

Translation from Romanian

STATEMENT OF COMPREHENSIVE INCOME ON 30th SEPTEMBER 2021
(expressed in lei, unless specified otherwise)

	30 September 2021	30 September 2020
Income from contracts	220,552,249	176,707,791
Other operating income	2,075,648	3,299,710
Changes in inventories	(1,364,467)	622,100
Raw materials and consumables	(164,287,642)	(127,780,469)
Expenses on personnel	(21,590,754)	(18,495,809)
Amortization	(7,597,271)	(6,130,286)
Other operating expenses	(26,520,026)	(16,108,380)
Operating profit	1,267,737	12,114,657
Financial income	446,789	125,657
Financial expenses	(359,676)	(17,041,695)
Profit/loss before taxation	1,354,850	(4,801,381)
Expenses with the tax on profit	752,239	114,806
Profit/Loss	602,611	(4,916,187)
BASIC/DILUTED PER SHARE EARNINGS	0.0086	(0.0705)

Chairman of the Board of Directors,
 Constantin Stefan

Financial Manager,
 Iulia Petre

STATEMENT OF FINANCIAL POSITION ON 30th SEPTEMBER 2021

(expressed in lei, unless specified otherwise)

	30 September 2021	31 December 2020
Assets		
Fixed assets		
Tangible assets	68,759,029	52,219,321
Intangible assets	808,654	848,229
Financial assets	17,693,668	19,409,756
Deferred tax	1,232,761	1,232,761
Fixed assets	1,464,045	1,464,045
TOTAL FIXED ASSETS	89,958,157	75,174,112
Current assets		
Inventories	17,671,674	11,003,137
Trade and other receivables	40,331,940	33,263,066
Other financial assets	-	-
Cash and cash equivalents	3,794,335	13,973,596
TOTAL CURRENT ASSETS	61,797,949	58,239,799
TOTAL ASSETS	151,756,106	133,413,911
Trade and other payables	66,188,435	51,122,987
Short-term loans from banking institutions	9,617,271	13,473,803
Financial leasing	1,839,639	2,323,344
Employee benefits short-term due share	454,688	487,707
Long-term loans from banking institutions – current maturity	-	-
Payables with tax on profit	291,671	224,063
TOTAL SHORT-TERM PAYABLES	78,391,704	67,631,904
Long-term loans from banking institutions	7,990,088	-
Subsidies	880,878	1,349,561
Employee benefits long-term due share	123,579	545,248
Leasing	5,864,191	5,674,341
Deferred tax on profit	-	-
TOTAL LONG-TERM PAYABLES	14,858,736	7,569,150
TOTAL PAYABLES	93,250,440	75,201,054
NET ASSETS	58,505,666	58,212,857
Share capital	6,976,465	6,976,465
Legal reserves	1,617,005	1,617,005
Net reserves of revaluation	7,447,745	9,075,585
Other reserves	44,442,529	44,442,530
Retained earnings	(1,978,078)	(3,898,728)
TOTAL EQUITY	58,505,666	58,212,857
TOTAL PAYABLES	151,756,106	133,413,911

Chairman of the Board of Directors,
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STATEMENT OF CHANGES IN EQUITY ON 30th SEPTEMBER 2021
 (expressed in lei, unless specified otherwise)

	Share capital	Value of equity instruments	Revaluation reserves	Legal reserves	Other reserves	Other equity	Retained earnings	Total
01.01.2020	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	-	-	-	-	-	-	-	-
Allocations of other reserves	-	-	-	-	1,411,739	-	(1,411,739)	-
Other comprehensive income	-	-	(1,796,982)	-	-	-	(1,775,481)	(3,572,463)
Profit/Loss of the financial year	-	-	-	-	-	-	(12,411,167)	(12,411,167)
31.12.2020	6,976,465	1,132,496	9,075,585	1,617,005	37,460,378	5,849,655	(3,898,728)	58,212,856
Other comprehensive income	-	-	(1,627,840)	-	-	-	1,318,039	(309,801)
Profit/Loss of the financial year	-	-	-	-	-	-	602,611	602,611
30.09.2021	6,976,465	1,132,496	7,447,745	1,617,005	37,460,378	5,849,655	(1,978,078)	58,505,666

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CASH FLOW STATEMENT ON 30th SEPTEMBER 2021
(expressed in lei, unless specified otherwise)

	30 September 2021	31 December 2020
+/- Business income	602,611	(12,411,167)
+ Amortization included in costs	7,597,271	8,467,874
- Changes in inventories (+/-)	6,668,537	(6,472,315)
- Changes in receivables (+/-)	7,068,874	(2,783,689)
+ Changes in suppliers and client lenders (+/-)	15,267,112	(595,097)
- Changes in assets (+/-)	13,627,355	(34,049,795)
+ Changes in liabilities (+/-)	7,003,304	(19,696,847)
A = Cash flow from operating activity	3,105,532	19,070,562
+ Amounts from the sell of assets and fixed assets	0	1,240,692
- Acquisitions of tangible assets	1,156,690	11,375,880
+ B = Cash flow from investment activity	(1,156,690)	(10,135,188)
+ Changes in loans (+/-), out of which:	(12,140,474)	1,134,950
* Short-term credits	(3,856,532)	2,694,622
+ Dividends to be paid	12,371	633,857
+ C = Cash flow from financial activity	(12,128,103)	1,768,807
+ Liquid assets at the beginning of the year	13,973,596	3,269,415
+ Net cash flow (A+B+C)	(10,179,261)	10,704,181
= Liquid assets at the end of the period	3,794,335	13,973,596

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FINANCIAL INDICATORS ON 30th SEPTEMBER 2021
 (all amounts expressed in lei, unless specified otherwise)

**PROFITABILITY AND
 RETURN ON CAPITAL**

30 September 2021

Equity efficiency

Net profit (A)	602,611
Equity (B)	58,505,666
A/B	1.03%

Operating profit rate

Gross profit (A)	1,354,850
Operating income (B)	221,263,430
A/B	0.61%

Net profit rate

Net profit (A)	602,611
Total income (B)	221,710,219
A/B	0.27%

Total assets rate

Gross profit (A)	1,354,850
Total assets (B)	151,756,106
A/B	0.89%

SOLVENCY

30 September 2021

Payable rate

Total payables (A)	93,250,440
Total assets (B)	151,756,106
A/B	61.44%

Financial autonomy rate

Equity (A)	58,505,666
Total assets less net current liabilities (B)	73,364,402
A/B	79.75%

LIQUIDITY AND WORKING CAPITAL

30 September 2021

Overall liquidity rate

Current assets (A)	61,797,949
Inventories (B)	17,671,674
Current liabilities (C)	78,391,704
(A-B)/C	56.29%

Clients' collection period

Trade receivables (A)	40,331,940
Net turnover (B)	220,552,249
A/B*90 days	17

Inventories' immobilization period

Inventories (A)	17,671,674
Net turnover (B)	220,552,249
A/B*90 days	7

Suppliers' payment period

Suppliers (A)	40,734,584
Material expenses (B)	163,654,136
A/B*90 days	22

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ANNEX 30.B. ECONOMIC & FINANCIAL INDICATORS

Indicator	Calculation method	Result	Optimal values
Current liquidity indicator	Current assets/ Current liabilities	$61,797,949/78,391,704 = 0.79$	2
Indebtedness indicator	Borrowed capital/Own capital	$23,804,127/58,505,666 = 0.41$	Minimal value
Turnover speed, for client debit items	Client average balance/Turnover x 90 days	$20,342,328/220,552,249 \times 90$ zile = 8.3 days	Maximum value
Fixed assets turnover speed	Turnover/ Fixed assets	$220,552,249 /89,958,157 =$ 2.45	Minimal value

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EXPLANATORY NOTES ECONOMICAL & FINANCIAL STATEMENT ON 30th SEPTEMBER 2021

1. BALANCE ENDING ON 30.09.2021

Assets	30 September 2021	31 December 2020
Fixed assets	89,958,157	75,174,112
Current assets	61,797,949	58,239,799
TOTAL ASSETS	151,756,106	133,413,911
Current liabilities	78,391,704	67,631,904
Long-term liabilities	14,858,736	7,569,150
TOTAL LIABILITIES	93,250,440	75,201,054
NET ASSETS	58,505,666	58,212,857

Share capital and reserves	30 September 2021	31 December 2020
Share capital	6,976,465	6,976,465
Other equity	5,849,655	5,849,655
Revaluation reserves	7,447,745	9,075,585
Other reserves	39,077,383	39,077,383
Earnings related to own equity instruments	1,132,496	1,132,496
Retained earnings	(2,580,689)	8,512,439
Current result	602,611	(12,411,167)
TOTAL EQUITY	58,505.666	58,212,857

On 30.09.2021 there is a slight increase in net assets by 292,809 lei compared to 2020, due to the increase in fixed and current assets.

1.1. Fixed assets

The structure of fixed assets as of 30.09.2021 is the following:

Fixed assets	30 September 2021	31 December 2020
Intangible assets	808,654	848,229
Tangible assets	68,759,029	52,219,321
Financial assets	19,157,713	20,873,801
Deferred tax	1,232,761	1,232,761
TOTAL	89,958,157	75,174,112

On 30.09.2021, the total fixed assets increased by 14,784,045 lei compared to the beginning of the year, registering in the third quarter of 2021 the value of 89,958,157 lei.

Intangible assets registered a slight decrease with the value of 39,575 lei compared to the beginning of the year.

Tangible assets increased compared to the beginning of the year by 16,539,708 lei. Their detailed situation can be found below.

Tangible assets	30 September 2021	31 December 2020
Land and constructions	21,512,714	19,509,004
Technical installations and machines	27,120,430	21,316,508
Other installations, equipment and furniture	335,678	370,335
Tangible assets in progress	14,530,189	6,654,919
Prepayments	5,260,018	4,368,555
TOTAL	68,759,029	52,219,321

Regarding the tangible assets on 30.09.2021, there is a major increase compared to the beginning of the year in technical installations and machines, due to the acquisition of equipment and machinery for production, but also an increase of fixed assets under construction.

On 30.09.2021, the financial assets decreased by 1,716,088 lei compared to 31.12.2020.

1.2. Inventories

The structure of inventories on 30.09.2021 is as follows:

Inventories	30 September 2021	31 December 2020
Raw materials and consumables	16,136,438	8,081,665
Production in progress and semi-finished products	404,454	425,178
Finishes products amd merchandise	1,130,782	2,496,294
TOTAL	17,671,674	11,003,137

On 30.09.2021, there is an increase of inventories by 6,668,507 lei compared to 2020, due to the increase of raw materials and consumables.

1.3. Receivables

The structure of receivables on 30.09.2021 is as follows:

Receivables	30 September 2021	31 December 2020
Trade receivables	19,473,097	13,183,575
Other receivables	20,858,843	20,079,490
TOTAL	40,331,940	33,263,065

The trade receivables of Electroarges SA increased on 30.09.2021 compared to 31.12.2020, with the amount of 6,289,522 lei. This significant increase was due to the increase in trade receivables, namely uncollected customers.

The VAT to be recovered from the state budget registers the amount of 9,581,570 lei, the company submitting monthly requests for reimbursement and compensation with the monthly fiscal debts.

1.4. Liabilities

The structure of liabilities on 30.09.2021 is as follows:

Liabilities	30 September 2021	31 December 2020
Trade liabilities	66,188,435	51,122,987
Loans from banking institutions	11,456,910	15,797,147
Other liabilities	746,359	711,770

Total short-term liabilities	78,391,704	67,631,904
Subsidies	880,878	1,349,561
Loans from banking institutions	13,854,279	5,674,341
Other liabilities	123,579	545,248
Total long-term liabilities	14,858,736	7,569,150
TOTAL	93,250,440	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 30.09.2021, an increase in liabilities representing loans from banking institutions can be observed.

The total liability situation of Electroarges SA increased significantly compared to the end of 2020, by 18,049,386 lei.

2. PROFIT & LOSS ACCOUNT ON 30.09.2021

	30 September 2021	30 September 2020
Income from sales	220,552,249	176,707,791
Other operating income	2,075,648	3,299,710
Changes in inventories	(1,364,467)	622,100
Total operating expenses	(219,995,693)	(168,514,944)
Operating profit/(loss)	1,267,737	12,114,657
Net financial income/(expenses)	87,113	(16,916,038)
Profit/(Loss) before taxation	1,354,850	(4,801,381)
Tax expenses	752,239	114,806
Profit/(Loss)	602,611	(4,961,187)

On 30.09.2021, an operating profit of 1,354,850 lei is registered.

The turnover increased on 30.09.2021 compared to 30.09.2020 by 43,844,458 lei.

The structure of operating expenses on 30.09.2021 is the following:

Operating expenses	30 September 2021	30 September 2020
Raw materials and consumables	164,287,642	127,780,469
Expenses on personnel	21,590,754	18,495,809
Amortization	7,597,271	6,130,286
Other operating expenses	26,520,026	16,108,380
TOTAL	219,995,693	168,514,944

On 30.09.2021, the expenses with raw materials and materials increased in direct proportion to the turnover.

In the current period, there is an increase in salary expenses by 3,094,945 lei and other operating expenses by 10,411,646 lei, compared to the previous period.

The depreciation registers a higher value by 1,466,985 lei, due to the commissioning of the purchased equipment and the reception of the modernization works. Expenses on utilities and external services increased significantly compared to last year.

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