



Auditeval Consulting s.r.l. **SIMTEX-OC**
ISO 9001 REGISTERED C.3264.1

Bacău, Str. Vadul Bistriței 29/C/4 Mobil: 0744 / 381.993 E-mail: dascalumaric@gmail.com
Nr. Înregistrare Registrul Comerțului J04/1836/2008 CUI: RO 24600940 Capital social: 200 lei
Intesa Sanpaolo România sucursala Bacău RO64 WBAN 0204 1V03 7508 R001
TREZORERIA BACĂU RO84 TREZ 0615 069X XX00 5679

INDEPENDENT AUDITOR'S REPORT

**on the financial statements as at
December 31st, 2023**

by

AEROSTAR SA

**Note: This is the English translation of the Romanian version of the auditor's report.
In case of any discrepancies, the Romanian version will prevail.**



Auditeval Consulting s.r.l.

SIMTEX-OC
ISO 9001 REGISTERED C.3264.1

Bacău, Str. Vadul Bistriței 29/C/4 Mobil: 0744 / 381.993 E-mail: dascalumaric@gmail.com
Nr. Inregistrare Registrul Comerțului J04/1836/2008 CUI: RO 24600940 Capital social: 200 lei
Intesa Sanpaolo România sucursala Bacău RO64 WBAN 0204 1V03 7508 R001
TREZORERIA BACĂU RO84 TREZ 0615 069X XX00 5679

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AEROSTAR S.A. Bacău

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AEROSTAR S.A. Bacău (the "Company")**, with the registered office in Bacău, no. 9, Condorilor Street, identified at the Trade Register with J04/1137/1991 and identified by the unique tax registration code RO950531, which includes the statement of financial position as at December 31st, 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year ended on the same day and the notes to the financial statements, including a summary of significant accounting policies.

The individual financial statements as at December 31st, 2023, are identified as follows:

Net assets/Total Equity: 551.957 thousand RON,

Net profit for the year: 93.028 thousand RON.

In our opinion, the accompanying financial statements of the company **AEROSTAR S.A. Bacău** faithfully present, in all material respects, the financial position of the Company as at December 31st, 2023 as well as its financial performance and cash flows for the financial year ended on this date, in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EUs and with the accounting policies described in the notes to the financial statements.

Basis for our opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA"). EU Regulation no. 537 of the European Parliament and of the Council (hereinafter called "Regulation") and Law no. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent from the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to

the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit aspects

The key audit aspects are those aspects that, based on our professional judgment, were of the greatest importance for auditing the financial statements for the current period. These aspects have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on these key aspects.

Key audit aspects	Audit procedures performed to address the key audit matter:
1. Provisions	
<p>The provision recognition policy is presented in Note 3-Accounting and valuation principles/3.2 - "Applied accounting policies-accounting policies regarding provisions" and Note 13-"Provisions".</p> <p>As presented in Note 13 to the Financial Statements, the Company registered on December 31, 2023 provisions in the total amount of 102.574 thousand lei.</p> <p>The estimation of a provision involves significant professional judgments on the part of the Company Management regarding the likely results of the relevant events and the quantification of the related probable obligations.</p> <p>Due to the importance of the amounts reported in the Provisions statement and to the fact that, by their nature, provisions imply a significant degree of professional judgment, we consider that they represent a key aspect for the audit of the financial statements concluded on 31 December, 2023.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - We analysed the current obligations of the Company on the basis of which the provisions were recognized; - We analysed the professional reasoning used by the Company Management in determining the probable results of the events and quantifying the potential obligations; - We identified the recognition criteria as they were detailed in the calculation made by the company during the audited period. <p>The recognition criteria in the financial statements are logical and prudent approaches of the company regarding the risks in the conditions of an economy affected by the post-pandemic and geopolitical crisis.</p> <ul style="list-style-type: none"> - We obtained from the legal department of the company, where it was the case, a point of view regarding the settlement of the current litigations, as well as the best

	<p>estimate of the consideration needed to settle the obligations arising from these litigations;</p> <ul style="list-style-type: none"> - We analysed the maturity of the obligations that were the basis for the setting up the provisions and their short-term and long-term classification. - We identified the exhaustiveness and accuracy of the provisions as a significant risk in terms of the audit, we reviewed the procedures performed and discussed the recognition criteria with the management of the company.
<p>2. Production in progress</p>	
<p>Due to the specificity of the activity, there is a risk that the over- or under-valuation and reporting of the ongoing production will influence the result of the current exercise of the company activity and implicitly the continuity of its activity.</p>	<ul style="list-style-type: none"> - We addressed the recognition in the audited period of the production cost and we checked the criteria used by the company for its evaluation and recognition in the financial statements (IAS-2), finding that they are adequate. - We checked these recognition criteria as they are detailed in the determination of the ongoing production by the company, we reviewed the applied procedures and we found that they cannot have significant misstatements. <p>The evaluation of the ongoing production was carried out at the production cost, which is lower than the net achievable value under normal conditions of the company activity.</p>

Other Information - Administrators' Report

6. The Administrators are responsible for compiling and presenting the Other Information. The Other Information includes the Administrators' Report, which also includes the non-financial statement, as well as the Remuneration Report, but does not include the financial statements and the auditor's report on it.

The Other Information includes the Administrators' Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this Other Information and, except for the case where it is explicitly mentioned in our report, we do not express any kind of assurance conclusion regarding them.

In connection with the audit of the financial statements for the financial year ended December 31, 2023, it is our responsibility to read such other information and, in doing so, to assess whether the Other Information is materially inconsistent with the financial statements, or with the knowledge that we have obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators' Report, which also includes the non-financial statement, we have read and reported whether it was drawn up, in all significant aspects, in accordance with OMFP 2844/2016, points 15-18, respectively 39-42, of the Accounting Regulations compliant with International Financial Reporting Standards.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

a) The information presented in the Administrators' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;

b) The Administrators' Report, which also includes the non-financial statement, was drawn up, in all significant aspects, in accordance with the information required by OMFP 2844/2016, points 15-19, respectively 39-42, of the Regulations accounting compliant with International Financial Reporting Standards.

c) The remuneration report has been prepared, in all significant aspects, in accordance with the provisions of Law no. 24/2017, articles no. 106-107.

Moreover, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2023, we are required to report whether we have identified material misstatements in the Administrators' Report. We have nothing to report on this matter.

Responsibilities of management and those responsible for the governance for the Financial Statements.

7. The Company's management is responsible for preparing the financial statements that provide a true and fair view in accordance with OMFP 2844/2016 and for such internal control as the management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity based on the going concern principle, for the presentation, if necessary, of the aspects related to the continuity of the activity and the adequacy of the use of the accounting principle of the continuity of the activity, only if the

management does not intend to liquidate the Company or stop its operations, or has no other realistic alternative apart from them.

The company does not intend and there are currently no reasons to reduce or stop its activity. There are no commercial or other disputes affecting the continuity of the activity, and the financing resources, the working capital and the workforce necessary for the further development of an efficient activity are ensured.

9. Those responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities in an Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

11. As part of an ISA-compliant audit, we exercise professional judgment and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and circumvention of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We formulate a conclusion regarding the adequacy of management's use of accounting based on business continuity and we determine, based on the audit evidence obtained, whether there is significant uncertainty' about events or conditions that could raise significant doubts about the Company's ability, to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, we must change our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease operations on a going concern basis.

- We evaluate the overall presentation, structure and content of the financial statements, including the presentation of information, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a faithful presentation.

12. We communicate to those responsible for governance, among other things, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

13. We also provide those charged with governance with a statement of our compliance with the ethical independence requirements and disclose to them all relationships and other matters that could reasonably be considered to affect our independence and, where appropriate, any related protective measures.

14. Among the issues we have communicated to those charged with governance, we identify those issues that were most important in the audit of the current financial statements and are therefore key audit issues. We describe these aspects in our audit report, unless the applicable legislation or regulation prevents the public disclosure of the matter in question or unless, in extremely rare circumstances, we believe that a matter should not be disclosed in our report because the benefits to the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission (Regulatory Technical Standard on the Single European Electronic Reporting Format or "ESEF")

15. In accordance with Law no. 162/2017 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and the amendment of some normative acts, we are asked to express an opinion regarding the conformity of the financial statements included in the annual report of the financial year ended on December 31, 2023, with the requirements Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards regarding the specification of a single electronic reporting format ("RTS requirements with regarding the ESEF").

We performed a reasonable assurance commitment on the compliance of the individual financial statements presented in XHTML format of AEROSTAR SA (the Company) for the financial year ended on December 31, 2023, with the requirements of Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 for completion of Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards regarding the specification of a single electronic reporting format ("ESEF Regulation") as presented in the digital files.

These procedures refer to the testing of the format and the consistency of the electronic format of the individual financial statements (XHTML) with the audited individual financial statements and the expression of an opinion on the conformity of the electronic format of the

Company's financial statements for the financial year ended on December 31, 2023 with the requirements of the ESEF Regulation.

Management's Responsibility

16. The Company's management is responsible for the preparation of financial statements in digital format that comply with RTS(Regulatory Technical Standards) requirements regarding ESEF. This responsibility includes the preparation of financial statements in the applicable XHTML format, including ensuring consistency between digital financial statements and signed financial statements and the design, implementation and maintenance of internal controls relevant to the application of RTS requirements with respect to ESEF.

This responsibility includes:

- ✓ design, implementation and maintenance of internal control relevant for the application of RTS(Regulatory Technical Standards);
- ✓ ensuring compliance between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

The persons in charge of governance have the responsibility of supervising the financial reporting process regarding the preparation of individual financial statements, including the application of the ESEF Regulation.

Auditor's Responsibilities

17. We have the responsibility to express a conclusion on the extent to which the financial statements included in the annual financial report are in accordance with with RTS requirements regarding ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS requirements regarding ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions provided in the ESEF, caused either by fraud or error. A reasonable assurance engagement includes:

- acquiring an understanding of the Digital Files preparation process in accordance with ESEF, including the relevant internal controls;
- the reconciliation of the Digital Files with the Company's audited financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments;
- evaluating whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

Opinion

18. In our opinion, the financial statements for the fiscal year ended on December 31, 2023 included in the annual financial report and presented in the Digital Files comply, in all significant aspects, with the requirements of RTS requirements with respect to ESEF.

In this section, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the Company's financial statements for the financial year ended December 31, 2023 is included in the Report on financial statements section above.

Other aspects

19. This independent report is addressed exclusively to the Company's shareholders, as a whole. Our audit was carried out in order to be able to report to the Company's shareholders those aspects that we must report in a financial audit report, and not for other purposes.

To the extent permitted by law, we accept and assume responsibility only towards the Company and its shareholders, as a whole, for our audit, for this report or opinion.

Report on other legal and regulatory provisions

17. We were appointed auditors of the Company by the General Shareholders' Meeting of dated June 16, 2022 to audit the financial statements of AEROSTAR SA for the financial year ended on December 31, 2022. On May 17, 2023 our appointment was extended for a period of 3 years, for the years ending December 31, 2023, December 31, 2024 and December 31, 2025. The total uninterrupted duration of our commitment is 2 years covering the financial year ended on December 31, 2022 and December 31, 2023.

We confirm that:

- Our audit opinion on the individual financial statements expressed in this report is in accordance with the additional report presented to the Company's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity;
- We have not provided for the Company the prohibited **non-audit services** referred to in Article 5 (1) of EU Regulation No 537/2014.

In the name of AUDITEVAL CONSULTING SRL

Registered with the Public Supervisory Authority of the Statutory Audit Activity (ASPAAS) in the electronic Public Register of financial auditors and audit firms with number FA1865

through

Audit partner: financial auditor Maricel Dascalu

Activitatea de Audit Statutar (ASPAAS)
Auditor financiar:
MARICEL DASCALU
Registrul Public Electronic: AF2229

Registered with the Public Supervisory Authority of the Statutory Audit Activity (ASPAAS) in the electronic Public Register of financial auditors and audit firms with number AF2229 Bacău, March 12, 2024

Activitatea de Audit Statutar (ASPAAS)
Firma de Audit: Societatea
AUDITEVAL CONSULTING S.R.L.
Registrul Public Electronic: FA865