Q1 2021 REPORT
(according to ASF Regulation no. 5/2018, Annex 13B)

Report date: **May 17, 2021**

Company name: **S.C. RETRASIB S.A.**

Registered Office**: Sibiu, 156 Ştefan cel Mare Street, Sibiu County**

Telephone number: **0269253269; Fax 0269253279**

Unique taxpayer reference from the Trade Registry Office: **RO 3906360**

Registration number at the Trade Registry: **J 32/16/1993**

Subscribed and paid share capital: **466.350,10 lei, nominal value 0,10 lei**

Regulated market where issued securities are traded: **Bucharest Stock Exchange, ticker symbol RTRA**

Introduction

S.C. RETRASIB S.A. Sibiu Company was established under the Government Decision 322/92 by detaching from RENEL-FRE Sibiu the department of equipment repairs and manufacturing of specific products for the electrical energy sector. It operates as joint stock company according to the Law no. 31/1990 republished, as subsequently amended and supplemented. The core business is provided in art. 6 of the Company's Articles of Incorporation and as per NACE Classification, the main business is "Manufacture of electric motors, generators and transformers" – NACE Code 2711.

Within S.C. RETRASIB S.A. Sibiu, the accounting is organized into a distinct department and is compliant with the provisions of the Accounting Law no. 82/1991, the Order of the Ministry of Public Finance no. 881/2012 on application by companies whose securities are admitted for trading on a regulated market of the International Financial Reporting Standards and the Order of the Ministry of Public Finance no. 1286/2012 for approving the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted for trading on a regulated market.

I. ECONOMIC-FINANCIAL STATEMENT

a) Balance sheet elements

- lei-

	01.01.2021	31.03.2021	Δ% 31.03.2021/ 01.01.2021
FIXED ASSETS	**42.042.469**	**41.742.658**	**-0,71%**
CURRENT ASSETS			
INVENTORIES	17.570.573	13.776.532	-21,59%
ACCOUNTS RECEIVABLES	92.682.017	109.567.516	18,22%
SHORT TERM FINANCIAL INVESTMENTS	-	-	-
CASH AND CASH EQUIVALENTS	909.148	2.878.936	216,66%
TOTAL CURRENT ASSETS	**111.161.738**	**126.222.984**	**13,55%**
ADVANCE PAYMENTS	104.326	273.849	162,49%
DEBTS DUE WITHIN ONE YEAR	146.120.204	161.249.547	10,35%
NET CURRENT ASSETS, RESPECTIVELY CURRENT LIABILITIES	-34.854.140	-34.752.714	-0,29%
TOTAL ASSETS MINUS CURRENT LIABILITIES	**7.188.329**	**6.989.944**	**-2,76%**
DEBTS DUE IN A PERIOD GREATER THAN 12 MONTHS	3.703.895	3.664.697	-1,06%
PROVISIONS FOR RISKS AND CHARGES	1.389.405	1.331.717	-4,15%
UNEARNED REVENUE	-	-	-
CAPITAL	1.826.054	1.826.054	0,00%
SHARE PREMIUM ACCOUNT	24.138.023	24.138.023	0,00%
REVALUATION RESERVES	9.090.831	9.090.831	0,00%
RESERVES	2.050.824	2.050.824	0,00%
REPORTED RESULT EXCEPT THAT ARISEN FROM THE ADOPTION OF IAS 29	-31.471.091	-34.589.807	9,91%
REPORTED RESULT ARISEN FROM THE ADOPTION OF IAS 29	-420.895	-420.895	0,00%
NET PROFIT	-3.118.717	-101.500	-96,75%
PROFIT ALLOCATION	-	-	-
OWNERS' EQUITY - TOTAL	2.095.029	1.993.530	-4,84%
TOTAL CAPITAL	**2.095.029**	**1.993.530**	**-4,84%**

By analysing the elements of the accounting balance sheet in comparison with the early 2021, the following can be observed:

- As at March 31, 2021 the company has in its patrimony fixed assets whose value amounts to 41.74 mn lei, with a decrease of 0.71% comparing with early 2021 (42.04 mn lei at 01.01.2021). During the first quarter of 2021, fixed assets amounting to 0.31 mn lei have been put in operation. The share of fixed assets in total assets as at 31 March 2021 is 24.81%.
- The stocks recorded a decrease by 21.59% (13.78 mn lei at 31.03.2021 vs. 17.57 mn lei at 01.01.2021), the largest share having stocks of raw materials and materials. The share of stocks in total assets as at 31 March 2021 is 8.19%.
- The receivables amount to 109.57 million lei, representing 65.13% of the total assets, while at the beginning of the year they amounted to 92.68 million lei, with an increase of 18.22% in the first 3 month of the year. The Company applies "Percentage of completion" method, according to IAS 11. Of the total customers' balance on March 31, 2021, 68.04% represents not due bills, while 1.08% exceeded 90 days.
- Cash and cash equivalents on March 31, 2021 amount to 2.88 mn lei vs. 0.91 mn lei at 01.01.2021. The highest share in this category is the accounts in RON and in foreign currency.
- Advance expenses on March 31, 2021 amount to 0.274 mn lei, compared to 0.104 mn lei on January 01, 2021, the most important share is held by the Auto insurance, maintenance fee for BSE, taxes on buildings, land, car.
- Total current assets at 31.03.2021 126.222.984 lei
  Total current assets at 01.01.2021 111.161.738 lei
  On March 31, 2021 the total current assets increased by 13,55% compared to the January 01, 2021.
- Total current liabilities on 31.03.2021 161.249.547 lei
  Total current liabilities on 01.01.2021 146.120.204 lei.
  On March 31, 2021, the total current liabilities increased by 10,35% compared to the Jan 01, 2021.

Company's liabilities compared to the beginning of the year:

- lei-

Type of liability	Balance on Jan 01, 2021	Balance on March 31, 2021
1. Long- and medium-term leasing	3.703.895	3.664.697
2. Short-term bank loans	38.954.054	43.777.275
3. Bank interests	-	-
4. Other loans and financial liabilities	-	-
5. Debts towards companies within the group	5.025.221	5.082.703
6. Corporate tax	-	-
7. Commercial liabilities and advan. payments	93.546.766	103.470.903
8. Personnel obligations and similar accounts	600.590	1.018.405
9. State budget obligations (salary tax, special funds, penalties, other liabilities) and social contributions	915.744	731.495
10. Other liabilities	7.077.829	7.168.766
TOTAL	**149.824.099**	**164.914.244**

- Total debts increased by 10.07% (164.9 mn lei 31.03.2021 vs.149.82 mn lei as at 01.01.2021)
- The debts to suppliers represent 37.41% out of the total debts and the advance payments from customers represent 25.33% out of the total debts. The balance of trade debts registered an increase of 10.61%, from 93.55 mn lei on 01.01.2021, to 103.47 mn lei on 31.03.2021.
- Provisions for risks and charges have been established, the balance on March 31, 2021 being 1.33 mn lei.
- Share capital equals 0.466 mn lei, Adjustments to the Share capital in the amount of 0.256 mn lei and Other elements of capital are 1.104 mn lei.

- Share premium equals 24.14 mn lei
- Revaluation reserves add up to 9.09 mn lei, the last revaluation having been performed on December 31, 2017.
- The reserves amounting to 2.05 mil lei are composed of: revaluation of sold land 220 thousand lei, allocation of profit for 2009, 2010, 2011 and 2013 in amount of 4.51 mn lei, from which were deduced 2.68 mn lei to cover the loss from 2019.
- At the end of the 3rd month of 2021, a loss of 0.10 mn lei has been recorded, whereas on January 01, 2021 the recorded loss amounted to 3.12 mn lei.

b) Profit and loss account

	31.03.2020	31.03.2021	Δ% 2021/2020
1. TURNOVER	**51.696.129**	**56.427.996**	**9,15%**
2. TOTAL REVENUES, OF WHICH:	**54.328.072**	**57.683.624**	**6,18%**
OPERATING REVENUES	54.328.024	57.683.494	6,18%
FINANCIAL REVENUES	48	130	170,83%
EXTRAORDINARY REVENUES	-	-	-
3. TOTAL EXPENSES, OF WHICH:	**54.538.072**	**57.785.124**	**5,95%**
OPERATING EXPENSES	53.047.650	57.177.345	7,78%
FINANCIAL EXPENSES	1.490.886	607.779	-59,23%
EXTRAORDINARY EXPENSES	-	-	-
4. GROSS PROFIT OR LOSS(A) OF WHICH:	-	-	-
GROSS LOSS	**210.464**	**101.500**	**-51,77%**

By reviewing the profit and loss account, the following can be observed:
- The turnover on March 31, 2021 amounts to 56.43 mn lei, representing an increase by 9.15% compared to the corresponding period from the previous year.
- Total revenues amounted to 57.68 million lei, 6.18% more than in the similar period of 2020 (54.33 million lei). The highest share in total revenues is the operating income, namely 99,999%.
- Total expenses registered an increase of 5.95% compared to the 3rd month of 2020 (57.79 mn lei in the year 2021 vs 54,54 mm lei in the Q1 2020). Operating expenses represent 98.95% of total expenses.
- Financial income, consisting mainly of interests, increased by 170.83%, from 48 lei in Q1 2020, to 130 lei in Q1 2021.
- Financial expenses decreased by 59.23% to 0.61 mn lei at the end of the reporting period (1.49 mn lei in the similar period of 2020)
- No extraordinary revenues and expenses have been recorded.
- The loss recorded at the end of the reporting period is of 0,10 mn lei, 51.77% lower than on March 31, 2020 (0.21 mn lei). The loss stems from the increase in the price of materials and the failure to cover all production capacity.

c) Cash-flow

In the first 3 months of 2021, compared to the beginning of the year, cash-flow has increased with 1.97 mn lei, liquid assets amounting to 0.91 mn lei at the beginning of the year, and to 2.88 mn lei on March 31, 2021.

II. ANALYSIS OF COMPANY'S ACTIVITY

2.1. Uncertainty tendencies, elements, events or factors which influence or may influence the liquidity of the company, compared to the corresponding period from the previous year

In the first 3 months of 2021, the company's ability to cover current liabilities from current assets has been positive, the current liquidity ratio recording the 0,78 value, a relatively good value considering that the company product have a long manufacturing cycle.

No uncertainty factors that could influence the company's liquidity have been identified.

2.2. Effects of capital expenses, current or anticipated, on the company's financial statement

In the first 3 months of 2021, investments for tangible fixed assets were made in the amount of 0.31 mn lei, the source of financing being its own sources.

The company has tangible investments in progress on 31.03.2021 amounting to 1.89 mn lei and intangible investments in progress on 31.03.2021 amounting to 0.15 mn lei.

2.3. Economic events, transactions, economic changes which influence core activity revenues significantly

The main activity object of the company is the manufacture of electrical power transformers and of products specific to the energy sector.

Important project categories for 3 months of 2021:

- new transformers and components - 55.55 mn lei
- Services & and other revenues - 0.47 mn lei

Factors which influence core activity revenues significantly are:

- increase of prices for raw materials and materials
- competitors from the activity sector
- absence of orders on the entire production capacity
- financial strangling of the economy

III. CHANGES INFLUENCING CAPITAL AND THE COMPANY'S MANAGEMENT;

3.1. There were no situations in which the company was faced to the impossibility of meeting its financial obligations.

3.2. On 31.03.2021 the shareholding structure was presented as follows:

Shareholder	Share number	%
SGB SMIT INTERNATIONAL GMBH	4.582.236	98.2574%
Natural persons and legal entities	81.265	1,7426%
TOTAL	4.663.501	100,0000%

The company has a Registry services agreement with SC Depozitarul Central SA Bucharest.

IV. SIGNIFICANT TRANSACTIONS

By 31th of March 2021 the Company performed significant transactions with affiliated companies as follows:

	Purchase (RON)	**Sales (RON)**
STARKSTROM SGB	2.435.026	24.844.154
SGB - Smit Management GmbH	89.481	-
SGB – Smit GmbH	1.116.172	-
Royal TRANSFORMATOREN Smit BV	-	20.038
SGB Tranformers India	128.693	-
Total from sales/purchases of goods and services	**3.769.372**	**24.864.192**

We specify that the financial statements of SC RETRASIB SA on March 31, 2021 are not audited.

General manager,
Gherghel-Diaconeasa Claudia-Adela

Financial manager,
Panaitescu Roxana-Laura

FINANCIAL AND ECONOMINCAL INDICATORS AT 31.03.2021
According to Annex 13A of ASF 5/2018 Regulation

1. Current liquidity asset = $\frac{Current\ assets}{Current\ debts} =$ 126.222.984 / 161.249.547 = 0,78

Current liquidity is defined by ratio between the current assets and the current debts. To insure the possibility to payback the debts, the current liquidity must register high values.
The value resulted (0,78) is a corresponding degree of safety of payment of the debts, both for the banks and for the suppliers and for the state budget, considering that the company's products have a long manufacturing cycle.

2. Indebtedness indicator = $\frac{Borrowedcapital}{Owncapital} \times 100 =$ 3.664.697 / 1.993.530 x 100 = 183,83%

The indebtedness value is of 183,83% and shows that the company relies more on own financing sources and may use borrowed resources for investments.

3. Rotation speed for client debit items =

$$\frac{Client\ medium\ balance}{Turnover} \times 90 = \frac{\left(\frac{(Balance\ beginning.year + BalanceMarch)}{2}\right)}{Turnover} \times 90 =$$

= 26.917.092 / 56.427.996 x 90 = 43 days

Rotation speed for client debit items of 43 days shows that the company has greatly improved the collection of its receivables.

4. Rotation speed for fixed assets = $\frac{Turnover}{Fixed\ assets} =$ 56.427.996 / 41.742.658 = 1,35

Rotation speed of fixed assets of 1,35 shows an efficient management of fixed assets, considering that the turnover is only related to the first quarter.

The company's financial statements at 31.03.2021 have not been audited.

General Manager,
Gherghel-Diaconeasa Claudia-Adela

Financial Manager,
Panaitescu Roxana-Laura

Entity: **RETRASIB SA**
County: Sibiu Locality: Sibiu Street: Ştefan cel Mare No.156 Telephone 0269253269
Trade Register Number: J 32/16/1993 Sole registration code: 3906360
Ownership: 34-Joint stock companies
Main activity (NACE code and name): 2711 – Manufacture of engines, generators and power transformers

SITUATION OF ASSETS, DEBTS AND OWN EQUITY

on 31.03.2021

Code 10 - lei -

Element description	Row no.	Balance on: 01.01.2021	Balance on: 31.03.2021
A	**B**	**1**	**2**
A. **IMMOBILIZED ASSETS**			
I. INTANGIBLES			
1. Development expenses (acc. 203-2803-2503)	01		
2. Concessions, patents, licenses, trade marks, rights and similar assets and other intangibles (acc. 205 + 208-2805 - 2808-2905-2906-2908)	02	936.213	890.754
3. Commercial fund (acc. 2071)	03		
4. Intangibles in progress (acc. 233-2933)	04		
TOTAL (row 01 to 04)	05	936.213	890.754
II. TANGIBLES			
1. Lands and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 -2912)	06	13.631.550	13.508.036
2. Technical installations and machineries (acc. 213+223 - 2813 - 2913)	07	13.267.185	13.066.329
3. Other installations, machineries and furniture(acc214+224-2814-2914)	08	47.447	41.173
4. Real estate investments (acc. 215 - 2815 - 2915)	09	10.845.715	10.845.715
5. Tangibles in progress (acc. 231 - 2931)	10	1.885.583	1.885.583
6. Real estate investments in progress (acc. 235 – 2935 + 4093)	11		
TOTAL (row 06 to 11)	12	39.677.480	39.346.836
III. BIOLOGIC ASSETS (acc. 241 -284-294)	13		
IV. FINANCIAL IMMOBILISATIONS			
1. Shares held in subsidiaries (acc. 261 - 2961)	14		
2. Loans granted to entities within the group (acc. 2671 + 2672-2964)	15		
3. Shares held in associated entities and entities jointly controlled (acc. 262 + 263 - 2962)	16		
4. Loans granted to associated entities and entities jointly controlled (acc. 2673 + 2674 - 2965)	17		
5. Other immobilised titles (acc. 265 + 266-2963)	18	545.119	545.119
6. Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	19	883.657	959.949
TOTAL (row 14 to 19)	20	1.428.776	1.505.068
IMMOBILISED ASSETS - TOTAL (row 05+12+13+20)	21	42.042.469	41.742.658
B. CURRENT ASSETS			
I. STOCKS			
1. Raw materials and consumables (acc. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 - 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	22	12.770.699	9.529.727
2. Immobilised assets held and intended for sale Active (acc. 311)	23		
3. Production in progress (acc. 331 + 341 +/- 348* - 393 - 3941 - 3952)	24	1.356.575	2.611.314
4. Finite products and freight (acc. 327 + 345 + 346 + 347 +/- 348* + 354 + 357 + 371 +/- 378 - 3945 - 3946 - 3953 - 3954 - 3957 - 397 - 4428)	25		
5. Advanced payments (acc. 4091)	26	3.443.299	1.635.491
TOTAL (row 22 to 26)	27	17.570.573	13.776.532
II. RECEIVABLES (Amounts to be collected after a period exceeding one year shall be presented separately for each item.)			
1. Trade receivables (acc. 2675* + 2676 *+ 2678* + 2679* - 2966* - 2968* + 411 + 413 + 418-491)	28	90.175.164	106.668.982
2. Advanced payments (acc. 4092)	29		
3. Amounts to collect from the entities within the group (acc. 451** -495*)	30		
4. Amounts to collect from associates entities and jointly controlled entities (acc. 453 - 495*)	31		
5. Receivables resulting from operations with derivative instruments (acc. 465)	32	1.314.397	1.314.397
6. Other receivables (acc. 425 + 4282 + 431** + 437**+4382+441** + 4424+4428**+444**+445+446**+447**+4482+4582+461+473**-496+5187)	33	1.192.456	1.584.137

7. Subscribed and unpaid capital (acc. 456 - 495*)	34		
TOTAL (row 28 to 33)	35	92.682.017	109.567.516
III. SHORT TERM INVSETMENTS (acc. 505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	36		
IV. PETTY CASH AND BAN ACCOUNTS (acc. 5112 + 512 + 531 + 532 + 541 + 542)	37	909.148	2.878.936
CURRENT ASSETS - TOTAL (row 27+ 33 + 35 + 37)	38	111.161.738	126.222.984
C. ADVANCED EXPENSES (acc. 471)	39	104.326	273.849
D. DEBTS: AMOUNTS TO BE PAID WITHIN MAXIMUM ONE YEAR			
1. Loans from bond emission, presented separately from the loans from convertible bond emissions (acc. 161 + 1681 - 169)	40		
2. Amounts due to credit institutions (acc. 1621 + 1622 + 1624+ 1625 + 1627 + 1682 + 5191 +5192 + 5198)	41	38.954.054	43.777.275
3. Advanced payments collected for orders (acc. 419)	42	33.278.624	41.777.384
4. Commercial debts - suppliers (acc. 401 + 404 + 408)	43	60.268.142	61.693.519
5. Commercial effects payable (acc. 403 + 405)	44		
6. Debts from financial leasing operations (acc. 406)	45		
7. Amount due to entities within the group (acc.1661+1685+2691+451***)	46	5.025.221	5.082.703
8. Amounts due to associated entities and jointly controlled entities (acc. 1663+1686+2692+ 453***)	47		
9. Debts from operations with derivative instruments (acc. 465)	48		
10. Other debts, including tax debts and debts for social securities (acc. 1623 + 1626+ 167 + 1687 + 2693 + 421 +422 + 423 + 424 + 426 + 427 + 4281 + 431*** +437*** + 4381 + 441**» + 4423 +4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	49	8.594.163	8.918.666
TOTAL (row 41 to 49)	50	146.120.204	161.249.547
E. NET CURRENT ASSETS / NET CURRENT DEBTS (row 38+39-50-69)	51	-34.854.140	-34.752.714
F. TOTAL ASSETS MINUS CURRENT DEBTS (row 21+51)	52	7.188.329	6.989.944
G. DEBTS: AMOUNTS TO BE PAID WITHIN MORE THAN ONE YEAR			
1. Loans from bond emission, presented separately from the loans from convertible bond emissions (acc. 161 + 1681 -169)	53		
2. Amounts due to credit institutions (acc. 1621 + 1622+ 1624 + 1625 + 1627 + 1682 + 5191 +5192 + 5198)	54		
3. Advanced payments collected for orders (acc. 419)	55		
4. Commercial debts - suppliers (acc. 401 + 404 + 408)	56		
5. Commercial effects payable (acc. 403 + 405)	57		
6. Debts from financial leasing operations (acc. 406)	58		
7. Amount due to entities within the group (acc. 1661 + 1685 + 2691 + 451***)	59		
8. Amounts due to associated entities and jointly controlled entities (acc. 1663+1686+2692+ 453***)	60		
9. Debts from operations with derivative instruments (acc. 465)	61		
10. Other debts, including tax debts and debts for social securities (acc. 1623 + 1626+ 167+ 1687 + 2693 + 421 +422 + 423 + 424 + 426 + 427 + 4281 + 431 *** + 437*** + 4381 + 441 *** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456***+ 4581 + 462 + 473*** + 509 + 5186+5193 + 5194 + 5195 + 5196 + 5197)	62	3.703.895	3.664.697
TOTAL (row 53 to 62)	63	3.703.895	3.664.697
H. PROVISIONS			
1. Provisions for employee benefits (acc. 1517)	64		
2. Other provisions (acc. 1511 + 1512 + 1513 + 1514+1518)	65	1.389.405	1.331.717
TOTAL (row 64 to 65)	66	1.389.405	1.331.717
I. ADVANCED REVENUES			
1. Subsidies for investments (acc. 475)	67		
2. Revenues recorded in advance (acc. 472) - total (row 68+69)), of wh:	68		
Amounts to resume within maximum one year (acc. 472*)	69		
Amounts to resume within more than one year (acc. 472*)	70		
3. Advanced revenues afferent to assets from client transfers (acc. 478)	71		
TOTAL (row 66+67+70)	72		
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid up capital (acc. 1012)	73	466.350	466.350

2. Subscribed and unpaid capital (acc. 1011)	74		
3. Subscribed capital representing financial debts [2] (acc. 1027)	75		
4. Shared capital adjustments (acc. 1028) BALANCE C	76	255.610	255.610
BALANCE D	77		
5. Other elements in own equity (acc. 103) BALANCE C	78	1.104.094	1.104.094
BALANCE D	79		
TOTAL (row 73+74+75 +76 -77+78-79)	80	1.826.054	1.826.054
II. CAPITAL PREMIUMS (acc. 104)	81	24.138.023	24.138.023
III. REVALUATION RESERVES (acc. 105)	82	9.090.831	9.090.831
IV. RESERVES			
1. Legal reserves (acc. 1061)	83	584.728	584.728
2. Statutory and contractual reserves (acc. 1063)	84		
3. Other reserves (acc. 1068)	85	1.466.096	1.466.096
TOTAL (row 83 to 85)	86	2.050.824	2.050.824
Differences from currency exchange rate for the conversion of individual annual financial statements in a currency other than the operational currency (acc. 1072) BALANCE C (acc.1072)	87		
BALANCE D (acc.1072)	88		
Own shares (acc. 109)	89		
Revenues from own equity instruments (acc. 141)	90		
Loses from own equity instruments (acc. 149)	91		
V. REPORTED RESULT, EXCEPT FOR THE REPORTED RESULT FROM THE FIRST ADOPTION OF IAS 29 BALANCE C (acc.117)	92		
BALANCE D (acc.117)	93	31.471.091	34.589.807
VI. REPORTED RESULT FROM THE FIRST ADOPTION OF IAS 29 BALANCE C (acc.118)	94		
BALANCE D (acc.118)	95	420.895	420.895
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD BALANCE C (acc.121)	96		
BALANCE D (acc.121)	97	3.118.717	101.500
Profit distribution (acc. 129)	98		
OWN EQUITY - TOTAL (row 80+81+82+86+87-88-89+90-91+92-93+94-95+96-97-98)	99	2.095.029	1.993.530
Public assets (acc. 1026)	100		
CAPITALS - TOTAL (row 99+100)	101	2.095.029	1.993.530

ADMINISTRATOR,

Gherghel-Diaconeasa Claudia-Adela

Signature _____

Official stamp

Prepared by,

Panaitescu Roxana-Laura

As: FINANCIAL MANAGER

Signature _____

Entity: **RETRASIB SA**
County: Sibiu Locality: Sibiu Street: Ştefan cel Mare No.156 Telephone 0269253269
Trade Register Number: J 32/16/1993 Sole registration code: 3906360
Ownership: 34-Joint stock companies
Main activity (NACE code and name): 2711 – Manufacture of engines, generators and power transformers

SITUATION OF REVENUES AND EXPENSES
on 31.03.2021

Code 20 - lei -

Index description	Row no.	To: 31.03.2020	31.03.2021
A	**B**	**1**	**2**
1. Net turnover (row.02+03-04+05)	01	51.696.129	56.427.996
Production sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)	02	51.696.129	56.425.331
Revenues from freight sold (acc. 707)	03		2.665
Commercial discounts granted (acc. 709)	04		
Revenues from operational subsidies afferent to the turnover (acc. 7411)	05		
2. Revenues afferent to product stock costs (acc. 711)			
Balance C	06	2.628.784	1.254.740
Balance D	07		
3. Revenues from the production of immobilisations and real estate investments (row 09+10)	08		
4. Revenues from the production of tangibles and intangibles (acc.721+722)	09		
5. Revenues from the production of real estate investments (acc. 725)	10		
6. Revenues from immobilised assets (or groups intended for assignment) held and intended for sale (acc. 753)	11		
7. Revenues from the revaluation of tangibles and intangibles (acc. 755)	12		
8. Revenues from real estate investments (acc. 756)	13		
9. Revenues from biologic assets and agricultural products (acc. 757)	14		
10. Revenues from operational subsidies in case of disasters and other similar events (acc. 7417)	15		
11. Other operational revenues (acc. 758 + 7419)	16	3.111	758
OPERATIONAL REVENUES – TOTAL (row 01+06-07+08+11+12+13+14+15+16)	17	54.328.024	57.683.494
12. a) Expenses with raw materials and consumables (acc.601+ 602-7412)	18	42.058.787	45.053.960
Other material expenses (acc. 603 + 604 + 608)	19	127.077	-191.032
b) Other external expenses (energy and water) (acc. 605 - 7413)	20	636.965	550.158
c) Expenses with freight (acc. 607)	21		
Commercial discounts received (acc. 609)	22	73.388	101.237
13. Personnel expenses (row 24 + 25) of which	23	4.784.871	5.113.016
a) Salaries and compensations (acc. 641 + 642 + 643 + 644 - 7414)	24	4.663.851	4.987.603
b) Expenses regarding insurances and social security (acc. 645 - 7415)	25	121.020	125.413
14. a) Value adjustments regarding tangibles and intangibles, real estate investments and biologic assets to cost (row 27 - 28)	26	719.581	683.404
a.1) Expenses (acc. 6811 + 6813 + 6816 + 6817)	27	719.581	683.404
a.2) Revenues (acc. 7813 + 7816)	28		
b) Value adjustments regarding current assets (row 30 - 31)	29		
b.1) Expenses (acc. 654 + 6814)	30		
b.2) Revenues (acc. 754 + 7814)	31		
15. Other operational expenses (row 33 to 41)	32	5.181.445	5.888.258
15.1 Expenses regarding external services (acc. 611 + 612 + 613 + 614 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628 - 7416)	33	3.549.542	4.345.285
15.2 Expenses with taxes, fees and assimilated payments (acc. 635)	34	223.219	221.061
15.3 Expenses with environmental protection (acc. 652)	35		
15.4 Expenses related to immobilised assets (or groups intended for assignment) held and intended for sale (acc. 653)	36		
15.5 Expenses from the revaluation of tangibles and intangibles (acc. 655)	37		
15.6 Expenses with real estate investments (acc. 656)	38		
15.7 Expenses with biologic assets and agricultural products (acc. 657)	39		
15.8 Expenses with disasters and other similar events (acc. 6587)	40		
15.9 Other expenses (acc. 6581 + 6582 + 6585 + 6588)	41	1.408.684	1.321.912
Adjustments regarding provisions (row 43 - 44)	42	-387.688	180.818
- Expenses (acc. 6812)	43	-387.688	180.818

- Revenues (acc. 7812)	44		
OPERATIONAL EXPENSES – TOTAL (row 18 to 21-22+23+26+29+32+42)	45	53.047.650	57.177.345
OPERATIONAL PROFIT OR LOSS:			
- Profit (row.17-45)	46	1.280.374	506.149
- Loss (row 45-17)	47		
16. Revenues from shares held in subsidiaries (acc. 7611)	48		
17. Revenues from shares held in associated entities and jointly controlled entities (acc. 7613)	49		
18. Revenues from operations with titles and other financial instruments (acc. 762)	50		
19. Revenues from operations with derivative instruments (acc. 763)	51		
20. Revenues from currency exchange rates (acc. 765)	52		
21. Revenues from interests (acc. 766*)	53	48	130
- of which, revenues from entities within the group	54		
22. Other financial revenues (ct 7615 + 764 + 767 + 768)	55		
FINANCIAL REVENUES – TOTAL (row 48+49+50+51+52+53+55)	56	48	130
23. Value adjustments regarding financial immobilisations and financial investments held as current assets (row 58 - 59)	57		
- Expenses (acc. 686)	58		
- Revenues (acc. 786)	59		
24. Expenses with operations with titles and other financial instruments (acc. 661)	60		
25. Expenses with operations with derivative instruments (acc. 662)	61		
26. Expenses regarding interests (acc. 666*-7418)	62	1.490.886	607.779
- of which expenses regarding the relation to entities within the group	63		
27. Other financial expenses (acc. 663 + 664 + 665 + 667 + 668)	64		
FINANCIAL EXPENSES – TOTAL (row 57+60+61+62+64)	65	1.490.886	607.779
FINANCIAL PROFIT OR LOSS:			
- Profit (row 56-65)	66		
- Loss (row 65-56)	67	1.490.838	607.649
TOTAL REVENUES (row 17+56)	68	54.328.072	57.683.624
TOTAL EXPENSES (row 45+65)	69	54.538.536	57.785.124
28. GROSS PROFIT OR LOSS			
- Profit (row 68-69)	70		
- Loss (row 69-68)	71	210.464	101.500
29. Tax per current profit (acc. 691)	72		
30. Tax per deferred profit (acc. 692)	73		
31. Revenues from the tax per deferred profit (acc. 792)	74		
32. Other taxes not presented within the elements above (acc. 698)	75		
33. NET PROFIT OR LOSS FOR THE REPORTING PERIOD			
- Profit (row.70-72-73+74-75)	76	0	0
- Loss (row 71+72+73-74+75) (row 72+73+75-70-74)	77	210.464	101.500

ADMINISTRATOR,

Gherghel-Diaconeasa Claudia-Adela

Signature _____

Official stamp

Prepared by,

Panaitescu Roxana-Laura

As: FINANCIAL MANAGER

Signature _____

RETRASIB
Your dedicated partner
of the SGB-SMIT Group

RETRASIB SA

FINANCIAL STATEMENTS

FOR 3 MONTHS 2021

Prepared according with the Order of the Ministry of Public Finance no. 2844/2016 for Approval of Accounting Regulations in accordance with International Financial Reporting Standards

Contents:

General Information

RETRASIB S.A. ("Company") is a joint stock company which operates in accordance with Romanian Law No. 31/1990 on trading companies.
The company is headquartered in Sibiu, Ștefan Cel Mare Street, no. 156, county of Sibiu.

The main activity of the company is producing and selling the following products:

- parts for and power transformers and autotransformers with powers up to 400 MVA and voltages up to 440 kV.
- Special transformers for:
  Mobile substation
  Rail- and subway substations
  Industrial sector
- Engineering, production, delivery, on-site erection, site acceptance tests, commissioning , after market services, trainings for operating staff
- Diagnostics, maintenance, repairing and refurbishments oftransformers at producers facility and on-site.

The average number of employees of company at March 2021 was 238 employees (at 31/03/2020: 211 employees). At 31/03/2021 the company had 250 employees (at 31/03/2020: 226 employees).

The company shares are listed on the Bucharest Stock Exchange, indicative RTRA since June 2011.
On 31 March 2021, the Company is owned in proportion of:

Shareholder	Shares	Percentage
SGB SMIT INTERNATIONAL GMBH	4.582.236	98,2574%
Acţionari persoane fizice	79.531	1,7054%
Acţionari persoane juridice	1.734	0,0372%
TOTAL	4.663.501	100%

Evidence of shares and shareholders is held according to the law by the Central Depository Bucharest.
The ultimate parent is an investment fund called One Equity Partners.

STATEMENT OF FINANCIAL POSITION

	Note	31/03/2021	31/12/2020	31/03/2020
ASSETS				
Tangible assets	3	26.039.207	26.258.118	25.889.897
Right-of-use assets	3	2.461.914	2.573.647	2.908.847
Investment property	5	10.845.715	10.845.715	12.786.461
Intangible assets	4	890.754	936.213	1.034.816
Financial assets		959.949	883.657	979.735
Deferred tax asset	16	545.119	545.119	844.856
Total fixed assets		**41.742.658**	**42.042.469**	**44.444.612**
Inventories	6	13.776.532	17.570.573	13.732.050
Trade receivables	7	30.759.080	27.414.898	33.755.256
Contract assets	7	75.909.902	62.760.265	55.974.514
Hedge receivables	29	1.314.397	1.314.398	549.722
Prepaid expenses		273.849	104.326	33.029
Cash and cash equivalents	8	2.878.936	909.148	33.975
Other receivables	9	1.584.137	1.192.456	807.525
Total current assets		**126.496.834**	**111.266.064**	**104.886.071**
TOTAL ASSETS		**168.239.491**	**153.308.533**	**149.330.683**
EQUITY				
Share capital	10	721.960	377.131	31.037.997
Revaluation reserves	11	9.190.143	9.190.143	9.290.970
Reserves	11	5.181.350	5.181.350	4.350.892
Shared premium		24.138.023		-
Retained earnings		-35.908.456	-34.671.016	-65.402.161
Equity		**3.323.020**	**-19.922.392**	**-20.722.302**
LIABILITIES		**125.588.673**	**78.960.121**	**58.944.869**
Lease liability, long term	24	1.942.675	1.981.873	2.415.777
Long-term provisions	15	767.829	913.205	1.351.733
Other long-term liabilities		64.129	64.129	64.129
Deferred tax liabilities	16	1.657.893	1.657.893	1.861.954
Total liabilities on long term		**4.432.526**	**4.617.100**	**5.693.592**
Short-term trade payables	12	49.130.004	54.774.818	68.685.732
Contract liabilities	12	54.340.899	38.771.948	15.812.220
Short term bank loans	14	43.777.275	38.954.054	41.680.617
Lease liability, short term	24	477.653	550.188	451.496
Hedge liabilities		-	-	13.046
Short-term intra-group loans	14	5.082.703	5.025.221	29.782.369
Provisions	15	563.888	476.200	223.375
Other liabilities	13	8.441.014	8.043.975	7.121.091
Total current liabilities		**161.813.436**	**146.596.404**	**163.769.947**
TOTAL LIABILITIES		**166.245.962**	**151.213.504**	**169.463.539**
TOTAL LIABILITIES AND EQUITY		**168.239.491**	**153.308.533**	**149.330.683**

CEO
Gherghel-Diaconeasa Claudia-Adela

CFO
Panaitescu Roxana-Laura

STATEMENT OF COMPREHENSIVE INCOME

	Note	31/03/2021	31/12/2020	31/03/2020
Revenue	17	56.427.996	202.728.830	51.696.129
Other incomes	18	758	16.186	3.111
Changes in inventories of finished goods and work in progress		1.254.740	425.044	2.628.784
Own work capitalized		-	564.180	-
Raw material costs and consumables	19	-45.311.849	-153.277.447	-42.749.441
Merchandise sold		-	-	-
Expenditure on services provided by third parties	20	-4.345.285	-20.255.031	-3.549.542
Personnel expenses	22	-5.113.016	-20.309.564	-4.784.871
Depreciation and amortization and impairment of tangible assets	3,4	-683.404	-2.908.615	-719.581
Net income (expense) from provisions	15	-180.818	1.001.333	387.688
Other expenses	21	-1.542.973	-4.924.540	-1.631.903
Net gain from fair value adjustment on investment property		-	-1.940.746	-
Operating result		**506.149**	**1.119.630**	**1.280.374**
Financial income	23	130	235	48
Financial charges	23	-607.779	-4.267.342	-1.490.886
Financial result		**-607.649**	**-4.267.107**	**-1.490.838**
Profit (loss) before tax		**-101.500**	**-3.147.477**	**-210.464**
Income tax, current and deferred	16	-	28.760	-
Profit (loss) for the year		**-101.500**	**-3.118.717**	**-210.464**
Other comprehensive income				
		-	-	
Increase (decrease) in tangible assets revaluation reserve				-
		-	-	
revaluation reserve, realized				-
Hedge effect net of deferred tax		-	-	-
Total comprehensive income for the Year		**-101.500**	**-3.118.717**	**-210.464**
Result per share				
Profit (loss) attributable to ordinary shareholders		-101.500	-3.118.717	-210.464
The weighted average number of ordinary shares		4.663.501	4.663.501	1.215.212
Loss per share		**-0,022**	**-0,669**	**-0,173**

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RETRASIB SA
FINANCIAL STATEMENTS
For the financial period ended 31 March 2021

STATEMENT OF CHANGES IN EQUITIES

	Share capital (restated)	Legal reserve	Other reserves	Hedge reserves	Revaluation reserves	Issue prime	Retained earnings (loss) (restated)	**Total equity**
Balances 31/12/2019	**377.131**	**584.728**	**4.145.814**	**450.808**	**9.190.143**		**-34.671.016**	**-19.922.392**
Result 2020		-	-	-	-		-3.118.717	-3.118.717
Share capital increase	344.829						-	344.829
Issue prime	-	-	-	-	-	24.138.023		24.138.023
Realized revaluation reserve					-99.312		99.312	-
Hedge effect	-	-	-	653.286	-	-	-	653.286
Loss coverage from 2019			-2.679.718				2.679.718	-
Balances 31/12/2020	**721.960**	**584.728**	**1.466.096**	**1.104.094**	**9.090.831**	**24.138.023**	**-35.010.703**	**2.095.030**
Result Q1 2021		-	-	-	-		-101.500	-101.500
Balances 31/03/2021	**721.960**	**584.728**	**1.466.096**	**1.104.094**	**9.090.831**	**24.138.023**	**-35.010.703**	**2.095.029**

CEO
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STATEMENT OF CASH FLOWS

	Note	31/03/2021	31/12/2020	31/03/2020
Gross profit		**-101.500**	**-3.147.477**	**-210.464**
Depreciation, amortization	3	683.404	2.908.615	719.581
Foreign exchange differences		-162.571	1.229.140	334.672
Interest expense		550.297	3.860.305	1.206.356
Variation of provisions	15	-57.688	-604.381	-418.678
Variation in provisions for receivables and construction contracts		-22.517	-845.269	-1.222.661
Variation in provisions for inventories		732.868	207.405	-43.334
Adjustments for estimated unrealized liabilities		-18.203	-99.023	-86.316
Income from fair value adjustment of investment properties and derivatives		-	1.940.746	-
Variation in working capital				
Receivables and other assets		-17.041.500	-5.803.522	-4.569.266
Stocks		3.061.173	-4.306.087	-216.825
Suppliers and other liabilities		10.291.924	13.635.475	5.453.591
Interest paid		-377.825	-2.182.932	-664.209
Cash flows from operating activities		**-2.462.139**	**6.792.995**	**282.447**
Acquisitions of intangible assets	3	-	-83.228	-76.018
Acquisitions tangible and investment assets	3	-307.300	-2.528.562	-412.319
Cash flow from investments		**-307.300**	**-2.611.790**	**-488.337**
Drawn Intercompany loans	14	27.740	-544.098	-65.150
Financial lease payments	24	-111.733	-446.944	-111.733
Variation in bank credit lines	14	4.908.857	-1.829.936	400.783
Income from the issue of shares and other equity securities			28.798	
Cash flows Financial		**4.824.865**	**-2.792.180**	**223.900**

	31/03/2021	31/12/2020	31/03/2020
Net cash flow	**2.769.003**	**-1.513.106**	**-1.593.449**
Cash and cash equivalents at beginning of period	**-457.396**	**-1.846.423**	**-1.846.423**
Cash and cash equivalents at end of period	**1.598.030**	**-457.398**	**-1.828.412**

CEO
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1 Basis of preparation

The individual financial statements ("financial statements) of the Company are presented in RON ("Romanian Leu"), using going concern principles.
The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 December 2020, as summarised below. These policies have been consistently applied in preparing the financial statements for the period ended 31 March 2021 and for the comparative information presented in these financial. An overview of standards, amendments and interpretations to International Financial Reporting Standards ("IFRS") issued, but not yet effective, and which have not been early adopted by the Company are presented in note 1.3.
The financial statements have been prepared on a historical cost basis, except buildings and land which are evaluated using market revaluation model, and investment property held at fair value.
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.4.

1.1 Statement of Compliance

Financial statements are prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for Approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to trading companies whose securities are admitted to trading in a market which is regulated, as amended subsequently. International Financial Reporting Standards represent standards adopted under the procedure laid down by Regulation (EC) No. 1606/2012 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards.

1.2 Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will continue trading in the foreseeable future.

For the period ended 31 March 2021, the Company incurred a loss of RON 101.500 (RON 210.464 for the period ended 31 March 2020), and as of that date its current liabilities exceed its current assets by RON 35.316.602 (RON 58.883.876 at 31 March 2020) and the Company has accumulated losses of RON 35.112.202 (RON 34.881.480 at 31 March 2020). Also, as at 31 March 2021 the net assets of the Company, determined as the difference between total assets and total liabilities are RON 1.993.529.
In such circumstances, in accordance with the Companies' Law 31/1990 and related amendments, a shareholders' meeting should be organized to decide on the measures to be implemented as required by the legislation in force.

a) Losses

The reasons of losses have to do with market price deterioration and the company entry into new markets. Operationally, the Company is in a continuous process of integration within the SGB group, aligning procedures and standards. Retrasib SA has been included in Group Frame contracts benefiting from savings applied at Group level

b) Short term liabilities

The significant level of short term liabilities of RON 161,8 million, in excess of the current assets of RON 126,5 million at 31 March 2021, where the ability of the company to fulfil repayments under 1 year may represent a challenge, are handled as follows:

- The bank liabilities, i.e. the RON 43,7 million credit line, is in process of being extended in 2021.
- Besides credit line, withdrawals from Global Ceiling are correlated with company's receivables on a „borrowing base" system.
- The Group loan is at 31 March 2021 in the amount of RON 5,08 million.

Based on these factors, management believes that the Company will be able to continue in the foreseeable future and therefore the application of the going concern assumption in the preparation of these financial statements.

c) Impact of the CO-VID pandemic on the company

During 2020, the Company took all necessary measures to manage the situation generated by COVID-19.
We do not consider that the evolution of COVID-19 in Romania has a major impact on the Company so as to endanger the continuation of the company's activity.
In March 2021 we had a large number of employees with COVID-19, some workshops were closed for 4 working days, but production did not stop continued to return to normal later.

1.3 New and amended Standards adopted by the Company

The accounting policies adopted for the preparation of the consolidated financial statements are in line with those applied for the preparation of the annual consolidated financial statements of the Company for the year ended 31 December 2018, except new standards with effect from 1 January 2019. The Company has previously adopted any other standard, interpretation or amendment that has been issued but is not yet in force.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The IASB has issued the Annual Improvements to IFRS 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. Management has assessed that the application of these improvements will not have a significant impact on the financial position or performance of the Group.

IAS 12 Income Taxes: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

IAS 23 Borrowing Costs: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

The Company carries out two types of contracts:

- transformer production as a whole;
- production of parts for transformers for the mother company in Germany.

According to IFRS 8, both production lines meet the criteria for aggregation to report together with similar economic characteristics:

- the type of product: it is the same, both are transformers;
- the type of the production processes: it is the same, being made with the same employees, equipment, knowledge and resources;
- the customer type: it is similar, belong to the same market;
- the distribution method: it is not fundamentally different, both are based on orders;
- the regulatory environment it is absolutely similar.

As a result, segmental reporting is not applicable.

1.4 Use of estimates and judgement

Use of estimates

The preparation of the financial statements requires the performance of estimates and judgments by the management, which affects the reported amounts of assets and liabilities and the presentation of potential assets and liabilities at the balance sheet date, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may be different from these estimates.

Judgements

In the process of applying the Company accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

•The company has business judgments upon the company's ability to continue as going concern, based on budget projections, optimizations implemented and other criteria described in the Going Concern note.

•Further judgments linked to the company's future performance refer to:

- the judgment that the negative results obtained in the last two years are not related to equipment performance or building performance, and that the indication of impairment given by the past negative results does not lead to need for impairment allowances on equipment and buildings, based on the assumption that the forecasted EBITDA in the next years, will be sufficient as to sustain the value of equipment and buildings
- the assumptions made by the management in relation with the past events and their potential future risks as described in the Contingent liabilities note
- the company has business judgments upon the adequacy of performance that will enable collection of performance guarantees.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- Valuation of receivables: for the overdue receivables where the management believes there are indications of recoverability doubts, allowances are booked based on the assessed risk of no recoverability
- Valuation of land and buildings: the company uses external valuators reports for recurrent market valuations on land and buildings as described in the policies on Tangible assets and Revaluation Reserves

• Valuation of Investment Property: the company uses external valuators reports for recurrent fair value valuations on Investment Property based on capitalized rent as described in the policies on Investment Property.
• The Company recorded accrued liabilities for estimated costs on untaken holiday, bonuses planned and overtime performed (including social contributions) as well as pension provision for estimated present value of contractual pension payments.
• It also records provisions for risks and costs anticipated for penalties for delay in delivery and/or other penalty types.
• The provision of warranty is determined based on sales of the last 4 years and a percentage determined based on the Group experience. The standard warranty is 24 months but there are contracts with warranty terms of 5 years, thus management determined a period of 4 years to be adequate for the warranty provision.
• The most significant allowances are the estimated losses on contracts in progress which are to be considered in correlation with the volume of work in progress.
The level of provisions for imminent loss on contracts is being evaluated particularly for each and every ongoing contract during the procedure of each month-end-closing while analyzing base budget the occurred/forecasted events which have/might generate(d) not foreseen costs. Provisions are booked based on the foreseeable margin at project closing.
•Estimates of percentage of completion of contracts based on the costs incurred are used to calculate the income.

1.5 Functional currency, presentation currency, transactions in foreign currency

Management considers that functional currency, as it is defined by the IAS 21 " Effects of the variation of exchange rate " , is the Romanian Leu (RON).
Presentation currency is the Romanian leu RON, rounded to the nearest Leu, unless otherwise specifically stated.

For the preparation of the Company's financial statements, transactions in other currencies (foreign currencies) than the functional one are registered at the exchange rate in force at the date of transaction. Each month, and at each balance sheet date, monetary items denominated in foreign currency are translated at the exchange rate in force at those dates.

Monetary assets and liabilities expressed in foreign currency at the end of the year are translated into RON at the exchange rate valid at the end of the year.

The RON exchange rate for 1 unit of the foreign currency:

	31 March 2021	31 December 2020
EUR 1	4.9251	4.8694
USD 1	4.1969	3.9660

Non-monetary items which are measured at historic cost in a foreign currency are not translated back.

Exchange rate differences are recognized in the profit and loss statement in the period in which they arise.

2 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Tangible assets

Tangible assets, less land and buildings, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Accumulated depreciation as of the revaluation date is eliminated from the gross carrying amount of the asset and the net amount is restated at the revaluated value of the asset. Revaluations are only booked based on external valuers' report.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the profit or loss of the period, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Any revaluation reserve relating to the asset being sold is transferred to retained earnings in line with its depreciation, and entirely upon disposal.
A tangible asset item and any significant part recognized initially are derecognized upon disposal or when no economic benefits are expected from their use or disposal. Any gain or earning resulting from the derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognized.

Depreciation is registered so as to decrease the cost of the asset to its residual value other than the land, along their estimated useful life, using the straight line basis. The estimated

useful lives, the residual values and the depreciation method are reviewed at the end of each year, having as effect changes in future accounting estimates.

Maintenance and repairs of tangible assets are included as expenses when they occur and significant improvements to tangible assets which increase their value or useful life or which significantly increase their capacity to generate economic benefits, are capitalized.

The following useful lives are used for the computation of depreciation:

Buildigs	10 - 54
Plant and machinery	3 - 40
Measurement and control devices	3 - 16
Vehicles	3 – 19
Other systems, equipment and furniture	3 - 10

Land is not depreciated.
Depreciation is recognized in the income statement.

b) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on evaluations performed by accredited external independent valuator.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.
The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

c) Intangible assets

Intangible assets purchased separately are reported at cost minus accumulated amortization losses. Amortization is computed through the straight-line basis over the useful life. The estimated useful lives, the residual values and the amortization method are reviewed at the end of each year, having as effect changes in future accounting estimates.

The following useful lives are used for the computation of amortization:
Licenses 2 – 10 years

d) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If there is such an indication, the recoverable amount of the asset is estimated to determine the size of the impairment loss. When it is impossible to assess the recoverable amount of an individual asset, the Company assesses the recoverable amount of the cash generating unit which the asset belongs to. Where a consistent distribution basis can be identified, the company's assets are also allocated to other separate cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.
Intangible assets having indefinite useful lives and intangible assets which are not yet available to be used are tested for impairment annually and whenever there is an indication that it is possible for the asset to be impaired.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When measuring the value in use, the future estimated cash flows are settled at the current value using a discount rate prior to taxation which reflects current market assessments of the temporary value of money and the specific risks of the asset, for which future cash flows have not been adjusted.
If the recoverable value of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount of the asset (of the cash generating unit) is reduced to the recoverable value. An impairment loss is recognized immediately in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (of the cash generating unit) is increased to the reviewed estimation of its recoverable value, but so as the reviewed carrying amount does not exceed the carrying amount which would have been determined had any impairment loss not been recognized for the respective asset (cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

e) Inventories

Inventories are valued at minimum between cost and net realizable value.
The cost of inventories is based on weighted average price method and includes expenses incurred for the purchase of inventories, production and processing costs and other costs incurred in bringing the inventories to the form and present location.
Costs, including a portion related to fixed and variable indirect costs are allocated to inventories held through the method most appropriate for the respective class of inventories, the majority being assessed based on the weighted average cost.
Finished products, semi-finished goods and production in progress are measured at actual cost.

Allowance adjustments for inventories

Allowances are booked for raw materials and consumables where there is indication of economic value being depreciated due to their age and slow movement. The Company uses its judgement, based on raw materials prices in the market, manufacturing planning, movement days and quality of the inventories in order to estimate the level of the allowance required. In this process, usually, the Company consider the following factors: development of the raw material prices in the market and sales planning, months in inventory and quality of the inventories
To finished goods inventory allowances are not likely because the company does not produce stock, all finished products are customized based customer requirements with firm delivery terms specified.
Production in progress booked at cost is analyzed by contracts performance, under the methodology of onerous contracts, and for those contracts where losses are anticipated, allowances are booked in conjunction with Construction Contracts receivables adjustments. (see note 2.r, Revenue).

f) Financial assets and liabilities

A financial instrument is any contract that generates a financial asset for a company and a financial liability or equity instrument for another company.

i)Financial assets

Initial recognition and evaluation

Financial assets are classified at initial recognition, as valued at amortised cost, fair value through other global income (SRG) and fair value through profit and loss account. The classification of financial assets to initial recognition depends on the characteristics of the contractual cash flow of the financial asset and the Company's business model for their management. With the exception of commercial claims which do not contain a significant financing component or for which the Company has applied the practical opportunity, the Company initially evaluates a financial asset at its fair value plus, in the case of an asset which is not measured at fair value through profit or loss, transaction costs. Trade receivables which do not contain a significant financing component or for which the Company has applied the practical opportunity shall be valued at the transaction price determined according to IFRS 15.
In order for a financial asset to be classified and evaluated on the basis of the amortised cost or fair value through the SRG, it must generate cash flows which are ' exclusively payments of the principal amount and interest (EPPD) of the remaining principal amount. This assessment is called the EPPD test and is performed at the instrument level.

The Company's business model for financial asset management refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the sale of financial assets or both.

The financial assets of the Company are represented by receivables (trade receivables, contractual assets, other receivables, cash and cash equivalents and restricted cash), and derivatives (interest rate CAP).

Purchases or sales of financial assets requiring the delivery of assets within a time limit set by regulation or convention at market level (standard transactions) shall be recognised at the trading date, i.e. the date on which the Company undertakes to acquire or sell the asset.

Subsequent evaluation

For the purposes of the subsequent evaluation, financial assets are classified into four categories:

- Financial assets at amortised cost (debt securities)
- Financial assets at fair value through SRG with recycling of accumulated gains and losses (debt securities)
- Financial assets designated at fair value through SRG without recycling accumulated gains and losses at the time of derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt securities)

The Company evaluates financial assets at amortised cost if the following two conditions are met:
- Financial assets are held in a business model with the objective of holding financial assets to collect contractual cash

And
- The contractual terms of the financial asset give rise, on specified dates, to cash flows which are exclusively payments of principal amounts and interest from the principal amount remaining

Financial assets at amortised cost are subsequently evaluated using the effective interest method (RED) and are subject to depreciation. Gains and losses shall be recognised in the profit or loss account when the asset is derecognised, altered or impaired.

The financial assets of the Company at amortised cost include trade receivables and other receivables, contractual assets, restricted cash and banks balances (short-term deposits and current accounts).

For more information on receivables and contractual assets, see Note 7. Receivables due in less than 12 months are not updated.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the financial assets held for trading, the financial assets designated at the time of initial recognition at fair value through the profit and loss account or the assets financial instruments that need to be legally evaluated at fair value.
Financial assets are classified as held for trading if purchased for sale or redemption in the short term. Derivatives instruments, including separately incorporated derivatives, are also classified as held for trading, unless they are designated as effective coating instruments. Financial assets with cash flows that are not only payments of the principal amount and interest are classified and valued at fair value through the profit or loss account, indifferent of the business model. Without prejudice to the classification criteria of debt securities at amortised cost or fair value through SRG as described above, debt securities may be designated at fair value through the profit and loss account at the time of initial recognition, if this eliminates or significantly reduces an accounting discrepancy.

Financial assets at fair value through the profit and loss account shall be recorded in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss account.

The Company's financial assets at fair value through the profit and loss account include derivatives (interest rate CAP, which have not been designated by the Company in an official coverage accounting relationship).

Derecognition

A financial asset (or, where appropriate, part of a financial asset is derecognize when:
The rights to receive cash flows from assets expire
The Company has transferred its rights to receive cash flows from that asset or has assumed the obligation to pay the cash flows wholly received without substantial delay to a third party, under a transfer agreement and either
(a) the Company substantially transferred all risks and benefits related to the asset, either
(b) the Company has neither transferred nor substantially retained all the risks and benefits of the asset, but has transferred control over the asset.

When the Company has transferred its rights to receive cash flows from an asset or has concluded a transfer agreement, it must assess whether it has relinquished control of the asset or not. Where it has neither transferred nor substantially retained all the risks and benefits of the asset, nor has it transferred its control, the asset shall be recognised in so far as its continuous involvement in that asset. In this case, the Company also recognises an associated debt. The transferred asset and the associated debt are evaluated on a basis reflecting the rights and obligations that the Company has retained.

The continuing involvement that takes the form of a security of the transferred asset is measured at the smallest value of the value that the asset initially wore and the maximum amount of payment that the Company might require to repay.

ii) Depreciation of financial assets

Information on the depreciation of financial assets shall be summarised in the following notes:

Risk management of financial instruments	Note 29
Trade receivables and contractual assets	Note 7

The Company recognises a provision for expected credit losses (PCP) for debt securities that are not held at fair value through the profit and loss account. The PCP is based on the difference between contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, updated with an approximation of the actual initial interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements which are an integral part of the contractual clauses.

Trades receivables and contractual assets

For trade receivables and contractual assets, the Company applies a simplified approach to the calculation of the PCP. Therefore, the Company does not pursue changes in credit risk, but instead recognises a provision for loss based on the PCP throughout its lifetime at each reporting date.

The depreciation model, according to IFRS 9, provides that adjustments are recognised according to expected credit losses and not according to the model of actual losses in receivables provided by IAS 39. The application of the model for expected credit losses implies early registration of losses and leads to increased depreciation adjustment for these elements. Depreciation losses shall be calculated on the basis of the probability of non-payment adjusted according to the nature and seniority of the balance receivable. The probability of non-payment, being a complex indicator, is preferred to obtain it from external sources, specializing in such calculations.
Depending on the nature of the receivable, this indicator is adjusted in the following way: 0.2 for construction contracts in the production process; 1 for invoiced and non-payment receivable or with a maturity exceeding 30 days; 1.1 for receivables with deferred maturity between 31 and 60 days; 1.25 for debts with a deferred maturity of between 61 and 90 days; 1.5 for receivables with deferred maturity between 91 and 120 days.

iii) Financial liabilities

Initial recognition and evaluation

Financial liabilities shall be classified, at initial recognition, as financial liabilities subsequently valued at amortised cost, excluding financial liabilities at fair value by profit or loss account, of financial liabilities occurring when a transfer of a financial asset does not qualify for derecognition or when the approach to continuous involvement, financial collateral agreements or contingent consideration recognised by the Company as a purchaser in a combination of undertakings for which IFRS 3 applies.

All financial liabilities are initially recognised at fair value and, in the case of financial liabilities which are not recorded at fair value through profit or loss, after deduction of transaction costs attributable directly, to the transaction date to which the Company becomes a part to the contractual provisions of the instrument.

The Company's financial liabilities valued at amortised cost include financial liabilities valued at amortised cost (commercial liabilities and other liabilities, contractual liabilities and loans), and financial liabilities valued at the value of profit and loss include financial derivatives(interest rate swaps).

Subsequent evaluation

Interest-bearing loans as well as trade liabilities and other liabilities are subsequently evaluated at amortised cost using the actual interest rate method. Gains and losses are recognised at profit or loss when debts are derecognised, as well as through the depreciation process using the actual interest rate method (RED).

The amortised cost is determined taking into account any discount or purchase premium and the tariffs or costs that are part of the RED. RED Depreciation is included in the financial costs of profit or loss.

For more information about interest-bearing loans, see Note 14. For more information about trade liabilities and other liabilities, see Note 12. Trade liabilities and other short-term liabilities are not updated.

Derivatives which are not designated as hedge instruments if the instrument is expected to be effective are subsequently evaluated at fair value through the profit and loss account. The Company has not designated interest rate swaps in an official cover relationship.

Derecognition

A financial liability is derecognised when and only when the Company's obligations are paid, cancelled or expired. Where an existing financial liability is replaced by another from the same creditor with substantially different conditions or if the terms of an existing obligation change substantially, such exchange or modification will be treated as a recognition of the initial liability and the recognition of a new liability. The difference between the carrying amount of the derecognised financial debt and the paid and payable consideration shall be recognised in profit or loss.

iv) Compensation of financial instruments

Financial assets and liabilities are presented net in the statement of financial position if there is a legal right to allow net settlement and whether there is intent to do so, and to achieve assets and to settle debts at the same time

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. For the purpose of cash flow only, the overdrafts are deducted from cash and cash equivalents.

h) Trade and Other Receivables

Receivables are recognized at invoiced value less allowances calculated according the policies set in the Estimates paragraph above.
Receivables in foreign currency are revalued at the balance sheet date through the profit and loss.
Client retentions from receivables, based on performance warranty, are presented as long term receivables, not discounted. Also, the guarantee cash deposits are presented as long term receivables.

i) Borrowings

Loans are recognized at the values actually used from the loan facilities, according the policies described on f).
Loans in foreign currency are revalued at the balance sheet date through the profit and loss.

j) Trade payables

Trade and other Payables are recognized based on the accrual principle. These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value. Payables in foreign currency are revalued at the balance sheet date through the profit and loss.

k) Impairment of financial assets

Financial assets are measured for impairment at each reporting date as described in note 1.3 or point f), in accordance with IFRS 9 Financial Instruments.

l) Derecognition of assets and liabilities

The Company derecognizes financial assets only when the contractual rights over the cash flows related to the assets expire or it transfers to another entity the financial asset and, substantially, all risks and benefits related to the asset.
The Company derecognizes financial liabilities only if the Company's liabilities have been paid, canceled or they have expired.

m) Fair value measurement

An entity measures financial instruments and non-financial assets, such as investment property, land and buildings, at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land, buildings, and investment property.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

n) Lease

No longer distinguish between financial leasing and operational leasing. All leases are recognized in the statement of financial position and treated the same. Thus, the lessee recognizes a right to use an asset, but also a related debt. Right of use the asset and the liability shall be valued at the discounted value (VA) of the payments generated by the contract.
After initial recognition, the right to use the asset shall be depreciated for the duration of the contract and the amounts paid shall be broken down into repayment of the debt and financial expense.
The expense of the leases, consisting of the depreciation of the right of use and the financial cost, will vary from one reporting period to another, depending on the duration of the contract, the way in which the right of use asset is depreciated, payment terms and implied interest rate or marginal interest rate.

o) Legal reserves

Legal reserves are contained within 5% of gross profit from year end until the total legal reserves reach 20% of the nominal capital paid in accordance with the law. These reserves are deductible for income tax and are not shared until the liquidation of the Company.

p) Employee benefits

Short-term benefits
Short-term employee benefits are represented mainly salaries. Obligations Short-term employee benefits are accrued for and are recognized as expenses when services are rendered

Contribution plans
The company makes payments on behalf of their employees, to the Romanian State pension system, the health insurance and unemployment fund, over the lifetime of employment.
All employees of the Company are members and also have a legal obligation to contribute, through social contributions to the pension system of the Romanian state. All relevant contributions are recognized in profit or loss when incurred, the Company has no further obligations. Society is not engaged in any independent pension scheme and consequently, has no other obligations in this regard. The Company is not engaged in any post-retirement benefits, besides the provisions set forth in the Collective Working Contract in force and has no obligation to provide further services to former employees.
The long-term benefits of employees
The company's net obligation in terms of long-term benefits related services is the amount of future benefit that employees have earned in return for services rendered by them in the current and prior periods.
Company must award bonuses to employees at maturity of a specific number of uninterrupted years in the company and at retirement, all depending on uninterrupted

seniority in the company, according to the collective labor agreement. These are recognized as long term provisions.

q) Provisions

A provision is recognized if, as a result of a past or a foreseeable event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits not considered will be required to settle the obligation.
The amount recognized as a provision is the best estimate of the amount necessary to settle the current obligation as of the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using the estimated cash flows necessary for settling the present obligation, the carrying amount is the present value of the respective cash flows.
Particulars on provisions policy are presented in the note 1.4 Use of estimates and judgement.

r) Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of normal activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.
Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own.
Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from income.
Revenue refers goods sold and the services provided under contracts.

Revenue from contracts with customers shall be recognized when the control of the goods or services is transferred to the customer for an amount to which the Company expects to be entitled in exchange for the goods or services. The Company concluded that it is the principal in all its income arrangements, as it controls the goods or services before transferring it to the customer.

Information on significant reasoning, estimates and accounting assumptions related to revenue from contracts with customers are presented in Note 28.
The following specific recognition criteria must also be met before income recognition:

Service sales - Construction contract

The company is producing mostly transformers with several months cycle of production.
Services are generally provided in the form of fixed-price contracts, with terms of contract which generally varies from less than one year to two or three years.

These contracts, usually, include the design, delivery of customized components and equipment and their installation. The Company does not consider the various elements of these arrangements as separate implementing obligations. When determining the transaction price, the Company shall consider the effects of a variable counter-service, the existence of significant financing components, non-pecuniary counter-service and counter-service payable to the client (if applicable).

For fixed-price contracts, the Company recognises revenue by evaluated the completion of the project when the Company usually fulfils its implementing obligations.
The Company transfers control of a good or service over time and therefore fulfils an obligation to execute and recognises revenue over time, as the execution of the Company creates or improves an asset that the customer controls, as the asset is created or improved. This is determined, using a method of introduction, depending on the contractual costs encountered until the end of the reporting period, in the form of a percentage of the total estimated cost for each contract. The costs incurred during the year in connection with the future activity under a contract shall be excluded from the contractual costs when determining the stage of completion. The costs incurred during the year in relation to future activity are presented in the form of stocks, advance payments or other assets, depending on their nature. Every individual project involves specific variable costs generated by the purchases of products or services, as well as costs generated by the teams directly involved in the implementation of the project.

Where the outcome of a fixed-price service contract cannot be reliably estimated, the contract revenue shall be recognized only in line with the costs of the contract which is likely to be recoverable.
Where the result of a fixed-price service contract can be reliably estimated and the contract is likely to be profitable, the expected profit shall be recorded during the duration of the contract. Where the total contract costs are likely to exceed the total revenue of the contract, the estimated loss shall be recorded as an expense in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.
The Company shall present as contractual assets gross amounts owed by customers, relating to fixed-price contracts which are under way, for which the costs incurred and the profits recognized (minus the recognized losses) exceed the total amount value invoiced in that contract. If the invoices issued exceed the costs incurred plus the recognized profits (less recognized losses), the gross amounts owed to the customers are presented as liabilities relating to contracts.

Intermediate invoices that have not yet been paid by customers (including guarantees that are retained by customers) are included in “trade receivables and other claims”.

(i) Variable counter-service

Where the counter-service under a contract includes a variable amount, the Company shall estimate the amount of counter-service to which it will be entitled in exchange for the transfer of goods to the customer. The variable counter-service is estimated at the beginning of the contract and is limited until it is highly probable that a significant reversal of revenues in the

aggregate value of recognised revenue will not occur when the uncertainty associated The variable counter-service is subsequently resolved. Variations in payments for contract-based work, receivables and incentives are included in the contract revenue, insofar as they have been agreed with the customer.

(ii) Significant financing component
Usually, the Company receives short-term advance payments from its customers. Using the practical opportunity provided in IFRS 15, the Company does not adjust the promised value of counter-service for the effects of a significant financing component if it is estimated, at the beginning of the contract, that the period between the transfer of the goods or service promised to the customer and when the customer pays that good or service will be one year or less.
Payment terms for services sales in construction contracts are generally between 30 and 90 days after fulfilment of the execution obligation. Advance payments from customers, representing between 5% and 30% of the amount of each invoice issued to customers, shall be settled within one year between the transfer of the promised goods or service to the customer and the date on which the customer pays that good or service.

Revenues from rent is recognized based on contractual rental fees invoiced monthly.

Interest income is recognized periodically, proportionally, the respective revenue is generated on an accrual basis.

In these financial statements, income and expenses are presented on a gross basis. In the balance sheet, liabilities and claims the same partners are presented on a net basis when there is a right to compensation.

Revenues are measured at fair value sums received or receivable net of VAT. Revenues are reduced by returns, trade discounts and other similar costs.

s) Balances contracts

Contractual assets

A contractual asset is the right to counter-service in exchange for the goods or services transferred to the customer. If the Company executes the transfer of goods or services to a customer before the customer pays a counter-service or before the maturity of the payment, an asset shall be recognized for the counter-service acquired which is conditional.

Commercial receivables

A receivable is the right of the Company to an amount of unconditional counter-service (it is only necessary to pass the time for that counter-service to become due). See the accounting policies related to financial assets included in section f) financial Instruments.

Contractual liabilities

A contractual liability is the obligation to transfer goods or services to a customer for which Company has received a counter-service (or a sum of the counter-service is due) from the customer. If a customer pays counter-service before the Company transfers the goods or services to the customer, a contractual liability is recognized when the payment is made or the payment is due (any of these deadlines occurs earlier). Contractual liabilities shall be recognized as income when the Company fulfils its obligations under the contract.

t) Financial income and expenses

Financial income comprises interest income on funds invested and other financial income. Interest income is recognized in profit or loss under accounting them the friendly approach, using the effective interest method.

Financial expenses comprise interest expense for the loans and other financial expenses. All borrowing costs that are not directly attributable to the acquisition, production construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

Gains and losses on exchange differences on loans are reported on a net basis as either finance income or as financial expenditure by currency fluctuations: the net gain or net loss. Gains or losses from foreign exchange attributable to commercial transactions are reported as other operating expense/income on a net basis.

u) Taxation

Income tax expense represents the single sum of current tax and deferred tax.

Current tax
Current tax is based on taxable profit for the year. Taxable profit differs to the profit reported in the income statement because it excludes items of income and expenses that are never taxable or deductible or where the tax deductiblity is deferred. Company's debt on current tax is calculated using tax rates in force or under substantially role in force at the balance sheet date .

Deferred tax
Deferred tax is recognized over the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding fiscal bases used in the computation of taxable income and it is determined by using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized in the extent in which it is likely to have taxable income over which to use those temporary deductible differences. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition

(other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable income, nor the accounting income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and it is decreased to the extent in which it is not likely for sufficient taxable income to exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rates estimated to be applied during the period when the liability is settled or the asset realized, based on the taxation rates (and tax laws) in force or entering into force substantially until the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Company estimates, as of the balance sheet date, that it will recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority and the Company intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.

Current tax and deferred tax related to the period
Current tax and deferred tax is recognized as revenue or expense in profit and loss, except for the cases which refer to items credited or debited directly in other comprehensive income

v) Earnings per share
The Group presents earnings per share basic and diluted common shares. Basic earnings per share is determined by dividing the profit or loss of the Group artibuibile ordinary shareholders Weighted average number of ordinary shares over the reporting period. Diluted earnings per share is determined by adjusting the profit or loss artibuibile ordinary shareholders and the weighted average number of ordinary shares with dilution effects arising from potential ordinary shares.

w) Related parties

Parties are considered related if one party has the ability to control directly or indirectly or significantly influence the other, by holding or under contractual rights, family relationship or otherwise, as defined by IAS 24 "Related party affiliate".

x) Subsequent events

The financial statements reflect subsequent events year-end events that provide additional information about the Group's position at the reporting date or those that indicate a possible violation of a going concern (events that cause adjustments). Events after the end of the year

does not constitute events that determine adjustments are disclosed when they are considered significant.

y) Comparatives

Statement of financial position for the year ended December 31, 2019 shows the comparability with the statement of financial position for the period ended 31 December 2018.
Statement of Comprehensive Income for the year ended December 31, 2019 shows the comparability with the statement of comprehensive income at December 31, 2018.

z) Changes of accounting policies and changes in presentation

Except the changes mentioned in note 1.3 affecting the current period, the accounting policies adopted are consistent with the previous financial year.
Without qualifying as changes in accounting policies, there have been presentation repositionings in statement of comprehensive income, travel and protocol expenses were reclassified from service to other income / expenses.
For these positions, whose presentation was amended in 2018, comparative statements have not changed.

aa) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items
The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 29. Movements in the hedging reserve in shareholders' equity are shown in the statement in changes of equity. The full fair value of a hedging derivative is classified as a a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense
Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes

place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

3 Tangible assets

	Land	Buildings	Equipment and vehicles	Furniture and other	Fixed assets in progress	Total
	RON	RON	RON	RON	RON	RON
At 1 January 2020						
Cost	3.037.500	12.017.300	22.986.194	282.541	2.221.851	40.545.386
Accumulated depreciation	-	-975.247	-13.297.895	-221.785	-	-14.494.927
Net book value	**3.037.500**	**11.042.053**	**9.688.299**	**60.756**	**2.221.851**	**26.050.459**
Increase	-	-	800.822	7.197	2.170.350	2.978.369
Transfers	-	45.333	2.451.884	9.400	-2.506.618	0
Revaluation	-	-				0
Disposals	-	-	-710.221	-		-710.221
Depreciation charge	-	-493.335	-1.797.660	-29.908		-2.320.904
Disposals and reductions	-	-	260.414			260.414
At 31 December 2020						
Cost	3.037.500	12.062.634	25.528.678	299.139	1.885.583	42.813.533
Accumulated depreciation	-	-1.468.583	-14.835.141	-251.691	-	-16.555.415
Net book value	**3.037.500**	**10.594.050**	**10.693.537**	**47.447**	**1.885.583**	**26.258.118**
Increase	-	-	143.137	-	164.163	307.300
Transfers	-	-	164.163	-	-164.163	-
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-		-710.221
Depreciation charge	-	-123.514	-396.422	-6.275		-526.211
Disposals and reductions	-	-	-			-
At 31 March 2021						
Cost	3.037.500	12.062.634	25.835.978	299.139	1.885.583	43.120.833
Accumulated depreciation	-	-1.592.097	-15.231.563	-257.966	-	-17.081.626
Net book value	**3.037.500**	**10. 470.536**	**10.604.415**	**41.7**	**1.885.583**	**26.039.207**

As at 31 December 2020, in accordance with the accounting policy, the company contacted an external evaluator, member of the Association of Evaluators in Romania for the revaluation of land and buildings, which concluded, following the real estate market analysis at the city of Sibiu, that the evolution of the fair value of the real estate was decreasing in the year 2019, similar depreciation costs incurred during this period, so no assessment report is warranted.

All tangible assets are pledged for the loans disclosed in the note 14 Loan.

4 Intangible assets

	Intangible assets	Other intangible assets	Intangible assets in progress	Total
At 1 January 2020	**5.709**	**698.610**	**289.445**	**993.764**
Additions		10.340	72.888	83.228
Transfers		208.886	-208.886	-
Depreciation charge	-2.635	-138.144	-	-140.779
At 31 December 2020				
Cost	456.638	1.425.167	153.447	2.035.252
Accumulated depreciation	-453.564	-645.475	-	-1.099.039
Net book value 31 December 2020	**3.074**	**779.692**	**153.447**	**936.213**
Additions		-	-	-
Transfers		-	-	-
Depreciation charge	-659	-44.801	-	-45.459
At 31 March 2021				
Cost	456.638	1.425.167	153.447	2.035.252
Accumulated depreciation	-454.223	-690.276	-	-1.144.498
Net book value 31 March 2021	**2.415**	**734.892**	**153.447**	**890.754**

Included in the intangible assets as of 31 December 2020 is an amount of 1.070.313 RON at cost value (31 December 2017: 1.070.313 RON) that represents the SAP accounting program acquired by the Company during 2016.

5 Investment property

	31.mar.21 RON	31.dec.20 RON
Balance at the beginning of the period	**10 .845.715**	**12.786.461**
Additions	-	-
Revaluation surplus	-	1.940.746
Balance at the end of the period	**10 .845.715**	**10 .845.715**

The Company owns one building located in Cluj from which the Company earns rent income. As at 31 December 2020 and 31 December 2019, the fair value of the investment property is based on the valuation report prepared by an independent valuator. The impact of this valuation was charged to the current result as change in the fair value. The valuation method used is compliant with the International Valuation Standards.
The investment property is pledged for the loans disclosed in the note 14 Loan.

6 Inventories

	31.mar.21	31.dec.20
Raw materials	9.599.918	12.761.275
Consumables	251.480	263.596
Work in progress	2.611.314	1.356.574
Merchandise	78.512	78.512
Downpayment for stocks	1.635.491	3.443.300
Adjustments for raw materials	-400.184	-332.684
Total	**13.776.532**	**17.570.573**

The main category, work in progress, represents transformers components which are in various manufacturing stages. The company applies IAS 11, and measures the turnover and the related receivables and payables based on the long term contracts percentage of completion.
The adjustment for raw materials is related to inventories with slow movement rate or for which there is uncertainty in future use.
The inventories are set as pledge for the bank loans disclosed in the note 14 Loans.

7 Trade receivables and Contractual Assets

	31.dec.20	31.dec.19
Trade receivables Non-group	22.390.002	18.548.358
Trade receivables Group	8.740.355	9.161.354
Allowances of trade receivables	-371.277	-294.814
	30.759.080	**27.414.898**
Contractual assets	76.276.797	63.127.160
Allowances of contractual assets	-366.895	-366.895
Total trade recievables and contractual assets	**106.668.981**	**90.175.163**
Noncurrent receivables		
Deposits for performance warranty	86.205	86.773
Retentions	873.744	796.884
Total current Accounts recievable	**982.065**	**883.657**

As at 31 March 2021 the company is applying IFRS 15 and records receivables based on the „percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. On the balance sheet, the Company reports the gross contract position for each contract as either an asset - Contractual assets or a liability – Contractual payables. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.
The impact of applying IFRS 15 starting January 2018 is presented in note 1.3.
Noncurrent receivables represent retentions related to construction contracts and will be cashed by the company according to the contractual terms agreed with the clients.

Management considers that there are no significant risks to these commercial claims be adjusted for depreciation.

The receivables open at 31/03/2021 as well as future receivables are set as pledge to the loans as described in note 14 Loans.

8 Cash, cash equivalents and restricted cash

	31.mar.21	31.dec.20
Cash in bank	2.877.598	907.221
Restricted cash	-	-
Petty cash	1.338	1.927
Total cash and cash equivalents	**2.878.936**	**909.148**

The cash accounts are set as pledge to the loans as described in note 14 loans.

Reconciliation to cash flow statement

	31.mar.20	31.dec.20
Balances as above	2.878.936	909.148
Bank overdraft	-1.280.907	-1.366.544
Balances per statement of cash flows	**1.598.030**	**-457.396**

9 Other receivables

	31.mar.20	31.dec.20
Other receivables related to personnel	560.352	360.394
VAT under settlement	59.215	42.875
VAT to be recovered	430.717	384.394
Prepaid suppliers advances	7.843	-
Income tax recoverable	327.563	327.563
Other receivables	198.447	77.230
Total other receivables	**1.584.137**	**1.192.456**

10 Share capital

Shareholders structure at 31/03/2021 is as follows:

No.	Shareholders	No. of shares	%
1.	SGB -SMIT INTERNATIONAL GMBH	4.582.236	98,2574%
2.	Individual shareholders	79.531	1,7054%
3.	Shareholders of legal entities	1.734	0.0372%
	TOTAL	**4.663.501**	**100**

Shareholders structure at 31/12/2020 is as follows:

No.	Shareholders	No. of shares	%
1.	SGB SMIT International GMBH	4.582.236	98,2574%
2.	Individual shareholders	79.531	1,7054%
3.	Shareholders of legal entities	1.734	0.0372%
	TOTAL	**4.663.501**	**100**

	31.mar.21	**31.dec.20**
Share capital	466.350	466.350
Impact of IAS 29 on share capital	255.610	255.610
Total share capital	**721.960**	**721.960**

By the Decision of the Extraordinary General Assembly No. 91/30.12.2019, the shareholders of the Company decided to increase the share capital with the issue premium as follows:

- Within a maximum total contribution of RON 26.113.153,90, a maximum number of 3.677.909 new registered ordinary shares were issued in dematerialized form with a nominal value of RON 0,1 at an issue price of RON 7,1 per share.

By the same Decision of EGA No. 91/30.12.2019 it was decided that the capital increase should be made from 121.521,2 lei to a maximum of 489.312,10 RON in order to correct the net assets of the Company according to the applicable legal provisions. The difference

between the issue price of the new shares and their nominal value (in this case 7 RON/share) constituted the issue premium according to Article 221 of the Treaty in conjunction with Article 210 of Law No. 31/1990 on companies and will be highlighted separately in the Company's reserves. The shares were distributed for subscription as follows:
- a maximum of RON 3.444.233 shares at a price of RON 7,1, of which the capital contribution of RON 344.423,30 and the issue premium of RON 24.109.631, were offered for subscription to the majority shareholder SGB-SMIT International GMBH by converting (total or partial) certain claims into shares, liquids and payable held at EGA date by SGB on the Company in the amount of RON 24.454.064 (equivalent to EUR 5.140.000 at the BNR exchange rate of EUR 1/4,7576 RON, in force on 31.10.2019) according to accounting expert report prepared by an independent expert
- the remaining maximum of 233.676 new shares at an issue price of RON 7,1, of which the capital contribution of RON 23.367,6 and the issue premium of RON 1.635.732, were offered for subscription to the other existing shareholders, on the basis of their preferred right, in exchange of cash contributions.

At the end of the subscription period (period between 24.07.2020 - 23.08.2020), it was found that within the offer were subscribed a number of 3.444.233 shares, representing a percentage of 93.65% of the total of 3.677.909 shares publicly offered.

Thus, by Decision no. 334 / August 2020, the Board of Directors of RETRASIB SA found and validated, based on the information received from the intermediary VIENNA INVESTMENT TRUST, for subscriptions made through the intermediary and subscriptions made directly through the Central Depository, that, during the subscription period, in under the preferential rights, the following level of subscriptions for new shares of the Company:

- a number of 3.444.233 shares at a price of RON 7.1, of which a capital contribution of RON 344.423,30 and an issue premium of RON 24.109.631, were subscribed by the majority shareholder SGB-SMIT International GMBH by the partial conversion, with the amount of RON 24.454.054,3, into shares of certain, liquid and due receivables in the total amount of RON 24.454.064, held by SGB over the Company (equivalent to EUR 5.140.000 at the BNR exchange rate currency of 1 EUR / 4.7576 RON, in force on 31.10.2019) according to the accounting expertise report prepared by the independent expert Mrs. Toader Doina.

- a number of 4.056 new shares at an issue price of RON 7.1, of which a capital contribution of RON 405,6 and an issue premium of RON 28.391,4 were subscribed by other existing shareholders (7), on the basis of their right of preference, in exchange for cash contributions.

Thus, a total number of 3.448.289 ordinary, dematerialized, registered shares were subscribed, with a nominal value of 0.1 Ron, at the issue price of 7.1 Ron / share, representing the equivalent value of a total of 24.482.851,9 Ron, of which the contribution to the share capital was a total of RON 344.828,9, and the issue premium was RON 24.138.023.
By the same decision, no. 334, the Board of Directors canceled a number of 229.620 ordinary, dematerialized, registered shares, with a nominal value of 0.1 lei, at an issue price of 7.1 Ron / share, remaining unsubscribed.
As a result of all these operations, the new shareholding structure was also found:

No.	*First name, Last Name of the Shareholder*	*No. of shares*	*Percentage of the total share capital*
1.	**SGB SMIT INTERNATIONAL GmbH**	4.582.236	98,26
2.	***Natural persons and legal entities***	81.265	1,74
	Total:	**4.663.501**	**100**

11 Reserves and revaluation reserves

Related to the reserves disclosed in the Statement of Changes in Equities, the following notes are relevant:

	31.mar.21	**31.dec.20**
Revaluation reserves	9.090.831	9.090.831
Reserves	1.466.096	1.466.096
Hedge reserves	1.104.094	1.104.094
Legal reserves	584.728	584.728
Total reserves	**12.245.749**	**12.245.749**

Revaluation reserves : comprise the cumulative net changes in fair value of land, buildings. The revaluation reserves are shown net of the related deferred tax (16%).

Other reserves: The Company's reserves are represented by the reinvested profit obtained in prior years. In 2020, the loss related to 2019 in the amount of RON 2.679.718 was covered from reserves.

Hedge reserves: the company books in 2018 the effects in equity of the hedge contracts on copper and foreign exchange, disclosed in note 29.

Legal reserves: As required by law, the Company creates legal reserves in the amount of 5% of the profit recorded untp to the level of 20% of the share capital. Legal reserves are not distributable to shareholders.

12 Trade payables

The company's trade payables are as follows:

Trade payables	**31.mar.21**	**31.dec.20**
Trade payables Nongroup	42.145.381	48.705.980
Trade payables Group	7.268.556	6.595.410
Contractual payables	15.610.889	8.540.698
Cashed advances from customers	16.576.413	11.437.906
Cashed advances from affiliate parties	22.153.596	18.793.344
Prepayments to suppliers	-276.456	-323.539
Fixed assets suppliers	3.884	3.884
Accrued payables	-11.361	-206.917
Total trade payables	**103.470.903**	**93.546.766**

Trade payables are unsecured and are usually paid within 90 days of recognition. The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature.
As at 31 December 2020 the company records receivables based on the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. On the balance sheet, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.
More details on related parties payables are presented in note 27.

13 Other payables

	31.mar.21	**31.dec.20**
Social contributions	904.415	831.543
Income tax wages	114.501	137.570
VAT	31.359	31.359
Dividends to be paid	13.924	13.924
Liabilities to employees	1.713.278	1.512.734
Interest payable to Group	5.663.537	5.516.845
Total other payables	**8.441.014**	**8.043.975**

The Company's liabilities to employees includes salaries for March 2021 that will to be paid in April 2021 (242.925 RON), employees overtime performed until 31 March 2021 and which have not been paid (52.552 RON), costs for untaken holiday by March 2021 (524.743 RON), bonuses planned to be paid according to the key performance indicators preestablished (419.338 RON) and other debts related to personnel. These debts are not due.
Interest payable on affiliated parties shall be related to loans as described in note 14.

14 Loans

	31.mar.21	31.dec.20
Short term Intercompany loans	5.082.703	5.025.221
Short term bank loans	43.777.275	38.954.054
Total	**48.859.978**	**43.979.275**

a) Bank loans

The company is financed by Transilvania Bank through short term loan facilities of ceiling type, for current activity (working capital), with the interest rate of ROBOR 6 M+2%, concluded on 6 may 2010. The ceiling can be used as:

- overdraft credit line limited to RON 2 million, of which RON 1.280.906,68 was used at March 31, 2021;
- term credits, from which the Company used at 31 March 2021 an amount of RON 42.496.368,03, representing draws from the ceiling;
- issuance of bank guarantee letters, in the amount of RON 1.797.978 RON, held off balance sheet - Note 26 Contingent assets and liabilities - Bank commitments.

At 31 March 2021 the Company has an amount of RON 6.349.747 RON un-drawn from the ceiling, RON 2.810.000 from the ceiling are being held for the currency risk associated with guarantee letters.

The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates at the end of the reporting period are as follows:

	31.mar.21	31.dec.20
6 months or less	43.777.275	38.954.054
12 months or less	5.082.703	5.025.221

The fair value of the borrowings equals their carrying amount. The impact of discounting is not significant, as all borrowings bear variable interest rates.
The due date of utilizing new draws from the credit line is 24 August 2021. As at 31 December 2020, the Company has met all the covenants stipulated in the agreement concluded with Transilvania Bank.
For securing bank loans, the company has set in favour of banks the following guarantees:

- inventories of raw materials and semi-finished products;
- the balances held at banks;
- rights arising from present and future contracts;
- rights arising from insurance policies covering the assets pledged as collateral;
- mortgage on all tangible assets and investment property.

For finance lease liabilities disclosures please refer to note 24.

a) Related party loans

Breakdown of loans obtained from SGB SMIT International GMBH (majority shareholder) into structure and details on tranches, interest rates, maturities and ceilings:

Approved ceiling amount	Currency	Balance used at 31/03/2021 in RON	Interest rate	Date of contract	Date of maturity	Lender
800.000	EUR	3.940.080	7%	20/05/2019	indefinite	SGB SMIT
232.000	EUR	1.142.623	7%	20/05/2019	indefinite	SGB SMIT
1.032.000	**EUR**	**5.082.703**	**Total**			

The indefinite related party loan can be terminated in 12 months from receiving a notification from the lender SGB-SMIT. Additionally, interest related balance with SGB-SMIT amounting to RON 5.663. 375,10 at 31 March 2021 ((31 March 2020: 4.336.989 RON), were classified in the Statement of Financial Position as Other payables.
For the related party loans there is 2nd level pledge upon the equipment, vehicles, furniture, inventory, present and future receivables.
On 20.05.2019 the main shareholder SGB-SMIT approved an investment loan for the Testing Laboratory in total amount of EUR 1.032.000.

15 Provisions

	31.dec.20	Built	Revers	31.mar.21
Short term provisions				
Commercial penalties	476.200	252.540	-164.852	563.888
Total short-term provisions	**476.200**	**252.540**	**-164.852**	**563.888**
Long term provisions				
Warranty provision	546.347	-	-	546.347
Pensions and other provision	366.859	-	-162.043	204.816
Total long-term provisions	**913.206**	**-**	**-162.043**	**751.163**

Commercial penalties for late delivery are recognized when the Company has a present obligation based on contracts concluded with its customers, as a result of not delivering the transformers at the delivery date mentioned in the contract.

The warranty provision is registered to cover the expenses in the warranty period for transformers sold. The Company generally offers 24 months warranties for its transformer products but there are contracts with warranty terms of 5 years. Management estimates the related provision for future warranty claims based on historical warranty claim information.

As at 31 December 2020 the Company recorded a provision for pension in line with the provisions of the Company's Collective Labor agreement, art 64, which stands that the Company will award a price at the employee's retirement of one gross salary for 5 years seniority in the company, two gross salary for 10 years seniority in the company, three gross salary for 15 years seniority in the company, four gross salary for 20 years seniority in the company and five gross salary for 25 years seniority in the company. The amount is built together with provision for other risks that was built since 2016. Company's assumptions taken into account for pension provision are: discount rate of 5%, inflation rate of 3.5%, the annual resignation rate of employees in the Company of 20.59% and the standard retirement age.

The income statement effect with provisions are presented as follows:

Provisions effects	**31/03/2021**	**31/12/2020**
Net income from provisions	74.355	604.381
Net expense of provisions and allowances	-	-

16 Current and deferred Income tax

A. Amounts recognized in profit and loss	**31/03/2021**	**31/12/2020**
Income tax expense	**-**	**-**
Current year	-	-
Deferred tax income (expense	**-**	**-566.932**
Derived from temporary differences	-	-566.932
Total deferred tax income (expense)	-	**-566.932**

There is no current tax expense due to the losses incurred in the last two years.
Changes in the componence of deferred tax are presented below:

B. Deferred tax	Balance at 31.dec.20	Recorded in the income statement	Recorded in the equities	Balance at 31.mar.21
Noncurrent assets	-1.447.589	-	-	-1.447.589
Inventories	-	-	-	-
Trade and other receivables	105.873	-	-	105.873
Trade and other payables	-	-	-	-
Provisions	439.245	-	-	439.245
Tax loss	-		-	-
Hedging	-210.304	-	-	-210.304
Total deferred tax asset (liability)	**-1.112.775**	**-**	**-**	**-1.112.775**

Considering the financial results for last financial years, the Company decided on 31 December 2018 to adjust the deferred tax on tax losses.
According to the Romanian tax laws, the tax loss may be carried forward for seven years for the tax losses recorded after 1 january 2009 starting with the year when they occurred.

17 Revenue

	31/03/2021	**31/12/2020**
Sales of finished goods	49.798.249	79.086.782
Revenue from construction contracts	5.747.342	120.399.693
Sale of goods purchased for resale	2.665	-
Services	431.084	1.226.213
Rent income	140.142	882.264
Revenue from other activities	308.514	1.133.878
Total	**56.427.997**	**202.728.830**

A regional breakdown of revenues is as follows:

Country	**31/03/2021**	**31/12/2020**
Related parties (note 27):	**24.864.192**	**106.049.702**
Germany	24.844.154	105.594.194
Netherlands	20.038	454.057
Malaysia	-	1.451
Third party customers:	**31.563.805**	**89.004.268**
Romania	21.481.728	64.556.352
Denmark	5.648.355	13.699.758
UK	1.936.175	2.872.003
Poland	1.066.210	1.764.540

Bulgaria	974.304	78.089
Czech Republic	275.828	269.372
Greece	231.556	3.703.682
Turkey	17.890	24.627
India	2.887	-
Austria	1.961	-
Italy	506	2.772
Germany	-	7.187.767
Norway	-	2.413.022
Croatia		35.433
Hungary	-	2.715
Switzerland	-	848
Iraq	-	-132
Spain	-73.595	68.280
Total revenues	**56.427.997**	**202.728.830**

The main customers in 2020 are: Starkstrom Geratebau Regensburg (related parties), Energobit SA, Romelectro Romania, E-Distribuție Banat, CNTEE Transelectrica, Better Energy Solutions, JYSK ENERGI TEKNIK A/S, E-Distributie Muntenia, E-Distributie Dobrogea, Siemens and Electromontaj SRL.

18 Other income

	31.mar.21	31.dec.20
Other income		
Gains from the revaluation of the fair value of real estate investments	-	-
Other operating revenues	758	16.186
Total other income	**758**	**16.186**

19 Raw materials and consumables expenses

Raw materials and consumables expenses	**31/03/2021**	**31/12/2020**
Raw materials expens	44.651.136	149.114.487
Consumables expense	85.356	2.187.456
Electricity, water , gas expense	550.158	1.858.603
Other expense	25.199	116.901
Total	**45.311.849**	**153.277.447**

The main raw materials used in transformers production are copper, steel, isolation kits, radiators.

20 Services provided by third parties

Services expenses	31/03/2021	31/12/2020
Repairs	56.781	255.924
Rents	159.869	543.024
Insurance	90.516	489.569
Transport	2.053.412	10.166.921
Communication	7.850	47.688
Design and technical services	785	1.162.787
Customs	920.815	3.961.452
Other service expenses	1.055.258	3.627.666
Total	**4.345.285**	**20.255.031**

21 Other expenses/income

	31/03/2021	31/12/2020
Other expenses		
Bank services	574.021	1.708.065
Travel	44.646	344.124
Protocol and advertising	18.643	85.133
Expense/(income) from foreign exchange	856.938	1.366.038
Hedging	-406.817	159.188
Taxes	221.061	998.707
Expenses/(income) from charge/(release) allowances for inventories and trade receivables	18.412	-528.087
Other expenses	216.069	791.371
Total Other expenses	**1.542.973**	**4.924.540**

22 Personnel expenses

	31/03/2021	31/12/2020
Salaries	4.503.870	18.994.402
Staff accruals	284.083	-44.435
Social security contributions	125.413	556.147
Meal tickets	199.650	803.450
Total	**5.113.016**	**20.309.564**

The average number of employees of company at 31 March 2021 was 238 employees (at 31 March 2020: 211 employees). As at 31 March 2021 the company had 250 de angajați (at 31 March 2020: 226 employees).
The Company's staff accruals includes increase of costs for design performance bonuses (RON 64.236), reduction of costs for overtimes at 31 March 2021 (RON -46.033) and reduction in pension provisions made for the Company's employees at 31 March 2021 (RON -162.043).

23 Financial expenses and income

	31/03/2021	31/12/2020
Interest income	130	235
Finance income	**130**	**235**
Interest expense	550.297	3.860.305
Net foreign exchange losses	57.483	407.037
Finance costs	**607.779**	**4.267.342**
Net finance costs	**-607.649**	**-4.267.107**

Net losses from foreign exchange effect reported under Financial expenses and income are only those related to the revaluatin of loans. All other foreign exchange effects from commercial transactions are repositioned under operating expenses, in the position Other expenses and income, netto, see note 21.

24 Lease obligations

The Company has two long term leases with the Group company Starkstrom, for winding machines, started in november 2016 and february 2017. One contract will be completed in 2022 and the other in 2029.
Because the conditions are met for a financial lease following the analysis of the financial lease criteria as per IAS17:

As at **31 March 2021:**

	Below 1 year	between 1-5 years	Over 5 years	Total
Contractual rent payments, EUR	114.872	289.461	248.467	**652.800**
Contractual rent payments, RON	565.756	1.425.624	1.223.724	**3.215.104**
Present value of the lease payments:				
Lease liability, EUR	96.983	242.084	152.359	**491.427**
Lease liability, RON	477.653	1.192.289	750.385	**2.420.328**

	31.mar.2021

Value of equipment held in financial lease, RON	**4.206.139**
Accumulated depreciation of the equipment held in financial lease	**1.785.811**
Carrying value of the equipment held in financial lease, RON	**2.420.328**

The contract does not have a prepayment, a residual value or a final option to purchase the equipment. The duration of 13 years of contract covers the full economic life of the assets.

Amounts recognised in the balance sheet

Right of use assets	**31-Mar-21**	**31-Dec-20**
Equipment	2.461.914	2.573.647
Total	**2.461.914**	**2.573.647**

Lease liability	**31-Mar-21**	**31-Dec-20**
Long term	1.942.675	1.981.871
Below 1 year	477.653	550.188
Total	**2.420.328**	**2.532.059**

In the previous year, the group recognised only lease assets and liabilities in relation to lease which was classified as "financial lease" in accordance with IAS 17 Lease. The assets were presented in tangible assets and liabilities in the form of lease liabilities.
In 2019 the company concluded a new lease with a duration of 3 years for office equipment, 6 pieces, totaling 54.726 RON.

Amounts recognised in profit and loss

Depreciation right of use assets	**31-Mar-21**	**31-Dec-20**
Equipment	111.733	446.933
Interest expenses	25.780	97.746

Leases do not provide for advance, residual value or an option for the purchase of equipment at the end of the contract. The duration of the 13 years of the contract covers the entire economic life of the assets.

25 Loss per share

Basic loss per share calculation was performed based on the result attributable to ordinary shareholders and the weighted average number of ordinary shares:

	31/03/2021	31/12/2020
Loss attributable to ordinary shareholders	-101.500	-3.118.717
Weighted average number of ordinary shares	4.663.501	4.663.501
Total loss per share	-0,0218	-0,6688

Diluted loss per share equals basic earnings per share as the Company has not issued shares in the period.

26 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources representing economic benefits is removed.
A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is possible and will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity.

Bank commitments

Transilvania Bank has issued letters of guarantee for customers, in favor of the company within the agreed loan ceiling as presented in the note Loans. On 31 March 2021, the Company had issued letters of guarantees in favor of its customers amounting to RON 1.797.978 from Transilvania Bank (31 March 2020: RON 7.143.596) and RON 24.488.335 from other banks of the Group (31 March 2020: RON 23.681.125), which become Company's obligations in case of non-conformity for services rendered to its customer. As at 31 March 2021 the list of open guarantee letters is as follows:

Type of SGB	Amount	Currency	Beneficiary	Maturity
Performance guarantee	187.563	PLN	Innogy Stoen Operator Sp. z.o.o.	29.04.2022
Performance guarantee	181.157	RON	Transelectrica	31.10.2022
CGR performance bond	1.380.840	RON	Siemens Energy	07.04.2023
Performance guarantee	7.348	EUR	Energobit SA Cluj	28.04.2023

Total EUR	**7.348**	**EUR**
Total RON	**1.561.997**	**RON**
Total CHF	**187.563**	**PLN**

Part of the customer guarantee letters issued by Transilvania Bank, in favour of the company, were transferred to a Group bank, Deutsche Bank, to release from the loan ceiling agreed with Transilvania Bank and to be able to use the amount released other payments required by the company. As of 31 March 2021, the list of guarantee letters issued by Deutsche Bank is as follows:

Type of SGB	Amount	Currency	Beneficiary	Maturity
Advance payment	393.050	EUR	Energobit	20.05.2021
Advance payment counter-guarantee	869.396	EUR	Energobit	12.06.2021
Advance payment counter-guarantee	316.144	EUR	Energobit	12.06.2021
Advance payment	806.200	DKK	Better Energy Solution	01.08.2021
Advance payment	915.000	DKK	Better Energy Solution	01.09.2021
Advance payment	810.000	DKK	Better Energy Solution	15.10.2021
Advance payment	1.130.000	DKK	Better Energy Solution	01.11.2021
Performance guarantee	59.750	EUR	ROKAS (Iberdrola)	30.04.2022
Advance payment	554.800	EUR	Transelectrica	27.06.2022
Advance payment	31.125	EUR	Transelectrica	27.06.2022
Advance payment	254.250	EUR	Transelectrica	09.08.2022
Performance guarantee	48.000	EUR	Ute Biomasa	24.09.2022
Performance guarantee	16.000	EUR	Ute Biomasa	24.09.2022
Performance guarantee	390.700	EUR	ROMELECTRO SA	30.11.2022
Advance payment	90.024	EUR	ROMELECTRO SA	30.11.2022
Performance guarantee	849.775	EUR	Transelectrica	28.10.2023
Performance guarantee	112.547	EUR	Transelectrica	28.10.2023
Performance guarantee	15.500	EUR	Acciona	30.11.2023
Performance guarantee	47.527	EUR	Acciona	30.11.2023
Performance counter-guarantee	168.450	EUR	Energobit SA Cluj	05.06.2024
Performance guarantee	192.848	EUR	SMART Sibiu - Iernut	14.08.2026
Payment guarantee	70.000	EUR	Modine Soderkopin	31.12.2021

Total EUR	**4.479.886**	**EUR**
Total DKK	**3.661.200**	**DKK**

Guarantees received

The Company received, in order to guarantee payment to suppliers, parental guarantee from SGB-SMIT GmbH worth EUR 1.042.895.

Environmental matters

The environmental effects of the Company's activities are monitored by the Company's management. As a result, no provisions were set for any kind of potential obligations in relation to environmental matters.

Transfer pricing

The Romanian fiscal legislation includes the "arm's length" principle, according to which inter-company transactions should be performed at market value. Local taxpayers that perform inter-company transactions should prepare and submit the transfer pricing file with the Romanian tax authorities, upon written request of the latter. Failure to submit the transfer pricing documentation file or submission of an incomplete file may lead to penalties for non-compliance; in addition to the contents of the transfer pricing documentation file, the tax authorities may interpret the transactions and circumstances in a manner different than that of the company and, as a result, they may determine additional fiscal obligations resulting from transfer pricing adjustments. The Company management considers they will not record losses in the case of a fiscal review of transfer pricing. However, the impact of a different interpretation from the tax authorities cannot be reliably measured. It could be significant for the Company's financial position and/or operations.

Potential tax liabilities

All amounts owed to the State for taxes have been paid or recorded at the balance sheet date. The Romanian tax system is in the process of consolidation and constantly changing, with different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, fees and penalties. If state authorities discover violations of legal provisions in Romania, they may, as the case may be: confiscate the amounts in question, calculate additional tax obligations and fines, application of late payment increases (applied to the actual payment amounts). Therefore, the fiscal sanctions resulting from breaches of the legal provisions may reach significant amounts to be paid to the State.

The Company believes that it has paid in full and in full all taxes, penalties, penalties and penalties, as the case may be.

The Romanian tax authorities have not carried out controls regarding the calculation of the corporate tax until the date.

Committments

There are no committments for fixed assets acquisitions.

Based on existing open contracts with client companies, the open orders can be considered as committments to deliver products. To these, there are no open committments for expenses for production.

27 Related parties

As of 31 March 2021, the Board of Directors is composed of following members:

1. Tilo Dorn - President
2. Franz Schatzl - Member
3. Matthias Gradl – Member
4. Ulrich Voss – Member
5. Markus Spliethoff – Member

Board members do not hold shares within Retrasib S.A. and are not remunerated and there were no loans or treasury advances to directors.

Transactions and intragroup balances

Intragroup financing is described in Note Loans.
Below is the breakdown of trade balances and transactions:

Transactions type: **Related parties**	**Description**	**Relationship**
SGB-Smit International GmbH	Loans and interest, various services	Immediate parent entity
STARKSTROM SGB	Sales transformers,coils, enclosures Sales of technical design services, transformer servicing Stock acquisition Purchasing design services	Belongs to the SGB Group (major shareholder)
SGB - Smit GmbH	Administrative support services in the fields: financial, production, procurement, controlling, HR, risk management, etc Guarantees received	
Royal TRANSFORMATOREN Smit BV	Materials acquisition, services provided	
SÄCHSISCH– BAYERISCHE Gmbh	Various services	
SGB MY DIN, Malaysia	Stock acquisition	

Balances 31/12/2020
Related parties

From sales/purchases of goods and services	Supplier (RON)	Customer (RON)
STRAKSTROM	-	9.161.354
SGB- SMIT GMBH	5.721.728	-
SGB- SMIT International	31.877	-
ROYAL TRANSFORMATOREN Smit BV	-	-
Sächsisch - Bayerische	1.194	-
SGB MALAYSIA	357.924	
TRAFO PROIECT	482.686	-
Total from sales/purchases of goods and services	**5.014.657**	**6.620.534**
From loans		
SGB- SMIT INTERNATIONAL – loan	5.025.221	-
SGB- SMIT INTERNATIONAL - interest	5.516.845	-
Total from loans	**10.542.066**	**-**

Transactions 2020
Related parties

From sales/purchases of goods and services	Purchase before VAT (RON)	Sales. excluding VAT (RON)
STRAKSTROM	4.389.840	106.049.702
SGB- SMIT MANAGEMENT	31.877	-
SGB- SMIT GMBH	4.347.108	-
ROYAL SMIT TRANSFORMATOREN	-	-
Sächsisch - Bayerische	1.194	-
SGB MALAYSIA	1.115.250	
Total from sales/purchases of goods and services	**9.885.269**	**106.049.702**
From loans		
STRAKSTROM - interest	-	-
SGB- SMIT INTERNATIONAL - interest	1.651.594	-
Total from loans	**1.651.594**	**-**

Balances 31/03/2021
Related parties

From sales/purchases of goods and services	Supplier (RON)	Customer (RON)
STARKSTROM SGB	-	8.740.355
SGB- Smit GmbH	6.657.177	-
SGB - Smit International	-	-
Royal TRANSFORMATOREN Smit BV	-	-
Sächsisch - Bayerische	-	-
SGB MALAYSIA	-	

SGB Transformers India Pvt. Ltd.	128.693	
TrafoProject	482.686	-
Total from sales/purchases of goods and services	**7.268.556**	**8.740.355**
From loans		
SGB- SMIT INTERNATIONAL - loan	5.082.703	-
SGB- SMIT INTERNATIONAL - interest	5.663.537	-
Total from loans	**10.746.240**	**-**

Transactions 31/03/2021
Related parties

From sales/purchases of goods and services	**Purchase before VAT (RON)**	**Sales. excluding VAT (RON)**
STARKSTROM SGB	3.379.707	24.844.154
SGB - Smit International	-	-
SGB – Smit GmbH	1.116.172	-
Royal TRANSFORMATOREN Smit BV	-	20.038
Sächsisch - Bayerische	-	-
SGB MALAYSIA	-	-
SGB Transformers India Pvt. Ltd.	128.693	-
Total from sales/purchases of goods and services	**4.624.572**	**24.864.192**
From loans		
STRAKSTROM - interest	-	-
SGB- SMIT INTERNATIONAL - interest	146.692	-
Total from loans	**146.692**	**-**

Key management personnel

At 31 March 2021 key management personnel are:
Mrs. Gherghel-Diaconeasa Claudia-Adela – General Manager
Mrs. Panaitescu Roxana Laura – Financial Manager
Mr. Sorin Frîncu – Operational Manager

In addition to their salaries and bonuses, the Company does not provide other non-cash benefits or share based payments to directors and executive officers and does not contribute to any post-employment defined benefits plan on their behalf. The Company paid to the management personnel during 3 month from 2021 a total remuneration of RON 93.169.
The Company will also pay to Management bonuses according to different criteria of perfomancy, after the approval of the annual financial statements for the year end 31 December 2020.

28 Construction contracts

The company measures the turnover and the related receivables and payables based on the long term contracts percentage of completion.
Starting January 2018, the company applies IFRS 15, which provides that in the balance sheet to be presented separately receivables and liabilities arising from construction contracts, as defined in the accounting policies.
The balance sheet position for ongoing construction contracts is as follows:

	31.mar.2021	**31.dec.2020**
Total costs carried out and recognised profits (less recognised losses)	87.524.476	87.524.476
Less: invoiced amounts	-63.536.159	-63.536.159
Net	**23.988.317**	**23.988.317**
Net position refers to:		
Receivables from construction contracts (note 7)	62.760.265	62.760.265
Liabilities from construction contracts (note 12)	-38.771.948	-38.771.948
Net	**23.988.317**	**23.988.317**

The Company uses the „percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

29 Financial instruments

Hedging contracts at 31 December 2019	Market values	Nominal values
Commodity Hedging – Copper	536.676	7.337.984

Gains and losses on hedged items	**2019**
Gains (-) and losses (+) on the hedged copper	-
Gains (-) and losses (+) on the hedged foreign currencies	-
Hedge effects in equity, net of deferred tax	830.458
Hedge expense in the income statement	98.959

Breakdown of positive and negative market values of derivates recognized in BS in cash flow and fair value hedges	**31.dec.2019**
Positive market values from hedge accounting	**549.722**
thereof cash flow hedges	549.722

thereof fair value hedges	-
Negative market values from hedge accounting	**-13.046**
thereof cash flow hedges	-13.046
thereof fair value hedges	-

Hedging contracts at 31 December 2020	Market values	Nominal values
Commodity Hedging – Copper	1.314.397	5.340.495

Gains and losses on hedged items	**2020**
Gains (-) and losses (+) on the hedged copper	-
Gains (-) and losses (+) on the hedged foreign currencies	-
Hedge effects in equity, net of deferred tax	653.286
Hedge expense in the income statement	159.188

Breakdown of positive and negative market values of derivates recognized in BS in cash flow and fair value hedges	**31.dec.2020**
Positive market values from hedge accounting	**1.314.397**
thereof cash flow hedges	1.314.397
thereof fair value hedges	-
Negative market values from hedge accounting	**-**
thereof cash flow hedges	-
thereof fair value hedges	-

To avoid price fluctuations that have a negative effect, the Company uses hedging instruments to minimize the risk. As of 31 December 2020, the Company had 12 active hedging contracts for commodity, copper.

Trade receivables neither past due nor impaired	**31/03/2021**	**31/12/2020**
Group 1	611.402	611.402
Group 2	26.232.850	26.232.850
Group 3	275.833	275.833
Total unimpaired trade receivables	**27.120.085**	**27.120.085**

Group 1 – new customers/related parties
Group 2 – existing customers/related parties with no defaults in the past.
Group 3 – existing customers/related parties with some defaults in the past.

All balances were fully recovered. None of the financial assets that are fully performing has been renegotiated in the last year. Details on trade receivables impaired and past due but not impaired can be seen in Note 7.
The risk management activity within the Company is performed in relation to financial risks, operating risks and legal risks. The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

Risks identified by the company are:

a) Currency risk
b) Liquidity risk
c) Credit risk
d) Interest risk
e) Capital risk management

a) Currency risk

The Company performs transactions expressed in different currencies, mainly in EUR. Hence, there is the risk of fluctuations in the exchange rates. The exposures to the exchange rate are managed according to the approved policies.

The company's indebtedness in euros represents a balance sheet exposure to the risk of exchange rate RON / EUR.
An increase in the exchange rate would generate foreign exchange losses on balance sheet exposure but would have positive operational effect because a major part of the sale prices are set in EUR while most costs are in RON. The main costs are represented by raw materials where the acquisition prices are denominated in EUR.

Sensitivity analysis

10% is the sensitivity rate used when the internal reporting on the foreign currency risk to the Company is done and it represents the management estimate on the reasonably possible changes in exchange rates. The sensitivity analysis only includes the remaining foreign currency expressed in monetary items and adjusts the conversion at the end of the period for a 10% change in exchange rates.
A strengthening of RON against the above currencies with 10% will have positive foreign exchange effect of RON 2.676.566 (31/03/2020: 9.000.919 RON). A 10% depreciation of the RON against the above currencies will have an equal opposite impact on loss for the year. The changes will be attributable to the exposure related to the intercompany loans, cash and cash equivalents and trade receivables and payables with foreign partners at the end of the year. This analysis assumes that all other variables, in particular interest rates, remain constant.

b) Liquidity risk

Liquidity risk is the ability of the Company to finance asset growth and / or meet its obligations when they become due and liquidity management is an integral part of the management of assets and liabilities.

This risk of loss, can lead to inability to meet payment on short term without expensive bank loans.

Liquidity analysis is carried out according to weekly payments and receipts and is correlated with cash needs. Management decided to use short term loans to finance the working capital because the products are made with long manufacturing cycle and between the time when an order is released and the one that collects production financing is needed.

Liabilities 31.dec.2020	**Below one year**	**1-5 years**	**Over 5 years**
Interest bearing			
Bank loans	38.954.054	-	-
Financial lease from Group	550.188	1.224.500	757.372
Short-term intra-group loans	5.025.221	-	-
Future interest	2.131.376		
Non-interest bearing			
Short-term trade payables	93.546.767	-	-
Other liabilities	8.043.975	-	-
Total	**148.251.581**	**1.224.500**	**757.372**

Liabilities 31.mar.2021	Below one year	1-5 years	Over 5 years
Interest bearing			
Bank loans	43.777.275	-	-
Financial lease from Group	477.653	1.192.289	750.385
Short-term intra-group loans	5.082.703	-	-
Future interest	2.375.514		
Non-interest bearing			
Short-term trade payables	103.470.903	-	-
Other liabilities	8.441.014	-	-
Total	**163.625.062**	**1.192.289**	**750.385**

The company has disclosed in note 14 the credit limits and the portion yet undrawn from them, which represents available funding to cover liquidity needs.

c) Credit risk

Credit risk relates to the risk that a counterparty will not meet its obligations causing financial losses to the Company. The Company has adopted a policy of performing transactions only with trustworthy parties and of obtaining sufficient guarantees, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Company's exposure and the credit ratings of third parties to contracts are monitored by the management.

Trade receivables consist in a number of clients from energy industry and different geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

The cash is held in financial institutions which, at the date when it is deposited, are considered to have the lowest reimbursement risk.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Company, beyond the provisions already recorded

The company has signed contracts with law firms to assist in collecting debts in due time. Currently there is no trial pending with regards to the colleaction of accounts receivables.

Our company's customers are companies of national interest or companies investing in industry with capital and financial strength, thus it is considered that cashing risk is low and has little chance to influence the activity of the company, although there are occasionally notices on delays in collection.

Receivables by age	31/03/2021	31/12/2020
not due	19.348.400	26.601.632
0-30 days	4.505.343	422.726
31-60 days	689.053	90.476
61-90 days	3.587.393	-
> 90 days	305.906	300.064
Grand Total	**28.436.095**	**27.414.899**

d) Interest risk

Accessed loans are due to insufficient liquidity and the specificity of manufacturing segment - long manufacturing cycle, whereas accounts receivables are booked and collected at the latter stage of contract performance.

Accessed loans are aimed mainly to cover the purchase of raw materials and cover liquidity up to the collection of receivables.

The company has access to a Global Exploitation Ceiling contracted with the financing bank. The Global Exploitation Ceiling includes both credit line for the current activity and letters of bank guarantee.

This ceiling is guaranteed by a pledge on the buildings and inventories.

Exposure to interest rate risk	RON		Sensitivity to interest rate variation 1p%
Intercompany loan with fixed interest	5.082.703		50.827
Financial lease with fixed interest	2.420.328		
Bank loans with variable interest	43.777.275	ROBOR plus 2%	437.773

The company is meeting the financial convenants set by the Bank financing agreements.

e) Capital risk is analyzed based on the gearing ratio. This ratio is calculated as net debt divided by equity. The net debt is represented by the total loans less the cash and cash equivalents.

	31/03/2021	**31/12/2020**
Equity as at 31 December	**2.095.030**	**2.095.030**
Bank loans	43.777.275	38.954.054
Intercompany loans	5.082.703	5.025.221
Financial lease	2.420.328	2.532.061
Less cash and cash equivalents	-2.878.936	-909.148
Total debt	**48.401.369**	**45.602.189**
Level of indebtedness (gearing ratio)	**23,10**	**21,77**

CEO
Gherghel-Diaconeasa Claudia-Adela

CFO
Panaitescu Roxana-Laura