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

	September 30 2022	September 30 2021
Income from contracts	**66,987,964**	**220,552,249**
Other operating income	3,497,124	2,075,648
Changes in inventories	(1,374,359)	(1,364,467)
Raw materials and consumables	(44,289,333)	(164,287,642)
Expenses on personnel	(8,100,365)	(21,590,754)
Amortization	(5,604,590)	(7,597,271)
Other operating expenses	(17,927,201)	(26,520,026)
Operating profit	**(6,810,760)**	**1,267,737**
Financial income	246,733	446,789
Financial expenses	(1,375,447)	(359,676)
Profit/Loss before taxation	**(7,939,474)**	**1,354,850**
Expenses with the tax on profit	0	752,239
Profit/Loss	**(7,939,474)**	**602,611**
BASIC/DILUTED PER SHARE RESULT	**(0.1138)**	**0.0086**

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Head of Finnancial-Accounting Department,
Madalina Balanescu

STATEMENT OF FINANCIAL POSITION ON ON SEPTEMBER 30 2022
(expressed in lei, unless specified otherwise)

	September 30 2022	December 31 2021
Assets		
Fixed assets		
Tangible assets	62,262,561	65,787,983
Intangible assets	278,575	857,243
Financial assets	14,485,846	15,196,418
Deferred tax	2,483,145	2,483,145
Fixed assets	153,484	116,522
TOTAL FIXED ASSETS	**79,663,611**	**84,441,311**
Current assets		
Inventories	4,054,522	13,299,315
Trade and other receivables	14,383,428	22,173,505
Cash and cash equivalents	1,555,662	11,006,959
TOTAL CURRENT ASSETS	**19,993,612**	**46,479,779**
TOTAL ASSETS	**99,657,223**	**130,921,090**
Trade and other liabilities	36,874,188	52,881,215
Short-term loans from banking institutions	3,904,722	7,857,828
Financial leasing	2,523,312	2,777,647
Employee benefits due in short term	238,947	129,691
Long-term loans from banking institutions – current maturity	4,166,660	416,557
Liabilities with the tax on profit	0	231,374
TOTAL SHORT-TERM LIABILITIES	**47,707,829**	**64,294,312**
Long-term loans from banking institutions	5,830,705	9,580,808
Subsidies	3,697,317	4,190,123
Employee benefits due in long term	0	222,815
Leasing	2,980,091	5,252,277
Deferred tax on profit	-	-
TOTAL LONG-TERM LIABILITIES	**12,508,113**	**19,246,023**
TOTAL LIABILITIES	**60,215,942**	**83,540,335**
NET ASSETS	**39,441,281**	**47,380,755**

	September 30 2022	December 31 2021
Share capital	6,976,465	6,976,465
Legal reserve	1,617,005	1,617,005
Net reserves from revaluation	6,124,365	6,827,207
Other reserves	44,442,530	44,442,530
Retained earnings	(19,719,084)	(12,482,452)
TOTAL EQUITY	**39,441,281**	**47,380,755**
TOTAL LIABILITIES	**99,657,223**	**130,921,090**

Vice-Chairman of the Board of Directors,
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Head of Finnancial-Accounting Department,
Madalina Balanescu

STATEMENT OF CHANGES IN EQUITY ON SEPTEMBER 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)**	**47,380,755**
Loss of the financial year							(7,939,474)	**(7,939,474)**
Retaking of the reserve from revaluation to other reserves			(702,840)				702,840	**-**
September 30 2022	**6,976,465**	**1,132,496**	**6,124,367**	**1,617,005**	**37,460,378**	**5,849,655**	**(19,719,087)**	**39,441,281**

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CASH-FLOW STATEMENT ON SEPTEMBER 30 2022

(expressed in lei, unless specified otherwise)

	September 30 2022	December 31 2021
+/- Business income	(7,939,474)	(11,849,219)
+ Amortization included in costs	6,097,397	13,823,579
- Changes in inventories (+/-)	(9,244,793)	2,296,178
- Changes in receivables (+/-)	(7,790,089)	(11,089,561)
+ Changes in suppliers and client lenders (+/-)	(16,007,027)	3,359,063
- Changes in other assets (+/-)	11,416,900	(15,825,239)
+ Changes in other liabilities (+/-)	14,590,828	(12,734,708)
A = Cash flow from operating activity	**2,359,706**	**17,217,337**
+ Amounts from the sell of assets and fixed assets	0	0
- Acquisitions of tangible assets	4,106,159	25,092,438
+ B = Cash flow from investment activity	**(4,106,159)**	**(25,092,438)**
+ Changes in loans (+/-), out of which: * Short-term credits	(7,703,209) (3,953,106)	4,381,390 7,857,828
+ Dividends to be paid	1,635	527,073
+ C = Cash flow from financial activity	**(7,704,844)**	**4,908,463**
+ Liquid assets at the beginning of the year	11,006,959	13,973,596
+ Net cash flow (A+B+C)	**(9,451,297)**	**(2,966,638)**
= Liquid assets at the end of the period	**1,555,662**	**11,006,959**

Vice-Chairman of the Board of Directors,
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Head of Finnancial-Accounting Department,
Madalina Balanescu

FINANCIAL INDICATORS ON SEPTEMBER 30 2022

(all amounts expressed in lei, unless specified otherwise)

PROFITABILITY AND RETURN ON CAPITAL	September 30 2022
Equity efficiency ratio	
Net profit (A)	(7,939,474)
Equity (B)	39,441,281
A/B	**-20.13%**
Operating profit ratio	
Gross profit (A)	(7,939,474)
Operating income (B)	69,110,729
A/B	**-11.49%**
Net profit ratio	
Net profit (A)	(7,939,474)
Total income (B)	69,357,462
A/B	**-11.44%**
Total assets ratio	
Gross profit (A)	(7,939,474)
Total assets (B)	99,657,223
A/B	**-7.97%**

SOLVENCY	September 30 2022
Liability ratio	
Total liabilities (A)	60,215,942
Total assets (B)	99,657,223
A/B	**60.42%**
Financial autonomy ratio	
Equity (A)	39,441,281
Total assets less net current liabilities (B)	51,949,382
A/B	**75.92%**

LIQUIDITY AND WORKING CAPITAL	September 30 2022
General liquidity ratio	
Current assets (A)	19,993,612
Current liabilities (B)	47,707,829
A/B	**41.91%**
Quick liquidity ratio	
Current assets (A)	19,993,612
Inventories (B)	4,054,522
Current liabilities (C)	47,707,829
(A-B)/C	**33.41%**
Client collection period	
Trade receivables (A)	14,383,428
Net turnover (B)	66,987,964
A/B*90 days	**19**
Inventory immobilization period	
Inventories (A)	4,054,522
Net turnover (B)	66,987,964
A/B*90 days	**6**
Supplier payment period	
Suppliers (A)	11,161,791
Material expenses (B)	44,126,010
A/B*90 days	**23**

Vice-Chairman of the Board of Directors,	Head of Finnancial-Accounting Department,
Roxana Scarlat	Madalina Balanescu

ANNEX 30.B. ECONOMIC & FINANCIAL INDICATORS

Indicator	Calculation method	Result	Optimal values
Current liquidity indicator	Current assets/ Current liabilities	19,993,612/47,707,829 = 0.41	2
Indebtedness indicator	Borrowed capital/Equity	13,902,087/39,441,281 = 0.35	Minimal value
Debits turnover speed – clients	Mean client balance/Turnover x 90 days	10,432,133/66,987,964 x 90 days = 14.01 days	Maximum value
Fixed assets turnover speed	Turnover/ Fixed assets	66,987,964/79,663,611 =0.84	Minimal value

Vice-Chairman of the Board of Directors,
Roxana Scarlat

Head of Finnancial-Accounting Department,
Madalina Balanescu

EXPLANATORY NOTES

ECONOMIC & FINANCIAL STATEMENT ON SEPTEMBER 30 2022

1. BALANCE ON 30.09.2022

Active	September 30 2022	December 31 2021
Fixed assets	79,663,611	84,441,311
Current assets	19,993,612	46,479,779
TOTAL ASSETS	**99,657,223**	**130,921,090**
Current liabilities	47,707,829	64,294,312
Long-term liabilities	12,508,113	19,246,023
TOTAL LIABILITIES	**60,215,942**	**83,540,335**
NET ASSETS	**39,441,281**	**47,380,755**

Share capital and reserves	September 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	6,124,367	6,827,207
Other reserves	39,077,383	39,077,383
Earnings related to equity instruments	1,132,496	1,132,496
Retained earnings	(11,779,613)	(633,232)
Current result	(7,939,474)	(11,849,219)
TOTAL EQUITY	**39,441,281**	**47,380,755**

On 30.09.2022, there is a decrease in net assets by 7,939,474 lei compared to 2021, the decrease being mainly determined by the decrease in current assets.

1.1. Fixed assets

The structure of fixed assets on 30.09.2022 is as follows:

	September 30 2022	December 31 2021
Fixed assets		
Intangible assets	62,262,561	65,787,983
Tangible assets	278,575	857,243
Financial assets	14,485,846	15,196,418
Deferred tax	2,483,145	2,483,145
Fixed assets	153,484	116,522
TOTAL	**79,663,611**	**84,441,311**

On 30.09.2022, total fixed assets decreased by 4,777,700 lei compared to the beginning of the year, registering in the third quarter of 2022 the value of 79,663,611 lei.

A significant decrease is observed in the case of intangible assets, from 857,243 lei in December 2021 to 278,575 lei in September 2022.

Also, in the analyzed period, a decrease of tangible assets was recorded, in a total amount of 3,525,422.

The structure of tangible assets on 30.09.2022 is as follows:

Tangible assets	September 30 2022	December 31 2021
Land and constructions	27,277,286	25,171,793
Technical installations and machines	15,683,514	15,710,957
Other installations, equipment and furniture	1,104,502	1,001,419
Tangible assets in progress	7,353,786	11,626,579
Advance payments	1,472,309	1,629,355
Rights to use the lease assets	9,371,164	10,647,880
TOTAL	**62,262,561**	**65,787,983**

On 30.09.2022, a slight decrease in tangible assets in the amount of 2,248,706 lei is recorded, determined by the decrease of advance payments, the completion and registration of tangible assets in progress, in tangible assets, the decrease of purchases of new tangible assets.

1.2. Inventories

The structure of inventories on 30.09.2022 is as follows:

Inventories	September 30 2022	December 31 2021
Raw materials and consumables and advance payments for the purchase of inventory goods	2,116,947	10,082,094
Production in progress and semi-finished products	334,536	747,790
Finished products and merchandise	1,603,039	2,469,431
TOTAL	**4,054,522**	**13,299,315**

On 30.09.2022, there is a significant decrease in inventories by 9,244,793 lei compared to 2021, due to the decrease in the purchase of raw materials and consumables and the withdrawal from production of finished products for the client Alfred Kaercher.

1.3. Receivables

The structure of receivables on 30.09.2022 is as follows:

Receivables	September 30 2022	December 31 2021
Trade receivables	11,177,055	9,645,330
Other receivables	3,206,373	12,528,175
TOTAL	**14,383,428**	**22,173,505**

The Electroarges SA trade receivables increased on 30.09.2022 compared to 31.12.2021, with the amount of 1,531,725 lei, while the total receivables decreased by 9,321,814 lei. The main reason for the decrease in other receivables is determined by the decrease of the recoverable VAT by 5,310,490 lei.

The structure of liabilities on 30.06.2022 is as follows:

1.4. Liabilities

The structure of liabilities on 30.09.2022 is as follows:

Liabilities	September 30 2022	December 31 2021
Trade liabilities	36,874,188	52,881,215
Loans from banking institutions	10,594,694	11,052,032
Other liabilities	238,947	361,065
Total short-term liabilities	**47,707,829**	**64,294,312**
Loans from banking institutions	5,830,705	9,580,808
Subsidies	3,697,317	4,190,123
Financial leasing	2,980,091	5,252,277
Other liabilities	0	222,815
Total long-term liabilities	**12,508,113**	**19,246,023**
TOTAL	**60,215,942**	**83,540,335**

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

On 30.09.2022, a decrease in trade liabilities of 16,007,027 lei is recorded as a result of the decrease in the purchase of raw materials and materials, and at the same time, a decrease in loans from banking institutions is also recorded.

2. PROFIT & LOSS ACCOUNT ON 30.09.2022

	September 30 2022	September 30 2021
Income from sales	**66,987,964**	**220,552,249**
Other operating income	3,497,124	2,075,648
Changes in inventories	(1,374,359)	(1,364,467)
Total operating expenses	(75,921,489)	(219,995,693)
Operating profit/(loss)	**(6,810,760)**	**1,267,737**
Net financial income/(expenses)	(1,128,714)	87,113
Profit/(Loss) before taxation	**(7,939,474)**	**1,354,850**
Tax expenses	0	752,239
Profit/(Loss)	**(7,939,474)**	**602,611**

On 30.09.2022, a net loss in the amount of 7,939,474 lei is recorded, due to the decrease in turnover.

The turnover decreased on 30.09.2022 by 70% compared to 30.09.2021.

The structure of operating expenses on 30.09.2022 is as follows:

Operating expenses	**September 30 2022**	**September 30 2021**
Raw materials and consumables	44,289,333	164,287,642
Expenses on personnel	8,100,365	21,590,754
Amortization	5,604,590	7,597,271
Other operating expenses	17,927,201	26,520,026
TOTAL	**75,921,489**	**219,995,693**

On 30.09.2022, a significant decrease in the expenses with raw materials and materials can be observed, by 119,998,309 lei compared to the similar period of the previous year. There is also a decrease of 13,490,389 lei in expenses on personnel compared to 30.09.2021. The decrease of these expenses was determined by the decrease of turnover compared to the previous period.

On September 30, 2022, the amortization registers a value lower than the similar period of 2021, with 1,992,681 lei. This decrease is determined by the full amortization of some machines, as well as the decrease of purchases of new machines, as a result of the decrease in turnover. At the same time, expenses with utilities and external services also decreased, compared to the same period of the last year.

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