short-term credits	(2,977,026)	2,694,622
+ Dividends to be paid	7,225	633,857
+ C = Cash flow from financial activity	(3,428,061)	1,768,807
+ Liquid assets at the beginning of the year	13,973,596	3,269,415
+ Net cash flow (A+B+C)	(7,197,486)	10,704,181
= Liquid assets at the end of the period	6,776,110	13,973,596

Chairman of the Board of Directors,
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FINANCIAL INDICATORS ON MARCH 31st 2020

(all amounts expressed in lei, unless specified otherwise)

CAPITAL PROFITABILITY AND RETURN

March 31st 2021

Equity efficiency

Net profit (A)	1,651,898
Equity (B)	59,864,752
A/B	2.76%

Operating profit rate

Gross profit (A)	1,755,203
Operating income (B)	65,717,410
A/B	2.67%

Net profit rate

Net profit (A)	1,651,898
Total income (B)	65,926,986
A/B	2.51%

Total assets rate

Gross profit (A)	1,775,203
Total assets (B)	133,185,750
A/B	1.33%

SOLVENCY

March 31st 2021

Liability rate

Total liabilities (A)	73,320,998
Total assets (B)	133,185,750
A/B	55.05%

Financial autonomy rate

Equity (A)	59,864,752
Total assets less net current liabilities (B)	66,841,633
A/B	89.56%

LIQUIDITY AND WORKING CAPITAL

March 31st 2021

Fast liquidity rate

Current assets (A)	56,479,184
Inventories (B)	12,812,564
Current liabilities (C)	66,344,117
(A-B)/C	65.82%

Clients collection period

Trade receivables (A)	15,447,692
Net turnover (B)	66,702,795
A/B*90 days	21

Inventories immobilization period

Inventories (A)	12,812,564
Net turnover (B)	66,702,795
A/B*90 days	17

Suppliers payment period

Suppliers (A)	28,615,459
Material expenses (B)	47,684,249
A/B*90 days	54

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ANNEX 30.B. FINANCIAL & ECONOMIC INDICATORS

Indicator	Calculation method	Result	Optimal values
Current liquidity indicator	Current assets/Current liabilities	$56,479,184/66,344,117 = 0.85$	2
Indebtedness indicator	Loaned equity/Own equity	$18,218,143/59,864,752 = 0.30$	Minimal value
Turnover speed in debits – clients	Average client balance/Turnover x 90 zile	$15,447,692/66,702,795 \times 90 \text{ days} = 20.84 \text{ days}$	Maximum value
Turnover speed in fixed assets	Turnover/Fixed assets	$66,702,795/76,706,566 = 0.87$	Minimal value

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EXPLANATORY NOTES – STATEMENT OF ASSETS, LIABILITIES AND RECEIVABLES ON MARCH 31ST 2021

ECONOMIC & FINANCIAL STATEMENT

1. BALANCE ENDED ON 31.03.2021

Assets	March 31st 2021	December 31st 2020
Fixed assets	76,706,566	75,174,112
Current assets	56,479,184	58,239,799
TOTAL ASSETS	133,185,750	133,413,911
Current liabilities	66,344,117	67,631,904
Long-term liabilities	6,976,881	7,569,150
TOTAL LIABILITIES	73,320,998	75,201,054
NET ASSETS	59,864,752	58,212,857

Share capital and reserves	March 31st 2021	December 31st 2020
Share capital	6,976,465	6,976,465
Other equity	5,849,655	5,849,655
Revaluation reserves	8,534,848	9,075,585
Other reserves	39,077,383	39,077,383
Earnings related to equity instruments	1,132,496	1,132,496
Retained earnings	(3,357,993)	8,512,439
Current result	1,651,898	(12,411,167)
TOTAL EQUITY	59,864,752	58,212,857

On 31.03.2021 there is an increase in net assets by 1,651,895 lei compared to 2020, an increase due to the decrease of total liabilities.

1.1. Fixed assets

The structure of fixed assets on 31.03.2021 is this:

Fixed assets	March 31st 2021	December 31st 2020
Intangible assets	936,238	848,229
Tangible assets	55,185,843	52,219,321
Financial assets	19,351,724	20,873,801
Deferred tax	1,232,761	1,232,761
TOTAL	76,706,566	75,174,112

On 31.03.2021, the total fixed assets increased by 1,532,454 lei compared to the beginning of the year, registering in the first quarter of 2021 the value of 76,706,566 lei.

Intangible assets registered an increase of 88,009 lei compared to the beginning of the year, an increase due to the acquisition of IT licenses.

Tangible assets increased compared to the beginning of the year by 2,966,522 lei. Their detailed situation can be found below.

Tangible assets	March 31st 2021	December 31st 2020
Land and buildings	21,196,398	19,509,004
Technical installations and machines	20,171,640	21,316,508
Other installations, equipment and furniture	342,593	370,335
Land and buildings	6,310,824	6,654,919
Advance payments	7,164,388	4,368,555
TOTAL	55,185,843	52,219,321

Regarding the tangible assets on 31.03.2021, there is an increase compared to the beginning of the year in lands and constructions, a slight decrease of the technical installations and machines and an increase of the advance payments.

On 31.03.2021, the financial assets decreased by 1,522,077 lei compared to 31.12.2020.

1.2. Inventories

The structure of inventories on 31.03.2021 is this:

Inventories	March 31st 2021	December 31st 2020
Raw materials and consumables	11,164,026	8,081,665
Production in progress and semi-finished products	401,109	425,178
Finished products and merchandise	1,247,429	2,496,294
TOTAL	12,812,564	11,003,137

On 31.03.2021, there is an increase of inventories by 1,809,427 lei compared to 2020, due to the increase of raw materials and consumables.

1.3. Receivables

The structure of receivables on 31.03.2021 is this:

Receivables	March 31st 2021	December 31st 2020
Trade receivables	15,447,692	13,183,575
Other receivables	21,442,818	20,079,490
TOTAL	36,890,510	33,263,065

The Electroarges SA's trade receivables increased on 31.03.2021 compared to 31.12.2020, with the amount of 2,264,117 lei. This significant increase was due to the increase in trade receivables, ie uncollected clients.

The VAT to be recovered from the state budget registers the amount of 7,795,857 lei, the company submitting monthly requests for reimbursement and compensation with the monthly fiscal debts.

1.4. Liabilities

The structure of liabilities 31.03.2021 is this:

Liabilities	March 31st 2021	December 31st 2020
Trade liabilities	53,185,128	51,122,987
Loans from banking institutions	12,635,497	15,797,147
Other liabilities	523,492	711,770
Total short-term liabilities	66,344,117	67,631,904
Subsidies	1,138,746	1,349,561
Finincial leasing	5,283,217	5,674,341
Other liabilities	554,918	545,248
Total long-term liabilities	6,976,881	7,569,150
TOTAL	73,320,998	75,201,054

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

On 31.03.2021, a decrease in liabilities regarding financial leasing, subsidies and loans from banking institutions can be observed.

The total situation of Electroarges SA's liabilities decreased by 1,880,056 lei.

2. PROFIT & LOSS ACCOUNT ON 31.03.2021

	March 31st 2021	December 31st 2020
Income from sales	66,702,795	63,045,657
Other operating income	260,415	675,782
Changes in inventories	(1,245,800)	218,558
Total operating expenses	(64,060,897)	(60,765,012)
Operating profit/(loss)	1,656,513	3,174,985
Net financial income/(expenses)	118,690	(140,152)
Profit/(Loss) before taxation	1,775,203	3,034,833
Tax expenses	123,305	561,326
Profit/(Loss)	1,651,898	2,473,507

On 31.03.2021, a lower operating profit is registered by 1,518,472 lei compared to 31.03.2020.

The turnover increased on 31.03.2021 compared to 31.03.2020 by 3,542,186 lei.

The structure of operating expenses on 31.03.2021 is this:

Operating expenses	March 31st 2021	December 31st 2020
Raw materials and consumables	47,684,249	47,409,675
Expenses on personnel	7,000,169	6,158,619
Amortization	2,227,601	2,181,800
Other operating expenses	7,148,878	5,014,918
TOTAL	64,060,897	60,765,012

In the current period, there is an increase in the expenses on wages by 841,550 lei and other operating expenses by 2,133,960 lei, compared to the previous period.

The amortization registers a higher value by 45,801 lei, due to the commissioning of the purchased equipment and the reception of the modernization works. Expenditures on utilities and external services increased significantly compared to last year.

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