



# AEROSTAR S.A. BOARD OF DIRECTORS' REPORT

1st SEMESTER 2022

9, Condorilor Street,  
Bacău 600302, Romania  
Web/e-mail [www.aerostar.ro](http://www.aerostar.ro), [aerostar@aerostar.ro](mailto:aerostar@aerostar.ro)

Telephone/Fax number:  
004-0234 575070/004-0234 572023

The Report of the Board of Directors was prepared in accordance with the provisions of Law 24/2017 referring the issuers of financial instruments and market operations and Regulation A.S.F. no. 5/2018 of the Financial Supervisory Authority, regarding the issuers of financial instruments and market operations, Appendix 14, respectively, the applicable reporting requirements and the guidelines described in the European Commission's Communication.

**Date when the company was established:**

April 17 1953

**European Unique Identifier of the company**

(EUID): ROONRC.J04/1137/1991,

LEI identification code as a legal entity is  
315700G9KRN3B7XDDBB73;

**Subscribed and paid-up share capital:**

48.728.784 RON;

**Unique Registration Code** 950531, code ISIN  
ROAEROACNOR5,

**The activities are carried out at the registered office**, located in Bacău, 9  
Condorilor Street, post code 600302;

Since January 2018, AEROSTAR also has a  
secondary registered place of business  
(workplace) within the premises of the  
International Airport of Iași;

**The main field of activity of the company** is  
production. The main object of activity of the  
company is "Manufacture of aircraft and  
spaceships" - **code CAEN 3030**.

**The individual financial statements** prepared  
for the first semester of 2022 are accompanied  
by the external independent financial auditor's  
report.

**Applicable accounting standards:**

The individual financial statements are  
prepared in accordance with the provisions of  
the International Financial Reporting  
Standards (IFRS) adopted by the European  
Union, the Accounting Law no. 82/1991,  
republished with its subsequent amendments  
and supplements and they are presented in  
compliance with the requirements of IAS 1  
(Note 3);

**AEROSTAR S.A.** is listed on the Bucharest  
Stock Exchange under the symbol ARS, all the  
shares being issued in the Standard category.  
The record of its shares and shareholders is  
kept, as provided by law, by S.C. Depozitarul  
Central S.A. București.

**Reporting Period:** 1st semester,  
1 January – 30 June 2022.

The purpose of this report is to inform the investors about the changes in the company's status and performance that took place in the reporting period January-June 2022, as well as regarding the foreseeable evolutions on the defence and aviation industry market and in relation to the company's development opportunities.

AEROSTAR has a recognized footprint in the aviation field, by actively taking part in global manufacturing programmes in the aeronautical industry and maintenance programmes at industrial level for civil and military aircraft.

Having an experience of almost 7 decades, the AEROSTAR business focuses on improving its performance through the employees' continuous improvement and development in the spirit of integration, innovation and initiative. We focus on accomplishing our mission to meet our customers' requirements and expectations, via continual improvement actions at all levels.

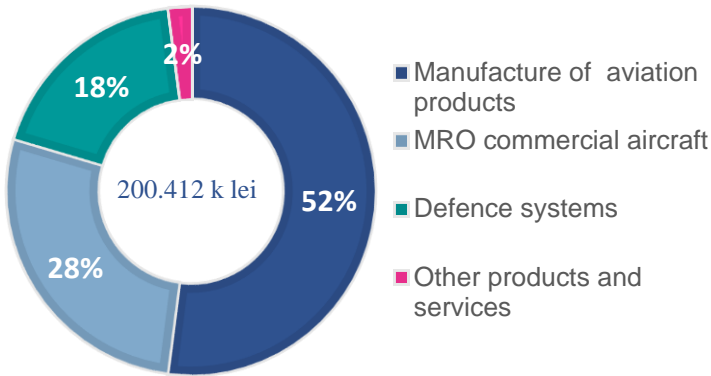
The information about the company is disseminated simultaneously, as per the provisions of the Corporate Governance Code, both in Romanian and in English. The shareholders can obtain information about AEROSTAR S.A. and the main events on the company's website [www.aerostar.ro](http://www.aerostar.ro).

## **I-ST SEMESTER 2022**

Board of Directors' Report .....	4
Individual Financial Statements	
External Auditor's Revising Report	

**I-ST SEMESTER**  
**January-June 2022**

**BUSINESS LINES**



**SALES**

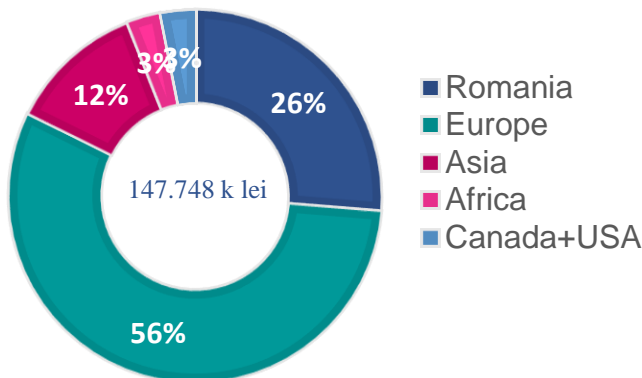
**NUMBER OF EMPLOYEES**  
**1797**

**ATTENDANCES IN TRAINING SESSIONS**  
**2635**

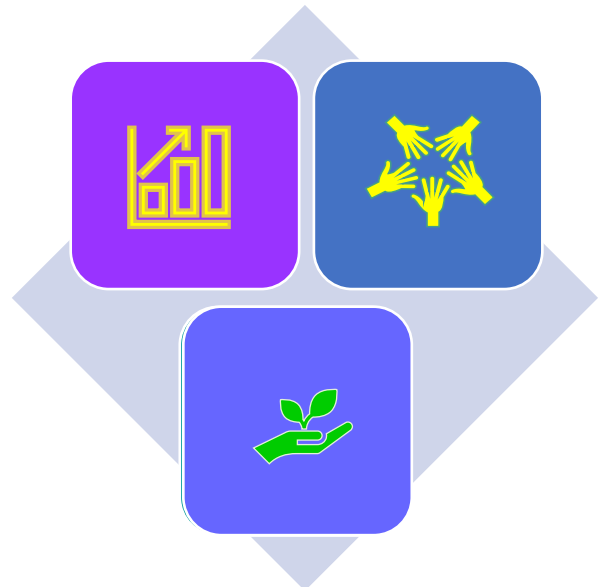
**WORK ACCIDENTS**  
**ZERO**

**SALARY INCREASES**  
**15,5%**

**EXPORT**



**PRIORITIES**



**ARS SHARE**  
**7.8 lei**

**INVESTMENTS**  
**3.913 k lei**

CONSOLIDATING AEROSTAR'S POSITION AND ACTIVITIES GLOBALLY;  
 MAINTAINING THE STABILITY OF THE WORKFORCE;  
 MITIGATING THE ENVIRONMENTAL IMPACT VIA A CONTINUOUS IMPROVEMENT OF THE INDICATORS.

**13 March**

The negotiations between the Administration of the Company AEROSTAR S.A. and the Employees' Committee for the Collective Labour Agreement 2022-2024 were finalized. This Agreement stipulates a package of benefits designed to cover the dynamics of the employees' needs and requests as well as salary increases of **15.5 %**. The new provisions have been enforced as of **April 1, 2022**;

**16 June**

The Ordinary General Meeting of the Shareholders took place in accordance with the applicable legal regulations. The shareholders of the company AEROSTAR S.A. approved unanimously by the votes validly cast (secret votes) the extension of the mandate for:

**Grigore HOROI, Mihai DEJU and Daniel BOTEZ** as members of the Audit Committee, appointed by the Resolutions of the General Meeting of 13 August 2020 as per article 65 of Law no. 162/2017 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements, until 10th of July 2024.

The shareholders of the company AEROSTAR S.A. approved unanimously by the votes validly cast (secret votes) the decisions to appoint the Company **Auditeval Consulting S.R.L.** as a financial auditor and to conclude the financial audit agreement for a minimum period of 1 (one) year, with the option to extend it by an Additional Act approved by the Company's Board of Directors.

The draft resolutions, the material subject to the approval of AGA and the forms requested by AEROSTAR are uploaded on the company's website [www.aerostar.ro](http://www.aerostar.ro), under Section Investors Relation.

---

**Events after the reporting date**

---

After the reporting date there were no records of events likely to impact the financial statements concluded on 30 June 2022.

---

**Business Model**

---

The policy of the company's top management is focused on maintaining a solid capital basis in order to support the company's continuous development and to increase its opportunities in the context of the global market and its competitive edge via quality, capabilities, high technologies for a continuous organized development and implicitly to reach its strategic objectives.

The business model adopted by the company is an integrated business model, based on a RISK-based mentality.

The global economy has faced two simultaneous systemic crises: the climate changes and the Covid-19 pandemic. To these crises the war in Europe adds major economic challenges. The oil and fuel price increases also contribute to a global inflation increase and the labour shortage creates short-term challenges in terms of costs and operations.

### *External environment*

The first 6 months of the year 2022 brought about significant changes in our business environment. Concerning the demand of products and services provided by AEROSTAR, a selective increase was noticed.

Thus, in the civil aviation production area, the production programmes related to the single-aisle aircraft Airbus A320/321, as well as the range of business airplanes exhibit a significant growth. On the other hand, the demand for programmes related to large-size aircraft, Boeing B878, Airbus A350, A330 either remained constant or decreased. The air traffic recovery, especially on the regional routes also led to consolidating the demand of MRO services from the air operators.

As for the supply chains, the suppliers of products and services did not manage to recover the production capacity they had before the Covid pandemic in 2019, mainly because of the shortage of qualified human resource. Moreover, the increased production costs and rising general inflation led to an uncertainty related to future costs and therefore, the suppliers' reluctance about making long-term commitments.

### *Price increases*

This period of time witnessed a rising trend in the prices of energetic products, electrical energy, gas and oil products. This trend was also entertained by the conflict in Ukraine and the subsequent sanctions. The main challenge for this period will be to keep costs under control.

### *The war crisis in Europe*

The many negative effects of the conflict in Ukraine also include disruptions in the supply chains. The main effects for AEROSTAR will be reflected in the ferrous metallurgical products, Ukraine and Russia being major sources of base metals and alloying products. From this point of view a price increase of the aluminium alloys and steels was noticed, while for titanium, the aeronautical industry is looking for solutions.

### *The impact of the Covid pandemic*

Even if most governments lifted restrictions, there are still concerns that a new variant might lead to the reintroduction of travelling restrictions. AEROSTAR monitors the evolution of the COVID-19 pandemic and will continue to evaluate all future impacts.

### *Climatic impact*

Climatic changes represent one of the major global challenges we are facing. AEROSTAR assesses continuously the potential impacts of the identified environmental risks and opportunities in the operations carried out. As far as the reporting period is concerned, there was no significant impact on the Company's assets and liabilities.

**Internal environment**

The labour shortage in the aviation industry remains a real problem and challenge taking into consideration the need for qualified & specialised personnel and the high level of professional training and experience required by the specific activities in the field.

**Prospects**

The company prospects largely depend on the global context and the evolution of key factors. The pandemic situation as well as the global economic and geo-political crisis did not alter AEROSTAR's commitment about the established responsibilities. AEROSTAR is committed to fully ensuring the business continuity, by acting through integrated steps at the level of the management system and by monitoring continuously the global economic and financial imbalances.

**Our employees****EMPLOYEES**

1797 employees  
29% women  
71% men  
44 years old, average weight of employees  
64% average union membership  
0 labour accidents

**GENDER DIVERSITY**

25,7 % women in the management structure  
74,3% men in the management structure  
  
Age diversity  
17% age up to 31  
42% age between 31-50  
41% age over 51

**PROFESSIONAL TRAINING**

1013 employees included in professional training programmes  
35 hours of training/employee  
  
Internships completed  
500 pupils  
69 students

The human resource is an important factor in the company performance, effectiveness, evolution and development. AEROSTAR is involved in supporting the employees, their professional development, hiring and keeping them in the organization through the preoccupations included in the development strategy and performance evaluation.

Thanks to the policies adopted in terms of human resources, the company provides equal opportunities for all its employees, without discrimination, as far as their professional career or any other work practice is concerned.

At the same time, by recognizing the importance of stable employment for employees and equally for the local community, in AEROSTAR 85,7% of the individual labour agreements are concluded for an indefinite period of time, thus avoiding the excessive use of temporary manpower.

During the reporting period of the first semester of 2022, no labour accidents were recorded in AEROSTAR. Aerostar consistently takes actions to reduce the risks of accidents and diseases and applies in its activity internal norms and regulations that ensure compliance with the legal provisions as well as prevention and protection plans against the Coronavirus.

### Employees' benefits

The Collective Labour Agreement for the period 01.04.2022 – 31.03.2024 stipulates a package of benefits that covers the dynamics of the employees' needs and requests and salary increases by 15.5%.

### The Covid-19 pandemic

In order to protect its employees against Coronavirus infections, AEROSTAR continued to enforce the General Plan of Measures with its specific regulations.

---

## Executive Management

---

The executive management is assured by the General Director and the Financial Director. The management structure at operational-executive level is complemented by the other division and directorate managers. There were no changes in this structure in the reporting period.

The executive management is composed of:

Name	Position
Filip Grigore	General Director
Damaschin Doru	Financial-Accounting Director
Rogoz Vasile Laurențiu	Quality Director
Popa Dan Paul Mălin	HR Director
Filip Alexandru	Logistics Division Director
Buhai Ovidiu	Defence Systems Division Director
Iosipescu Șerban	Aeronautical Products Division Director
Veleşcu Ioan - Dan	MRO Civil Aviation Division Director
Branche Cătălin Bogdan	Utilities & Infrastructure Division Director

---

## Board of Directors

---

The Board of Directors of AEROSTAR S.A. was elected for a period of four years at the General Meeting of Shareholders of 9 July 2020. The election was carried out by secret vote, with a mandate valid until 10.07.2024.

The Board of Directors is composed of:

Name	Position
Filip Grigore	President
Damaschin Doru	Vice-president
Toncea Mihail-Nicolae	Member
Doroș Liviu- Claudiu	Member
Vîrnă Daniel	Member

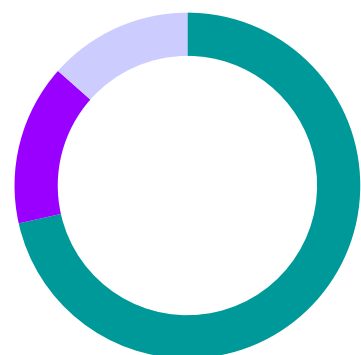
---



The main shareholders of the company AEROSTAR S.A. are IAROM S.A. Bucharest and EVERGENT Investments S.A. Bacau.

This year there have been no subscriptions of new shares and no issues of participation certificates, convertible bonds, options or similar rights.

## Shareholders of AEROSTAR



Shareholder	Number of shares	Participation held %
IAROM S.A.	108,854,869	71.48%
Evergent Investments S.A	23,112,232	15.18%
Other shareholders	20,310,349	13.34%
<b>Total</b>	<b>152,277,450</b>	<b>99,98%</b>

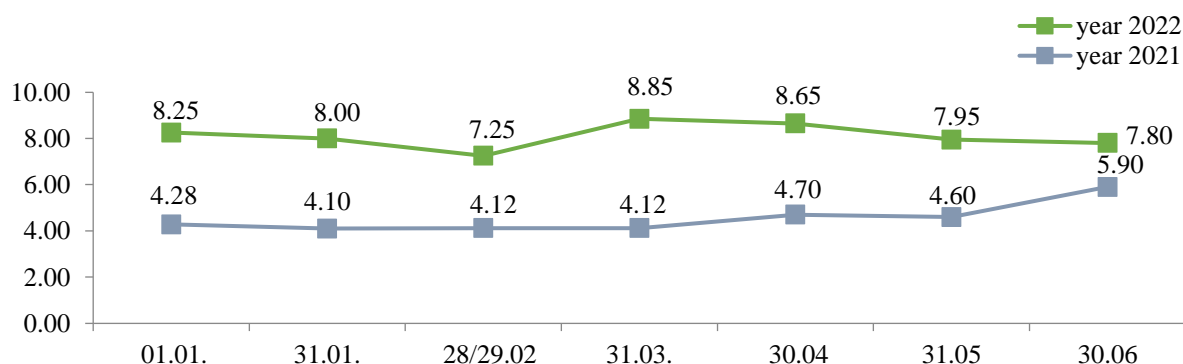
There are no litigations with the above-mentioned persons.

The shareholders can obtain information about AEROSTAR S.A. and the main events from the company website [www.aerostar.ro](http://www.aerostar.ro).

## AEROSTAR share

The shares of the company Aerostar S.A. Bacau have been traded since 1998 on the regular market administrated by the Bucharest Stock Exchange, with the stock exchange symbol ARS.

Aerostar shares - in figures	30.06.2022	30.06.2021	30.06.2020
Number of shares	152.277.450	152.277.450	152.277.450
Nominal value per share (lei)	0,32	0,32	0,32
Price at the end of the period (lei)*	7,80	5,90	3,80
Stock exchange capitalization (lei)	1.187.764.110	898.436.955	578.654.310
Maximum price (lei)*	9,50	6,00	5,70
Minimum price (lei)*	7,20	4,00	3,00
Result per share (lei)	underway	0,236	0,209



Monthly evolution of reference price of the ARS shares in the first semester of 2022 compared to the same period of the year 2021 (lei/share):

AEROSTAR prepares its individual financial statements in accordance with the international financial reporting standards IFRS (Note 3).

## Key figures

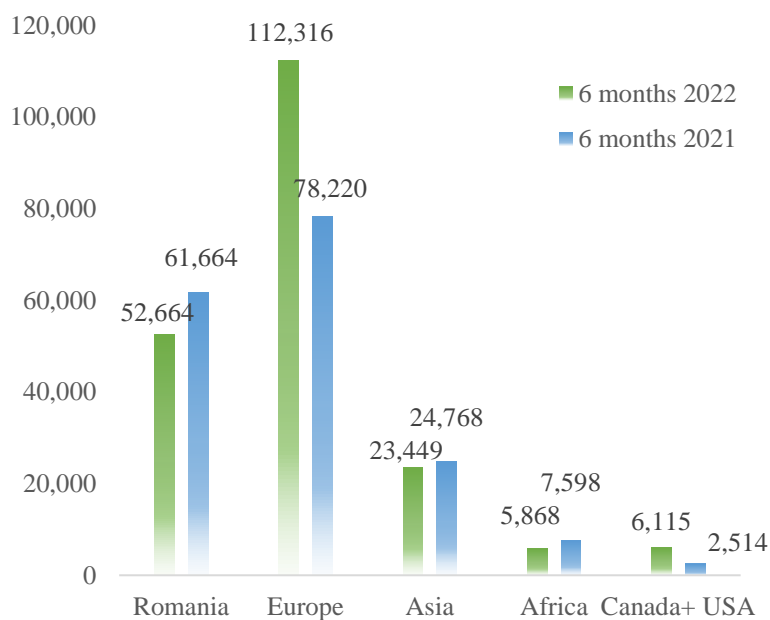
	UM	30.06.2022	30.06.2021
Share capital	k lei	48.729	48.729
Turnover	k lei	200.412	174.764
• Export sales	k lei	147.748	113.100
• Share of export in turnover	%	74%	65%
Total number of employees	no.	1.797	1.644
Net profit	k lei	48.829	35.998
Cash - flow	k lei	237.934	239.535
General liquidity	k lei	7.74	9,44
Expenses for investments from own sources	k lei	3.913	3.613

## Indicators

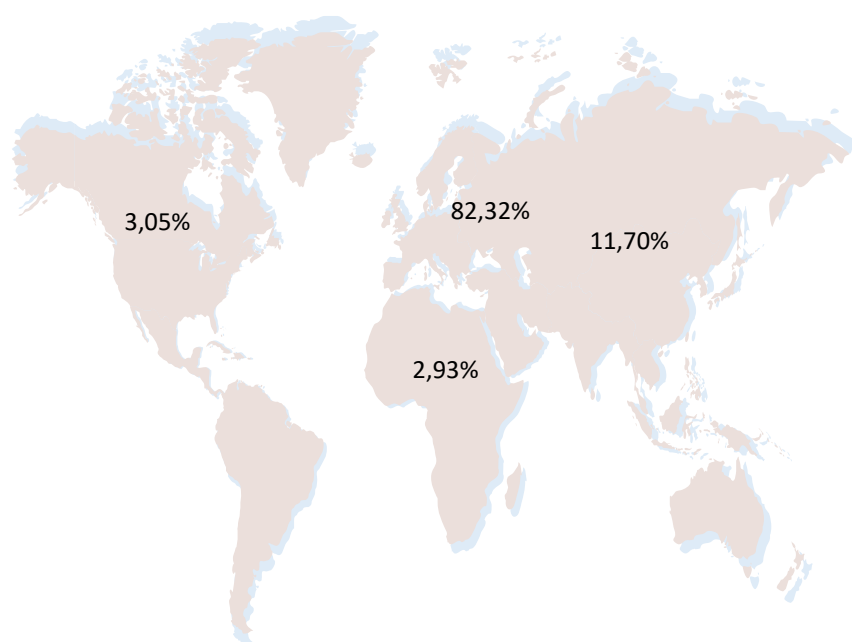
Economic-financial indicators	Result 30.06.2022	Result 30.06.2021
Current liquidity	7,74	9,44
Indebtedness turnover ratio	0	0
Receivables turnover ratio – customers	56	47
Fixed assets turnover ratio	0,94	0,97
General solvency rate	11,63	14,04
Financial rate of return	0,11	0,09
Net profit rate	24,36%	20,60%
Net treasury	74,415 k lei	63.680 k lei

	UM	30.06.2022	30.06.2021
Average exchange rate EURO/6 months *	lei/EUR	4,9456	4,9004
Average exchange rate USD/ 6 months*	lei/USD	4,5229	4,0647
Average exchange rate GBP/6 months*	lei/GBP	5,8742	5,6443
Inflation (compared to the end of the year preceding the reporting)	-%	9,98	3,42
Inflation (compared to the similar previous period)	-%	15,05	3,94

## Semestrial performance in sales



Results in total sales on the sales markets of Aerostar



Share of AEROSTAR business in total sales

AEROSTAR's customers are located in Europe, Asia, Africa, USA and Canada.

## Turnover

Turnover obtained in Semester I 2022:

An increase by 200.412 k lei compared to the same period of last year.

## Sales

In the first semester of 2022, AEROSTAR sold products and services on the domestic market in the amount of 52.664 thousand lei, and on the foreign market in the amount of 147.748 thousand lei. About 74% of the sales represent export sales. Compared to the first semester of year 2021, the export sales percentage was affected in Asia and Africa, but significant increases were recorded in the sales percentage on the market from Europe and Canada+USA.

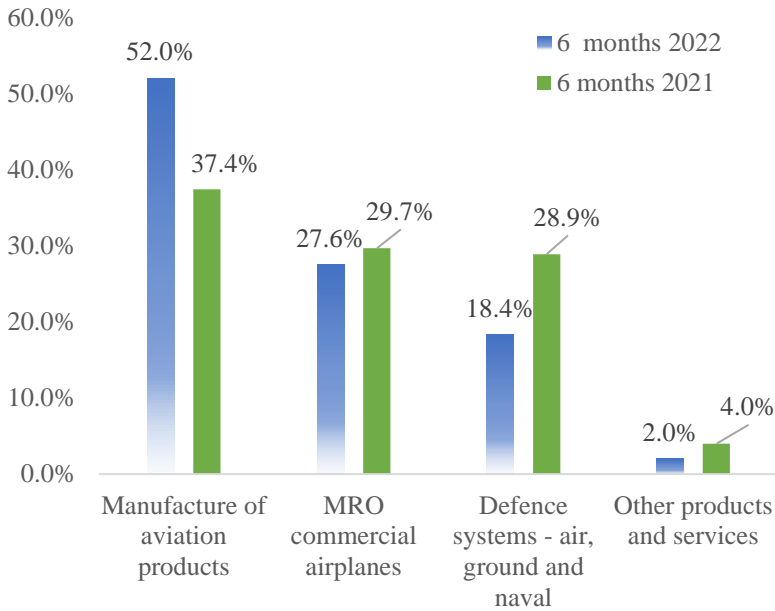
## General elements

In Europe we provide maintenance services for civil aviation, aviation products (landing gear systems, mechanical parts, assemblies and subassemblies), electronic equipment and ground equipment.

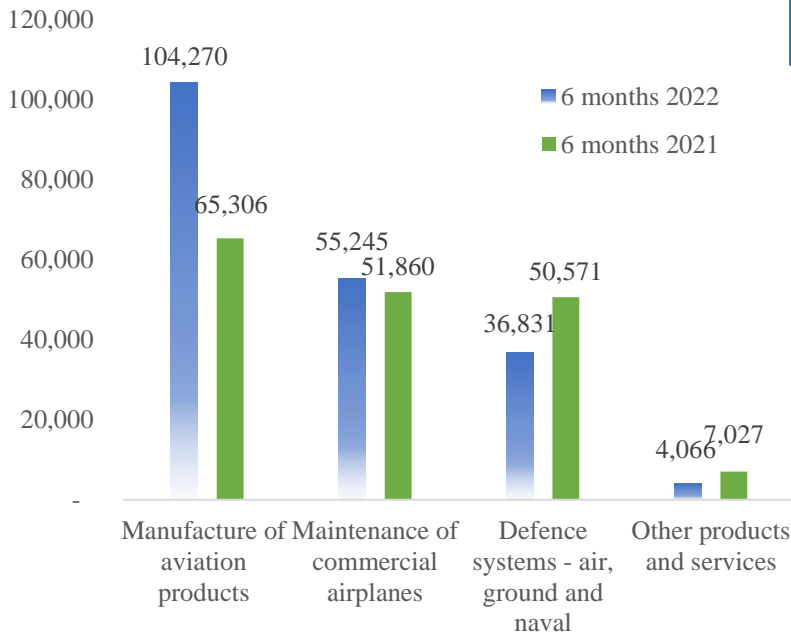
In Asia and Africa we provide maintenance services for civil aviation and in Canada we supply aviation products.

In Romania we provide repair services for military aircraft and repairs of parts and electronic components for military aircraft, upgrades, integrations and maintenance for military aviation systems, repair services for civil aviation products, launchers and systems.

## Semestrial performance for the main business lines



Share of AEROSTAR business in total sales



Sales for the main business lines of AEROSTAR

In the period 1 January - 30 June 2022 an increasing trend was maintained in the manufacture of aviation products as a result of the increased demand of airplanes on the global market and the gradual recovery of the travel flights. The air traffic recovery also led to an increase in the field of MRO services for civil aviation.

Aerostar operates on three segments, materialized in business lines that reflect the organizational and management structure according to the services provided:



### Manufacture of aviation products

Aerostar is a significant supplier of airframes, components, assemblies and hydraulic systems for the global manufacturing programmes. The equipment, assemblies and parts produced by AEROSTAR are used on a large number of commercial aircraft: Airbus A320, A321, A330, A350, Boeing B737, B787, B767, Gulfstream G650, Dassault F7X, Bombardier Challenger series 600 and Global 5000/6000.



### Maintenance of commercial airplanes

AEROSTAR is an important provider of maintenance services at industrial level (basic and complex maintenance work, level B, C and D, structural modifications, upgrades of avionics systems) for commercial airplanes Airbus family A320 and Boeing B737 series 300-900.



### Defence systems - air, ground and naval.

AEROSTAR activates in upgrades, integrations and maintenance programmes for the military and defence aviation systems, being a tier 1 supplier for Romanian Ministry of National Defence and an authorized economic operator registered in the Unique Register of economic operators and production capacities and/or defence services in the national defence industry.

The production capacities and facilities of the company AEROSTAR S.A. are located at the headquarters in Bacau, Romania, where is also located the registered office of the company, at no. 9, Condorilor Street, post code 600302 and at the secondary office without legal personality in Iași, at no. 25B, Aeroportului Street.

The company owns a total land area of 47,54 hectares, with access to the European route E85. Aerostar has direct access to the runway of the airport “George Enescu” in Bacau. All types of facilities needed to run the production activity properly, according to the object of activity are built at the registered office.

The production sites include hangars, industrial halls, engineering test benches, administrative and social facilities. The company also has office premises for the technical and economic activities. All these sites are maintained in good conditions.

The built area of the buildings is approximately 14,06 hectares.

The assets of the company Aerostar S.A. Comply with the provisions established in the health, safety and environmental management system, in line with the applicable occupational safety legislation and regulations, as well as the norms on property safety and security.

On 30 June 2022 AEROSTAR S.A. Bacau owns tangible assets for carrying out its activity in a gross value of 337.244 thousand lei, materialized in land, buildings, special constructions, installations, technological equipment, means of transport:

Category of tangible assets:	Gross value (k lei)	Degree of wear (%)	Estimated useful lifetime (years)
Land	29.347	N/A	N/A
Constructions	96.271	37,71%	30-50 years
Investment property	11.275	39,34%	25-50 years
Technical installations, of which:	196.560	67,68%	
• Technological equipment	189.741	67,45%	4-25 years
• Transport vehicles	6.819	74,24%	4-18 years
Other tangible assets	3.790	43,06%	2-18 years
<b>TOTAL</b>	<b>337.244</b>	<b>52,01%</b>	<b>N/A</b>

In the first semester of 2022 no risks were identified related to the ownership over the tangible assets.

The transactions with the affiliated parties are presented in the Financial Statements, Note 26.

Name of subsidiary/ affiliated company	Basic activity	No. of shares held by Aerostar	Voting rights	Value of shares held by Aerostar (k lei)	Financial information for the past financial year (2021) for which the financial statements of the affiliated companies were approved		
					Sales (k lei)	Own capitals (k lei)	Net profit (k lei)
Airpro Consult S.R.L. Bacău	code CAEN 7820	100	100%	10	7.601	250	68
Foar S.R.L. Bacău	code CAEN 7739	408	51%	4	315	1.090	82
TOTAL SHARES HELD				14			

AEROSTAR's participations in these companies are recorded under costs. Both companies in which AEROSTAR holds shares are registered in Romania.

### Investments for SUSTAINABILITY

AEROSTAR's policy in the field of investments is aimed at assuring sustainable development, as well as the lasting use of resources and a reduction of the environmental footprint, at supporting the professional excellence, securing effectiveness and optimizing the flow of activities. At the end of the first semester of the year 2022, AEROSTAR made and set in motion investments in the amount of 3913 k lei. The investment expenditure is represented as follows:

Category	Made in semester I, 2022	Percentage
	k lei	%
Development expenses	3102	79
Expenses with replacements	811	21
<b>TOTAL</b>	<b>3913</b>	<b>100</b>
Investments in semester I, 2022 - k lei		
Equipment	1547	
Constructions	1492	
Measuring, control and regulating devices and installations	172	
Transport vehicles	452	
Intangible	212	
Furniture, devices, office supplies	38	

To the above are added financial investments in the amount of 50.318 k lei consisting in the purchase of shares from the capital market.



In Semester I the Electrical Energy Security project was initiated by implementing a photovoltaic park.

In its **relation with the shareholders**, Aerostar has aimed at protecting and securing the shareholders' rights, namely:

- \*the right to participate in the General Meetings, directly or by representation – by making available to them special proxy forms, voting bulletins by correspondence or other relevant information;
- \* The right to a fair treatment, regardless of shareholdings;
- \* The right to receive dividends proportionally to each shareholder's holdings.

In **relation with the capital market**, Aerostar honored all the reporting obligations resulting from the legal provisions by publishing the mandatory current and periodical reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange, on the company website and via press releases.

According to the provisions of the Corporate Governance Code, continuous and periodical information was disseminated simultaneously, both in Romanian and in English.

The shareholders can obtain information about Aerostar and its main events from the company's website [www.aerostar.ro](http://www.aerostar.ro).

---

### **Aspects regarding the company capital and administration**

There were no changes with impact on the capital and administration of the company AEROSTAR S.A.

The company was not unable to honor its financial obligations during the reporting period. There are no changes regarding the shareholders' rights. No major transactions were concluded by the company with persons who act concertedly or in which such persons were involved during the concerned period of time.

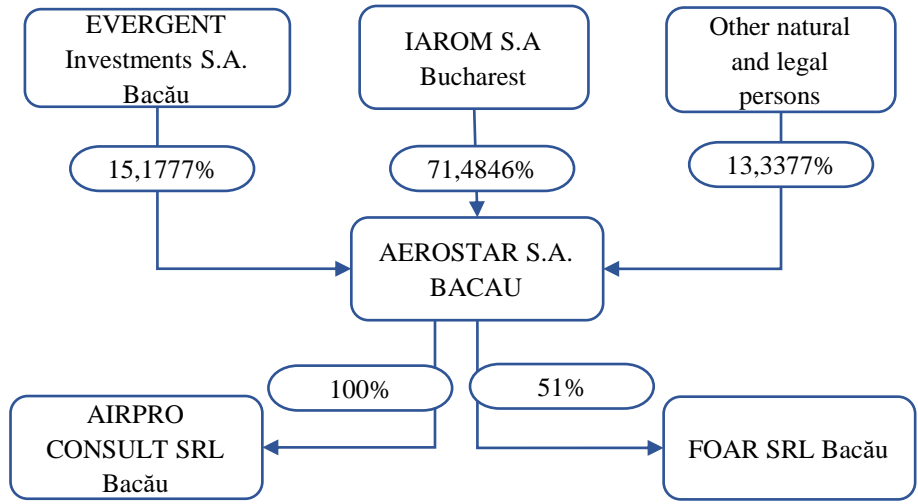
---

### **AEROSTAR's relation with the parent-company, other shareholders and the companies where it holds capital**

Aerostar is a subsidiary of the company IAROM S.A. and therefore, the parent-company that consolidates the group's financial statements is IAROM S.A., with the unique identification code 1555301 and the registered office in Bucharest, at no. 39, Aerogării Boulevard.

The parent-company will prepare and publish a set of consolidated financial statements in accordance with the applicable accounting regulations for the financial year ended on 31.12.2021.

---



AEROSTAR’s relation with the parent-company, other shareholders and the companies where it holds capital

**QUALITY and ENVIRONMENT**

In terms of social responsibility and sustainable development, Aerostar has established as environmental objectives the improvement of its performance in the fields of pollution prevention, sustainable use of resources and mitigation of climatic changes, by following the guidelines of standard SR ISO 26000 regarding social responsibility.

**Certifications, Authorisations, Accreditations**

- In the first semester of the year 2022 the following certifications were maintained, extended or obtained.
- \* An extension for the certificate granted to AEROSTAR S.A.’s quality management system to the requirements of standard SR EN ISO 9001:2015/ EN ISO 9001:2015.
  - \* The certificate for the quality management system of AEROSTAR S.A was maintained to the requirements of standard EN 9100:2018/ AS 9100D .
  - \* An extension of the authorisation scope of AEROSTAR S.A as a Maintenance Organisation Part 45 for the MRO Center of Bacău and Iași, issued by the Romanian Civil Aeronautical Authority.
  - \* The authorisation scope of AEROSTAR S.A as a Maintenance Organization Part 145 was extended by the Civil Aeronautical Authority in Turkey.
  - \* The quality management system was recertified to the NATO requirements for quality assurance AQAP 2110 and the certification to NATO requirements for quality assurance AQAP 2210.
  - \* An Authorisation of AEROSTAR S.A as a Maintenance Organisation was obtained from the Civil Aeronautical Authority of Cayman islands.
  - \* An Authorisation of AEROSTAR S.A as a Pre-MRO and Testing Organisation - în accordance with section A of regulations RMAR 147 was granted by the National Military Aeronautical Authority.





### Mitigation of climate changes

Atmospheric emissions of greenhouse gas  
14245 GES certificates, reserve

### Prevention of pollution

Waste  
85% recovered waste  
15% disposed waste  
39% less waste generated in semester I, 2022

### REACH

AEROSTAR has adhered ever since 2014 to the provisions of the European Reach regulation, thus continuously and progressively supporting the environmental impact mitigation actions

Periodical analyses are carried out of the environmental impact referring: air emissions, noise generation, spills to the ground, waste generation and various environmental aspects are evaluated in order to determine any significant aspects.

The results of the controls carried out by the commissioners from the Environmental Guard Bacău in the first semester of 2022 confirm AEROSTAR's compliance with the applicable legal and statutory regulatory requirements.

All the waste generated in the activities carried out within the company is stored selectively in suitable recipients and then delivered to authorised operators for further collection, recycling or disposal.

All dangerous chemical substances and preparations used in AEROSTAR are handled as per the applicable regulations in force.

After the verification audit related to the management of the greenhouse gas emissions, no nonconformities were documented, and the emissions corresponding to the year 2021 were validated.

Within the company are allocated the resources needed for risk management, and suitable authorities and responsibilities are established for the relevant positions and levels. The general framework for handling risks relies on understanding the necessities and expectations of the parties interested in obtaining the organization's forecasted results.

The risk profile during this period of time has an uncertain nature.

Nevertheless, the results obtained in the first semester of 2022 reflect a solid performance of the company, with increased sales and an increase of the number of employees, in the context of the complex geopolitical and economic environment. The financial performance increase by 14,95% in the company's turnover compared to the same period of last year, reflects the company's resilience and stable environment in relation to the business environment.

However, the company is exposed to risks that can affect its activity, the results of its operations and its financial situation. The additional risks and uncertainties that are either unknown to the company or deemed to be insignificant can also affect the company's operations and business. Our company tries to minimize the risk as far as reasonably possible.

#### *Risks related to the pandemic*

The COVID-19 pandemic was one of the most far-reaching challenges in the history of our company. The impact produced by the pandemic, both socially and economically and in terms of the changes it has generated, require a preventive management in relation to the all the components and functions of the organization. Our top management considers that there are no uncertainties related to the company's capacity to continue its activity in case of some successive waves of pandemic.

#### *Risks related to the geopolitical and economic instabilities*

Among the many negative effects of an escalation of the war in Ukraine are included the cost increases, the export restrictions, the international sanctions and the rising military tensions all over the world.

At the same time, the increased purchasing costs of materials and raw materials induce pressure on the manufacturing costs.

In light of the above, we maintain our pro-active policies, while monitoring and analyzing continuously the main conflict zones.

#### *Risks related to manpower*

It is a priority to make sure that AEROSTAR can hire, develop and retain competent, motivated and flexible workforce that fits the current and future requirements.

The exposure to other types of risks is presented in Note 18 – Financial Instruments.

The company's management will continue to secure middle- and long-term sustainability and to reduce the uncertainty associated to its strategic and financial goals, while focusing on mitigating the consequences caused by economical and financial imbalances caused by the short-, middle- and long-term production rates in the social and economical areas.

---

Financial performance	UM	30.06.2022	30.06.2021
Total income	k lei	222.656	187.506
Total expenses	k lei	165.470	145.748
Gross profit	k lei	57.186	41.758

---

---

Financial position	UM	30.06.2022	31.12.2021
Non-current assets (net values)	k lei	227.758	178.421
Circulating assets	k lei	425.200	443.810
Share capital	k lei	48.729	48.729
Company equity	k lei	445.679	421.388
Total liabilities	k lei	82.608	69.014

---

**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR JUNE 30, 2022**

**REVISED**

# **CONTENT**

**INDIVIDUAL STATEMENT OF THE PROFIT OR LOSS**

**OTHER ELEMENTS OF THE GLOBAL RESULT**

**INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION**

**INDIVIDUAL STATEMENT OF THE CASH FLOWS**

**INDIVIDUAL STATEMENT OF THE EQUITY MODIFICATIONS**

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**

**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL STATEMENT OF THE PROFIT OR LOSS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	30 June 2022	30 June 2021
<b>Operating income</b>			
Proceeds from sales	19	200.412	174.764
Other income	19	1.341	1.229
Proceeds related to the inventories of finished goods and work in progress	19	9.524	4.433
Proceeds from production of fixed assets	19	27	191
Proceeds from operating subsidies	19	(5)	1.365
<b>Total operating income</b>		<b>211.299</b>	<b>181.982</b>
<b>Operating expenses</b>			
Material expenses	20	(78.555)	(60.381)
Expenses with employees' benefits	20	(69.019)	(57.974)
Expenses regarding amortization of fixed assets	5;6;20	(11.977)	(13.309)
Net income (expenses) from adjustments regarding current assets	20	2.788	(6.572)
Net income (expenses) from adjustments regarding provisions	20	7.157	10.893
Expenses regarding external services	20	(12.097)	(14.527)
Other expenses	20	(2.056)	(1.531)
<b>Total operating expenses</b>		<b>(163.759)</b>	<b>(143.401)</b>
<b>Profit/loss from operating activity</b>		<b>47.540</b>	<b>38.581</b>
Financial revenues	21	11.357	5.524
Financial expenses	22	(1.711)	(2.347)
<b>Financial profit/loss</b>		<b>9.646</b>	<b>3.177</b>
<b>Profit before tax</b>		<b>57.186</b>	<b>41.758</b>
Tax on current and deferred profit	17;23	(8.357)	(5.760)
<b>Net profit of the period</b>		<b>48.829</b>	<b>35.998</b>

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Net profit of the period</b>	<b>48.829</b>	<b>35.998</b>
Deferred income tax recognized on company equity	6	(74)
Revaluation at fair value of the company equity through other comprehensive income	(1.702)	-
<b>Other comprehensive income</b>	<b>(1.696)</b>	<b>(74)</b>
<b>Total comprehensive result of the period</b>	<b>47.133</b>	<b>35.924</b>

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACAU**  
**INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	Note	30 June 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	155.599	163.914
Intangible assets	5	597	688
Investment property	6	6.839	6.395
Rights of use on assets under lease	32	1.752	1.773
Financial assets	7	48.499	52
Receivables regarding deferred profit tax	17	14.472	15.788
<b>Total non-current assets</b>		<b>227.758</b>	<b>188.610</b>
<b>Current assets</b>			
Inventories	10	122.860	98.770
Trade receivables and other receivables	8;9;18	63.015	59.801
Short-term prepaid expenses	31	1.391	579
Cash and cash equivalents	11	237.934	274.471
<b>Total current assets</b>		<b>425.200</b>	<b>433.621</b>
<b>Total assets</b>		<b>652.958</b>	<b>622.231</b>
<b>COMPANY EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	48.729	48.729
Current result	12	48.829	59.940
Result carried forward	12	51.258	51.148
Reserve	12	316.185	284.365
Deferred income tax recognized on account of equity	17	(17.238)	(17.134)
Distribution of profit for legal reserve	12	(2.084)	(5.660)
<b>Total equity</b>	12	<b>445.679</b>	<b>421.388</b>
<b>Long-term liabilities</b>			
Liabilities regarding deferred income tax	17	19.642	19.418
Subsidies for long-term investments	14	2.491	3.025
Other long-term liabilities	16	1.503	1.525
<b>Total long-term liabilities</b>		<b>23.636</b>	<b>23.968</b>
<b>Long-term provisions</b>	13	<b>103.537</b>	<b>105.383</b>
<b>Current liabilities</b>			
Trade liabilities	15;18	36.566	28.450
Liability with current income tax	23	4.114	2.224
Prepaid income	31	3.138	196
Subsidies for short-term investments	14	1.071	1.167
Other current liabilities	16	14.083	13.009
<b>Total current liabilities</b>		<b>58.972</b>	<b>45.046</b>
<b>Short-term provisions</b>	13	<b>21.134</b>	<b>26.446</b>
<b>Total provisions</b>		<b>124.671</b>	<b>131.829</b>
<b>Total liabilities</b>		<b>82.608</b>	<b>69.014</b>
<b>Total company equity, liabilities and provisions</b>		<b>652.958</b>	<b>622.231</b>

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**



**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL STATEMENT OF THE CASH FLOWS (direct method)**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	Note	30.06.2022	30.06.2021
<b>CASH FLOWS FROM OPERATIONS</b>			
collected from customers		221.605	186.336
taxes and excises recovered from State Budget		3.304	887
collected as subsidies from the State Budget		0	2.374
payments to suppliers and employees		(146.479)	(101.091)
payment of taxes, contributions and dues to the State Budget		(34.907)	(34.110)
payment of profit tax to the State Budget		(4.917)	(1.037)
<b>NET CASH FROM OPERATIONS</b>	27	<b>38.606</b>	<b>53.359</b>
<b>CASH FLOWS FROM INVESTMENTS</b>			
interest collected from bank deposits set up		3.718	1.224
dividends collected from other entities		2.541	0
dividends collected from related entities		311	0
collected from selling tangible assets		4	30
payments for purchasing fixed assets	7, 27	(52.538)	0
payments for purchasing property, plant and equipment and intangible assets		(8.655)	(2.323)
<b>NET CASH FROM INVESTMENTS</b>	27	<b>(54.619)</b>	<b>(1.069)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
gross dividends paid		(21.624)	(17.183)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	27	<b>(21.624)</b>	<b>(17.183)</b>
<b>Net increase of cash and cash equivalents</b>		<b>(37.637)</b>	<b>35.107</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>274.471</b>	<b>202.660</b>
Effect of the exchange rate variation on cash and cash equivalents	27	1.100	1.768
<b>Cash and cash equivalents at the end of the period</b>	11	<b>237.934</b>	<b>239.535</b>

General Director,  
Grigore Filip

Financial Director,  
Doru Damaschin

**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL STATEMENT OF THE MODIFICATIONS OF EQUITY**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

	Share capital	Reserve	Reserve from revaluation of financial assets through other elements of the global result	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Global result</b>							
<b>A. Balance on 1 January 2022</b>	48.729	284.365	-	(17.134)	51.148	54.280	421.388
<b>Profit of the period</b>						48.829	48.829
<b>Other elements of the global result</b>							
Setting up of deferred profit tax recognized on account of equity				(104)	110		6
Distribution of the profit of the year 2021 to the destinations decided by the shareholders in OGMS of 20 April 2022 (Note 12).					54.280	(54.280)	-
Revaluation at fair value of the equity instruments through other elements of global result			(1702)				(1702)
Distribution of the profit made in the 1 <sup>st</sup> semester of 2022 for reserves representing fiscal facilities in gross amounts		2.084				(2.084)	-
<b>Total global result related to the period</b>	-	2.084	(1.702)	(104)	54.390	(7.535)	47.133
Reserve distributed from the profit of the year 2021	-	31.438			(31.438)		-
Distributed dividends related to the year 2021					(22.842)		(22.842)
<b>Transactions with the shareholders, recognized directly in equity</b>	-	31.438	-	-	(54.280)	-	(22.842)
<b>B. Balance on 30 June 2022</b>	48.729	317.887	(1.702)	(17.238)	51.258	46.745	445.679
<b>C. Modifications of equity (NOTE 12)</b>	-	33.522	(1.702)	(104)	110	(7.535)	24.291

\*) The result on 31.12.2021 is 59.940 thousand lei and is influenced by the profit allocation to other reserve from fiscal facilities in the amount of 5.660 thousand lei.

\*\*\*) The result on 30.06.2022 is 48.829 thousand lei and is influenced by the profit distribution to other reserve from fiscal facilities in the amount of 2.084 thousand lei.

**General Director,**  
**Grigore Filip**

**Financial Director,**  
**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**INDIVIDUAL STATEMENT OF THE MODIFICATIONS OF EQUITY**  
**FOR 30 JUNE 2021**

(unless specified otherwise, all amounts are stated in thousand lei)

	Share capital	Reserve	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Global result</b>						
<b>A. Balance on 1 January 2021</b>	48.729	270.214	(16.148)	51.214	26.361*	380.370
<b>Profit of the period</b>					35.998	35.998
<b>Other elements of the global result</b>						
Setting up of deferred profit recognized on account of equity						
Distribution of profit of the financial year 2020 and of the amount remaining unallocated in the profit of the year 2019 to the destinations decided by the shareholders in OGMS of 21 April 2021 (Note 12).			(265)	191	-	(74)
Distribution of the profit made in the 1st semester of 2021 for reserves representing fiscal facilities in gross amounts				26.361	(26.361)	-
		1.417			(1.417)	-
<b>Total global result of the period</b>		1.417	(265)	26.552	8.220	35.924
Reserve distributed from the profit of the years 2019 and 2020		8.096		(8.096)		-
Distributed dividends for the year 2020				(18.273)		(18.273)
<b>Transactions with shareholders, directly recognized in equity</b>		8.096		(26.369)		(18.273)
<b>B. Balance on 30 June 2021</b>	48.729	279.727	(16.413)	51.397	34.581**	398.021
<b>C. Modifications of equity (NOTE 12)</b>	0	9.513	(265)	183	8.220	17.651

\*) The result on 31.12.2020 is 38.443 thousand and is influenced by the profit allocation to reserve from fiscal facilities in the amount of 12.082 thousand lei;

\*\*\*) The result on 30.06.2021 is 35.998 thousand lei and is influenced by the profit allocation to reserve from fiscal facilities in the amount of 1.417 thousand lei.

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 1 - DESCRIPTION OF THE COMPANY**

AEROSTAR was established in 1953 and operates in accordance with the Romanian law.

AEROSTAR S.A. performs its activity at its registered head office located in Bacau, 9, Condorilor Street, code 600302. In accordance with the Resolution no. 2/14.12.2017 of the Board of Directors, a secondary place of business without legal personality (workplace) has been approved in Iasi, on 25B Aeroportului Street.

The main line of work of AEROSTAR S.A. is production.

The main object of activity of the company is “Manufacture of aircraft and spaceships” - code 3030.

The company was registered as a shareholding company at the Bacau Trade Register (under number J04/1137/1991), with the current name “AEROSTAR S.A.” and the individual identification code 950531, the European Unique Identifier (EUID) code ROONRC J04/1137/1991.

The company is listed on the Bucharest Stock Exchange under the ARS code, and the record of its shares and shareholders is kept, as provided by law, by S.C. Depozitarul Central S.A. Bucharest.

During the first quarter of 2022, there was no subscription of new shares, nor of any participation certificates, convertible bonds, warranties, options or similar rights.

In terms of accounting regulations, AEROSTAR S.A. is the subsidiary of the company IAROM S.A. and, therefore, the parent company that consolidates the financial statements of the group is S.C. IAROM S.A., with the unique identification code 1555301, having its registered head office in Bucharest, 39 Aerogarii B-d. The consolidated financial statements for the financial year 2020 were submitted to A.N.A.F. under registration number 273530689-2021/27.08.2021. Copies of the consolidated financial statements can be obtained from the head office of the parent company, IAROM S.A. The parent company will prepare and publish a set of consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended on 31.12.2021.

The company has a sole operating segment in accordance with IFRS 8 and no distinct financial information is available for various components of the entity. The information regarding the sales by categories of products and markets is presented in detail in the Report of the Board of Directors.

The company’s policy is focused on maintaining a solid capital basis in order to support the continuous development of the company and accomplish its strategic objectives.

The company will continue to act firmly so as to ensure the sustainability of its investments and to maintain its production capabilities. At the same time, thanks to the experience gathered within our collective, the company acts in order to find the most suitable solutions to the new economic challenges, such as the lack of predictability of the energy costs and the instability of the workforce.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

## **NOTE 2 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

### **2.1. Estimates**

The preparation and presentation of the individual financial statements in accordance with IFRS involves the use of estimates, judgements and assumptions that affect the implementation of the accounting policies as well as the reported value of the assets, liabilities, revenues and expenses.

The estimates and judgements are made based on the historic experience as well as on a series of factors considered adequate and reasonable. The accounting estimates and judgements are continuously updated and take into account reasonable expectations with respect to future probable events. The reported accounting values of the assets, the liabilities that cannot be determined or obtained from other sources are based on these estimates considered adequate by the company's management.

Such estimates, as well as the reasoning and assumptions behind them are reviewed on a regular basis and the result thereof is recognized in the time period when the estimate was reviewed.

Any change in the accounting estimates will be recognized prospectively by its inclusion in the result:

- of the period of time when the change occurs, if it affects only that period of time; or
- of the period of time when the change occurs and of the subsequent periods, if the change also affects such periods.

The company uses estimates in order to determine:

- the uncertain customers and the adjustments for impairment of related receivables;
- the value of the provisions for risks and expenses to set up at the end of the period (month, trimester, year) for litigations, for the dismantling of property, plant and equipment, for collateral granted to customers, for obligations toward manpower and other obligations;
- the adjustments for impairment of property, plant and equipment and intangible assets. At the end of each reporting period, the company estimates whether there are indications of impairment. If such signs are identified, the recoverable amount of the asset is estimated to determine the extent of impairment (if any).
- the lifetimes of property, plant and equipment and intangible fixed assets. The company reviews the estimated life of the tangible and intangible fixed assets at least at the end of each financial year to determine the adequacy.
- the inventories of raw materials and materials requiring the setting up of adjustments for impairment.
- deferred taxes.

### ***Presenting the information***

To the extent possible, the company will present the nature and value of a change to an accounting estimate which has an effect in the current/subsequent period(s).

### **2.2. Errors**

Errors may arise regarding the recognition, evaluation, presentation or description of the items of the financial statements.

The company corrects retroactively the significant errors on the prior period presented in the first set of financial statements approved for publication after discovering the errors, by:

- restating the comparative values for the prior period presented when the error occurred, or

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

- if the error occurred before the prior period presented, by restating the opening balances of assets, liabilities and equity for the prior period presented.

In case of identifying an error, the company presents the following information:

- the nature of the error for the previous period;
- the value of the adjustment for each previous period presented, to the possible extent:
  - for each item - row affected in the financial statement;
  - for the basic result and diluted per share.
- the amount of the correction at the beginning of the earliest period presented;
- if retrospective restating is impossible for a specific prior period, the circumstances leading to the existence of such circumstance and a description of the manner in which and the time when such error was corrected.

### **2.3. Changes in the accounting policies**

Any change in the accounting policies is only permitted if requested by IFRS or if it results in more relevant or more reliable information with reference to the company operations.

The company modifies an accounting policy only if such change:

- is required by an IFRS; or
- results in financial statements that provide reliable and more relevant information with reference to the effects of the transactions, of other events or conditions on the financial performance or cash flows of the entity.

Application of changes in the Accounting Policies:

- The entity takes into account a change in the accounting policy that results from the initial implementation of an IFRS in accordance with the specific transitory provisions, if any, of that IFRS; and
- At the initial application of an IFRS that does not include specific transitory provisions.

#### ***Presenting the information***

When the initial application of an IFRS has an effect on the current or prior period of time, the company discloses in the explanatory notes the following:

- the title of IFRS;
- the nature of the accounting policy change;
- when applicable, the fact that the change is made as an effect of the transitory dispositions and a description of these transitory provisions;
- for the current period and for each prior period, the amount of adjustments for each affected element of the statement of the financial position, to the extent possible.

When it is impossible to determine the specific effects for one or more prior accounting periods, the company will apply the new accounting policy of assets and liabilities for the first period for which the retroactive application is possible, which may also be the current period.

When a voluntary change of the accounting policy has an effect on the current or prior period, the company presents in the explanatory notes:

- the nature of the change of accounting policy;
- the reasons for which the application of the new accounting policy provides more reliable and relevant information;
- for the current period and for each prior accounting period, the estimated amount of the adjustments for each affected item of the statement of the financial position, as far as possible.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

### **NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES**

#### **3.1. Bases for the preparation and presentation of financial statements**

The individual financial statements of AEROSTAR S.A. are prepared in accordance with the provisions of:

- the International Financial Reporting Standards (IFRS) adopted by the European Union;
- Accounting Law no. 82/1991, republished, as subsequently amended and supplemented;
- O.M.F.P. no. 881/2012 on the application of International Financial Reporting Standards by companies with securities admitted for trading on a market regulated by the International Financial Reporting Standards;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as amended and supplemented;
- O.M.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of the inventories of elements such as assets, liabilities and equity;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanations regarding some measures of business accounting organization and management;
- O.M.F.P. no. 2.634/2015 regarding the financial accounting documents, as amended and supplemented.
- Law no. 24/2017, republished, regarding the issuers of financial instruments and market operations.

The accounting is kept in Romanian and in the national currency.

The accounting for transactions in foreign currency is carried out both in national currency and in foreign currency.

The financial year is the calendar year.

The financial statements are prepared and reported in thousand lei and all values are rounded to the nearest thousand lei. Due to rounding, the numbers presented do not always accurately reflect the totals provided, and the percentages do not accurately reflect absolute figures.

The financial statements are prepared based on historical cost.

The financial statements are presented in accordance with IAS 1 "*Presentation of Financial Statements*". The company has opted for a presentation by nature and liquidity in the statement of financial position and a presentation of income and expenses by nature in the statement of profit or loss, considering that these methods offer information relevant to the company's situation.

#### **3.2. Applied Accounting Policies**

Aerostar SA describes the accounting policies applied to the individual financial statements and avoids repeating the text of the standard, unless it is considered relevant to understanding the content of the note. Compared to the presentation made at the end of the financial year 2021, no changes were made to the applied accounting principles, methods, policies and procedures.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCIES**

AEROSTAR considers the Romanian LEU as the functional currency and the financial statements are presented in thousand LEI.

The currency transactions are recorded at the exchange rate of the functional currency on the date of the transaction.

On the date of the Financial Position Statement, the assets and financial liabilities denominated in foreign currency are evaluated in the functional currency using the exchange rate, communicated by the Romanian National Bank, valid on the date of ending the financial year:

<u>Currency</u>	<u>30.06.2022</u>
EUR (Euro)	4,9454 lei
USD (American Dollar)	4,7424 lei
GBP (British pound)	5,7525 lei

The favourable and unfavourable exchange rate differences resulting from the settlement of the assets and financial liabilities denominated in foreign currency are recognized in the Profit or Loss Statement for the financial year in which they occur.

Considering that 74% of the turnover registered in the reporting period is denominated in USD and EUR, while a significant part of the operating costs is denominated in LEI, the foreign exchange rate variations will affect both its net income and the financial position as expressed in the functional currency.

In the reporting period, the net currency exposure resulted as a difference between the amounts collected from the financial assets and the payment of the financial liabilities denominated in that currency is as follows:

<b>I-st SEMESTER OF 2022</b>	<b>thousand EUR</b>	<b>thousand USD</b>	<b>thousand GBP</b>
Collected from financial assets	9.512	22.703	0
Payments of financial liabilities	(6.574)	(8.131)	(236)
<b>Foreign exchange net exposure</b>	<b>2.938</b>	<b>14.572</b>	<b>(236)</b>

In the reporting period, the quarterly variation of the foreign exchange rate USD/LEU was  
+ 0,82% in the 1st quarter of 2022 compared to 31.12.2021  
+ 4,23% in the 2nd quarter of 2022 compared to 31.03.2022  
and

EUR/LEU:

+ 0,04% in the 1st quarter of 2022 compared to 31.12.2021

- 0,03% in the 2nd quarter of 2022 compared to 31.03.2022

has determined a recorded profit from favourable exchange rate differences of 2.860 thousand LEI.



**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 5 - INTANGIBLE ASSETS: reporting period 30 June 2022**

	Values on 30 June 2022			Values on 01 January 2022		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated depreciation	Net value
Licences	6.310	(5.782)	528	6.217	(5.606)	611
Other intangible assets (software)	455	(386)	69	418	(341)	77
<b>Total</b>	<b>6.765</b>	<b>(6.168)</b>	<b>597</b>	<b>6.635</b>	<b>(5.947)</b>	<b>688</b>

**Net accounting value**

	Net value on 1 January 2022	Entries at gross value	Depreciation/ impairment during the period	Net value on 30 June 2022
Licenses	611	176	(259)	528
Other intangible assets	77	36	(44)	69
<b>Total</b>	<b>688</b>	<b>212</b>	<b>(303)</b>	<b>597</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**COMPARATIVE FIGURES - INTANGIBLE ASSETS: reporting period 30 June 2021**

	Values on 30 June 2021			Values on 01 January 2021		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated depreciation	Net value
Licences	5.877	(5.390)	487	5.720	(5.200)	520
Other intangible assets (software)	413	(300)	113	404	(261)	143
<b>Total</b>	<b>6.290</b>	<b>(5.690)</b>	<b>600</b>	<b>6.124</b>	<b>(5.461)</b>	<b>663</b>

**Net accounting value**

	Net value on 1 January 2021	Entries at gross value	Depreciation/ Impairment during the period	Net value on 30 June 2021
Licenses	520	157	(190)	487
Other intangible assets	143	8	(38)	113
<b>Total</b>	<b>663</b>	<b>165</b>	<b>(228)</b>	<b>600</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

The category of intangible assets includes the following classes of assets of similar nature and use:

- Licences
- Other intangible assets

The software programmes are registered under other intangible assets.

The useful lifetimes for the intangible assets are established in years, based on the period of the contract or the service life, as the case may be. The useful lifetime of the licenses and software purchased or generated internally is 3 years. The fiscal durations of depreciation of the intangible assets are stipulated by the fiscal legislation on assets.

The expenses with amortization are recognized in the profit or loss account using the linear method of calculation.

The intangible assets in the balance sheet account as on 30.06.2022 are not depreciated and no adjustments were made for the depreciation thereof.

When determining the gross accounting value of the intangible assets, the company uses the historical cost method.

The value of the completely amortized software licenses on 30 June 2022 and which are still in use is 3.278 thousand lei.

All the intangible assets recorded in the balance sheet as on 30 June 2022 are the property of AEROSTAR.

The increased values of intangible assets were a result of:	<b><u>212 thousand lei</u></b>
• development of the IT management system of production - version 3	36 thousand lei
• purchase of software licences	176 thousand lei

In the reporting period there were no entries of licences generated internally or acquired through business combinations.

In the reporting period there were no assets classified as held for sale in accordance with IFRS 5.

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT: reporting period 30 June 2022**

	Values on 30 June 2022			Values on 01 January 2022		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Land	29.347	-	29.347	29.266	-	29.266
Constructions	96.271	(36.299)	59.972	95.193	(33.277)	61.916
Technological equipment and vehicles	196.560	(133.035)	63.525	193.970	(124.975)	68.995
Other equipment and office equipment	3.790	(1.632)	2.158	3.761	(1.476)	2.285
Investment property	11.275	(4.436)	6.839	10.537	(4.142)	6.395
Property, plant and equipment under construction	597	-	597	1.452	-	1.452
<b>Total</b>	<b>337.840</b>	<b>(175.402)</b>	<b>162.438</b>	<b>334.180</b>	<b>(163.870)</b>	<b>170.309</b>

	Net value on 1 January 2022	Inflows at gross value	Outflows at gross value	Amortization during the period	Net value on 30 June 2022
Land	29.266	81	-	-	29.347
Constructions	61.916	1.079	-	(3.023)	59.972
Technological equipment and vehicles	68.995	2.711	-	(8.181)	63.525
Other equipment and office equipment	2.285	29	-	(156)	2.158
Investment property	6.395	738	-	(294)	6.839
Property, plant and equipment under construction	1.452	3.702	(4.557)	-	597
<b>Total</b>	<b>170.309</b>	<b>8.340</b>	<b>(4.557)</b>	<b>(11.654)</b>	<b>162.438</b>

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**COMPARATIVE FIGURES: PROPERTY, PLANT AND EQUIPMENT: reporting period 30 June 2021**

	Values on 30 June 2021			Values on 01 January 2021		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
<b>Land</b>	29.266	0	29.266	29.266	0	29.266
<b>Constructions</b>	94.468	(30.170)	64.298	94.206	(26.781)	67.425
<b>Technological equipment and vehicles</b>	190.525	(116.594)	73.931	188.533	(107.613)	80.920
<b>Other equipment and office equipment</b>	3.643	(1.321)	2.322	3.475	(1.172)	2.303
<b>Investment property</b>	10.537	(3.848)	6.689	10.537	(3.542)	6.995
<b>Property, plant and equipment under construction</b>	1.792	0	1.792	1.009	0	1.009
<b>Total</b>	<b>330.231</b>	<b>(151.933)</b>	<b>178.298</b>	<b>327.026</b>	<b>(139.108)</b>	<b>187.918</b>

	Balance on 1 January 2021	Inflows at gross value	Outflows at gross value	Amortization during the period	Net value on 30 June 2021
<b>Land</b>	29.266	0		0	29.266
<b>Constructions</b>	67.425	262		(3.389)	64.298
<b>Technological equipment and vehicles</b>	80.920	2.235	(7)	(9.217)	73.931
<b>Other equipment and office equipment</b>	2.303	168		(149)	2.322
<b>Investment property</b>	6.995	0		(306)	6.689
<b>Property, plant and equipment under construction</b>	1.009	3.448	(2.665)	0	1.792
<b>Total</b>	<b>187.918</b>	<b>6.113</b>	<b>(2.672)</b>	<b>(13.061)</b>	<b>178.298</b>

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

The property, plant and equipment are evaluated at their acquisition or production costs minus cumulative amortization and the depreciation losses.

These items of property, plant and equipment are amortized by using the linear method.

Amortization expenses are recognized in the profit and loss statement.

The following useful lifetimes are assumed:

-constructions	30-50 years
-technological equipment	4-25 years
-vehicles	4-18 years
-other property, plant and equipment	2-18 years
-investment property	25-50 years

The useful lifetimes are established by committees consisting of specialists from the company. The useful lifetimes of the property, plant and equipment are stipulated by the fiscal legislation on assets.

The company did not purchase assets from business combinations, nor did it classify assets for future sale.

The investment property contains a number of 11 real estate – buildings that are rented to third parties based on renting contracts.

The value of renting income in this category of fixed assets was 1.228 thousand lei.

On the date of transition to IFRS, the company estimated and included in the cost of the property, plant and equipment the estimated costs for their decommissioning at the end of a useful lifetime.

These costs were reflected in the set-up of a provision, which is recorded in the profit and loss account throughout the lifetime of the property, plant and equipment, by inclusion in the amortization expense.

The amortization of an asset begins when the asset is available for use (i.e. when the asset is in the location and condition necessary to operate as envisioned by the top management) and ends on the day when the asset is reclassified in another category or when it is derecognized.

The amortization does not end when the asset is not in use.

The land and buildings are separable assets, and their accounts are kept separately, even when they are acquired together.

The land has an unlimited useful lifetime and, therefore, is not submitted to amortization.

In accordance with the provisions of IAS 36 - Impairment of assets, the company proceeded to the identification of any signs of impairment of property, plant and equipment, taking into consideration the external and internal sources of information.

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

Internal sources of information:

The economic performance of the assets is good, all fixed assets that are in operation benefit the company.

External source of information:

On 30.06.2022 the market value of the company (stock exchange capitalization) recorded an increase by 32% compared to 30.06.2021.

The indicator that offers information regarding the interest from the investors in the company listed on the capital market is the market capitalization with reference to the company equity (MBR).

<u>indicator MBR-Market to book ratio</u>	<u>30.06.2022</u>	<u>31.12.2021</u>	<u>30.06.2021</u>
Stock exchange capitalization/ company equity	2,7	2,9	2,3

The increased **over-unit** value of the MBR indicator compared to the similar previous period is obtained by companies well-listed on the capital market and which are of interest to the investors.

The property, plant and equipment in the balance sheet on 30.06.2022 are not depreciated and no significant depreciation indicators were identified.

The gross accounting value of the fully amortized property, plant and equipment which are still in operation on 30 June 2022 is 51.427 thousand lei.

On 30.06.2022 no mortgages were set on the fixed assets owned by Aerostar S.A.

<b>Inflows of property, plant and equipment, achieved by:</b>	<b><u>8.340 k lei</u></b>
• commissioning of technical equipment, hardware equipment, measuring and control equipment	4.557 k lei
• land purchase	81 k lei
• property, plant and equipment under construction in 2022	3.702 k lei
<b>Outflows of property, plant and equipment, achieved by:</b>	<b><u>4.557 k lei</u></b>
• transfer of property, plant and equipment under construction to property, plant and equipment after placing it in service	4.557 k lei

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 7- FIXED FINANCIAL ASSETS**

	Shares held in affiliated entities	Other immobilized securities - shares	Other immobilized securities – contributions to capital assets	Other immobilized receivables – supplier guarantees	Total
<b>On 1 January 2022</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>52</b>
Increases/Decreases	-	48.445	2	-	48.447
<b>On 30 June 2022</b>	<b>14</b>	<b>48.445</b>	<b>2</b>	<b>38</b>	<b>48.499</b>

**A) Investments in related entities registered under cost:**

Subsidiary name / Registered head office	CAEN code	No. of shares/ shares issued	Voting rights (%) held	Value of shares held by Aerostar (k lei)	Financial information related to 2021				
					Company's share capital (k lei)	Reserve (k lei)	Net profit (k lei)	Nominal value/ share	Net asset/ share
<b>Airpro Consult SRL Bacau 9, Condorilor Street</b>	- main activity according to CAEN code 7820	<b>100</b>	<b>100%</b>	10	10	171	68	0,10	2,5
<b>Foar SRL Bacau 9, Condorilor Street</b>	- main activity according to CAEN code 7739	<b>408</b>	<b>51%</b>	4	8	1.000	82	0,01	2,7
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>14</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>



**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

AEROSTAR's share contribution in these companies is registered under cost.

During the first semester of 2022 the company recorded no modifications i.e. no increases/decreases as to the shareholding percentage, maintaining the same influence as in 2021 on the remaining companies in the equity portfolio.

Both companies in which AEROSTAR holds shares are registered in Romania.

**A) Investments in equity instruments through other elements of global result:**

Issuer's name	CAEN code	No. of shares	Symbol	Value of price/share on 30.06.2022	Value of portfolio at market price (thousand lei)
<b>Registered head office</b>					
<b>Evergent Investments S.A.</b>	<b>- main activity according to CAEN code 6499</b>	<b>41.762.757</b>	<b>EVER</b>	<b>1,16</b>	<b>48.445</b>
94 C, Pictor Aman Street, Bacău					

In the first semester of 2022, the Company purchased 41.762.757 shares of the company Evergent Investments S.A, listed at the Bucharest Stock Exchange. Aerostar records the shares held at fair value through other elements of global result, in accordance with IFRS 9 "Financial Instruments". The Company used the irrevocable option to designate such equity instruments at fair value through other elements of global result as these financial assets are held both to collect dividends, and also for earnings from their sale, but not for trading. The earning or loss related to these equity instruments is recognized in other elements of global result, except for the revenue from dividends.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**B) Contribution in cash to setting up the original patrimony of the Association “Education cluster for sustainable development C-EDD “**

The association was established voluntarily by the founding members, operating as a Romanian legal person of private law without patrimonial purpose. The association is non-governmental, non-political, non-profit and independent, not subordinated to any other legal person.

The purpose of the Association is to develop and implement efficient mechanisms of public-private dialogue in the field of education, to act as a space of dialogue and collaboration between the main players involved in education, to increase the quality of the educational processes and to connect the ongoing education with the economic environment in order to provide to it qualified human resources for sustainable development.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 8 - TRADE RECEIVABLES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>TRADE RECEIVABLES OF WHICH:</b>		
<b>Customers, of which:</b>	<b>52.187</b>	<b>54.139</b>
Domestic customers	10.451	20.596
Foreign customers	41.736	33.543
<b>Uncertain customers</b>	<b>662</b>	<b>1.819</b>
<b>Adjustments for impairment of receivables - customers</b>	<b>(352)</b>	<b>(1.332)</b>
<b>Suppliers – debtors</b>	<b>5.105</b>	<b>1.787</b>
<b>Adjustments for the impairment of receivables - advances granted to customers</b>	<b>(45)</b>	<b>(42)</b>
<b>TOTAL TRADE RECEIVABLES</b>	<b>57.557</b>	<b>56.371</b>

In accordance with the provisions of the Accounting Policies Manual, to cover the non-recovery risk of the amounts that represent the uncertain trade receivables, the company registers adjustments for the depreciation of the uncertain customers as follows:

- in percentage of 50% from the value of the receivables not collected on time if the due date is between 30 days and 180 days. On 30 June 2022, the company registered adjustments for depreciation of this nature in the amount of 310 thousand lei;
- in percentage of 100% from the value of the receivables not collected, having no receivables with due date exceeding 180 days. On 30 June 2022, the company registered adjustments for depreciation of this nature in the amount of 42 thousand lei.

Also, the company registered adjustments for depreciation of the advance payments granted to the suppliers in the amount of 45 thousand lei.

When determining the recoverability of a trade receivable, the changes considered were those occurred in the customer's credit rating from the time when the credit was granted till the time of reporting.

Debtors-suppliers have as a discount limit:

- in 2022: 4.968 k lei
- in 2024: 137 k lei

The receivables were evaluated at the market exchange rate communicated by the National Bank of Romania available for the end of June 2022.

The favourable and unfavourable exchange rate differences between the exchange market rate, for which are accounted the receivables in currency, and the market exchange rate communicated by the National Bank of Romania available for the end of June 2022, were recorded in the related income or expense account.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 9 - OTHER RECEIVABLES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Receivables related to manpower and similar accounts</b>	<b>13</b>	<b>6</b>
<b>Receivables related to the budget of social insurance and the state budget, of which:</b>	<b>2.818</b>	<b>2.833</b>
- VAT to recover	1.194	-
- Non-exigible VAT	133	106
- amounts to recover from the National Health System (allowances on medical leaves)	1.136	2.050
- Amounts to recover from A.J.O.F.M. representing the allowance for the reduced working time according to OUG 132/2020	-	2
- Excize duty to recover related to the fuel used	330	648
- Subsidies receivable according to OUG 147/2020 for days off granted to parents for child surveillance, in December, as well as subsidies for graduates' employment	-	-
- Other receivables related to the local budget for annual tax reduction on buildings as determined by the Local Council 265/02.12.2020	-	-
- Other receivables in connection with local budget representing the fee of public service to recover resulting from corrected declarations filed during 2021	2	17
- Other receivables in connection with the social security budget and the state budget	23	10
<b>Interest to receive from bank deposits</b>	<b>344</b>	<b>231</b>
<b>Various debtors</b>	<b>2.815</b>	<b>583</b>
<b>Adjustments for the depreciation of the receivables – diverse debtors</b>	<b>(532)</b>	<b>(223)</b>
<b>TOTAL OTHER RECEIVABLES</b>	<b>5.458</b>	<b>3.430</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

<b>NOTE 10 - INVENTORIES</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Of which:</b>		
Raw material *	37.224	32.332
Consumables **	51.016	43.539
Other material	196	245
Semi-finished products	551	1.151
Packaging	30	37
Finished products	22.377	25.653
Products and services in progress	49.516	35.999
<b>Gross value of the inventory (unadjusted)</b>	<b><u>160.910</u></b>	<b><u>138.956</u></b>

**ADJUSTMENTS FOR IMPAIRMENT OF INVENTORIES**

	<b>30 June 2022</b>	<b>Increases/ Setups /</b>	<b>Decreases/ Reruns/</b>	<b>31 December 2021</b>
<b>Total adjustments</b>	<b>38.050</b>	<b>2.892</b>	<b>5.028</b>	<b>40.186</b>
Adjustments for impairment of raw material	18.952	795	2.577	20.734
Adjustments for impairment of consumables	17.490	1.309	1.340	17.521
Adjustments for impairment of semi-finished products	551	248	847	1.150
Adjustments for impairment of finished products	697	312	264	649
Adjustments for impairment of production in progress	360	228	-	132

Note:

\* The raw material directly participates in the manufacture of the products and is found in the semi-finished or finished product, either in their initial state, or transformed (bars, pipes, plates, profiles, wires etc.);

\*\* The consumables participate or help the manufacturing or operating process, without usually being found in the finished product (auxiliary materials, fuels, spare parts, tools, jigs, fixtures and other consumables).

The inventories are assessed at the lowest value between the cost and the net achievable value. The net achievable value is the estimated sale price for inventories minus all estimated costs for completion and the estimated costs required for the sale.

The cost of inventories includes: acquisition costs, conversion costs as well as other costs incurred to bring inventories to the state and in the place where they are currently found.

Value adjustments are made regularly based on the findings of the inventory commissions and/ or the module managers, in order to present them at the lowest value between the cost and the net achievable value.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

Within the Company, the goods which are considered to be depreciated are those that are older than the storage period established by internal decision of the Board of Directors.

In accordance with the Accounting Policy Manual, at Aerostar SA are set up adjustments for the inventory depreciation, as follows:

- For raw material, consumables, semi-finished products and spare parts different periods are established as follows, for each profit centre;
- For the inventories of finished products, depreciation adjustments are set up for each period, as follows:
  - a) 100% of the value thereof, for inventories of this nature that do not rely on contracts with the customers;
  - b) in variable percentages, as agreed with the profit centres involved, for the inventories of unfinished products not delivered in due time as per the contractual provisions.

The total value of inventories recognized as an expense during the period is of 69.917 thousand lei.

AEROSTAR holds inventories of finished products (buffer stocks) at the levels contractually agreed with the customers.

AEROSTAR S.A. has no pledged inventories.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 11 - CASH AND CASH EQUIVALENTS**

**The cash** contains:

- cash available at the company's cashier's desk;
- sight deposits held by banks (current accounts at banks).

**The cash equivalents** consist in:

- term deposits held by banks;
- paychecks and trade effects (promissory notes) deposited for collection at the banks.

At the end of the reporting period the cash and cash equivalents consist in:

	<b>30.06.2022</b>	<b>30.06.2021</b>
Cash at the cashier's desk	79	64
Sight deposits held at banks	36.087	33.998
Term deposits held at banks	201.768	205.469
Paychecks and trade effects to collect	0	4
<b>Cash and cash equivalents</b>	<b>237.934</b>	<b>239.535</b>

All the term deposits held by banks have a maturity below 3 months.

There are no restrictions on the current bank accounts and deposits held by the banks.

The value of the bank Credit Line usable in the form of an overdraft, available for the future operating activity, is 2.500 THOUSAND USD (the equivalent of 11.856 THOUSAND LEI).

During the reporting period the bank Credit Line was not used.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

## **NOTE 12 - COMPANY EQUITY**

The company equity on 30 June 2022 is 445.679 thousand lei. The net increase of the equity in 2022 compared to the end of the year 2021 was 24.291 thousand lei.

### **Main equity elements in the period January – June 2022 compared to 2021:**

- **The share capital remained unchanged**  
On 30 June 2022, the share capital of AEROSTAR SA Bacau is 48.728.784 lei, divided in 152.277.450 shares having each a nominal value of 0,32 lei.
- **The reserve had a net increase by 31.820 thousand lei:**
  - An increase by 2.084 thousand lei on account of the distribution of the profit made in the first semester of 2022 for reserve from fiscal facilities;
  - An increase by 31.438 thousand lei as a result of the distribution of the profit made in year 2021 to the destinations decided by the shareholders in the AGOA meeting of 20 April 2022;
  - A decrease by 1.702 thousand lei on account of revaluating at fair value the equity instruments through other elements of global result.
- **Other equity elements decreased by the amount of 104 thousand lei** on account of the deferred income tax recognized in the company equity.
- **The result carried forward increased by 110 thousand lei as follows:**
  - An increase by 110 thousand lei on account of the deferred income tax recognized in the company equity;
  - Following the resolution of AGOA dated 20 April 2022, the profit made in the financial year 2021 taken over the result carried forward, representing the undistributed profit, was fully distributed to the destinations decided by the shareholders;
- The balance of the result carried forward on 30 June 2022 is 51.258 thousand lei, consisting of:
  - the result carried forward incurred by the use, on the date of transition to IFRS, of the fair value as presumed cost = 28.644 thousand lei;
  - the result carried forward representing a surplus obtained from revaluation reserve, capitalized in proportion to the depreciation of the property, plant and equipment and intangible assets = 22.614 thousand lei.
- **The result of the period was a profit in the amount of 48.829 thousand lei.**



**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 13 - PROVISIONS**

	<b>31 December 2021</b>	<b>Increases/ Set-up/ Reclassification of provisions</b>	<b>Reductions/ Resumed/ Reclassi- fications of provisions</b>	<b>Differences from revaluation</b>	<b>30 June 2022</b>
<b>Total provisions</b>	<b>131.829</b>	<b>5.781</b>	<b>(14.625)</b>	<b>1.686</b>	<b>124.671</b>
Provisions for bonds granted to customers	45.807	5.781	(7.968)	1.718	45.338
Provisions for decommissioning property, plant and equipment	16.415	-	-	-	16.415
Provisions for the employees' benefits	5.756	-	(5.389)	-	367
Other provisions	63.851	-	(1.268)	(32)	62.551
<b>Long-term provisions</b>	<b>105.383</b>	<b>1.682</b>	<b>(5.214)</b>	<b>1.686</b>	<b>103.537</b>
Provisions for bonds granted to customers	30.666	1.682	(4.946)	1.718	29.120
Provisions for decommissioning property, plant and equipment	16.415	-	-	-	16.415
Other provisions	58.302	-	(268)	(32)	58.002
<b>Short-term provisions</b>	<b>26.446</b>	<b>4.099</b>	<b>(9.411)</b>	<b>-</b>	<b>21.134</b>
Provisions for bonds granted to customers	15.141	4.099	(3.022)	-	16.218
Provisions for customers' benefits	5.756	-	(5.389)	-	367
Other provisions	5.549	-	(1.000)	-	4.549

**Provisions set up for guarantees granted to customers**

Provisions for bonds granted to customers are set up to cover the non-conformance risks of the products sold and the services performed, in accordance with the contractual provisions.

**Provisions for decommissioning the Property, Plant and Equipment**

Provisions for decommissioning of property, especially buildings are set up to cover the decommissioning costs, of removal of the elements and restoration of the locations in which are placed and included in their cost. The value was estimated using an update annual rate of 6,5%.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**Provisions for benefits granted to employees**

The provisions for benefits granted to employees are set up for the bonus granted according to the clauses of the applicable Collective Labour Agreement (bonus for the end of the financial year, for performance) and for the annual holidays leave not taken by the employees in the previous year. The provision set up for the annual holidays leave not taken by the employees during 2021 is found in the balance.

**Other provisions**

In the category Other provisions are found the provisions set up for:

- covering risks specific to the aviation industry, such as: risk of hidden defects, risk of discovering quality incidents that can incur damages.
- coverage of some expenses regarding the Company's obligations towards A.J.O.F.M., based on O.U.G. 95/2002;
- coverage of some risks regarding the application of delay penalties and damages associated with the production of aeronautical products for the customer GKN Aerospace.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 14 - SUBSIDIES**

**Subsidies related to assets**

AEROSTAR recognizes as deferred income the subsidies regarding assets.

	first 6 months of <b>2022</b>	first 6 months of <b>2021</b>
<b>Balance on 1 January, of which:</b>	<b>4.192</b>	<b>5.893</b>
Short-term	1.167	1.948
Long-term	3.025	3.945
<b>Subsidies received:</b>	<b>0</b>	<b>0</b>
<b>Subsidies registered in income corresponding to the calculated amortization</b>	<b>(630)</b>	<b>(942)</b>
<b>Balance on 30 June, of which:</b>	<b>3.562</b>	<b>4.951</b>
Short-term	1.071	1.389
Long-term	2.491	3.562

In the first semester of 2022, AEROSTAR S.A. did not receive any subsidies for financing its assets.

The subsidies received in the previous years for financing its assets were related to the implementation of 3 investment projects under 3 non-reimbursable financing agreements:

1. contract no. 210304/22.04.2010: ‘Extension of the manufacturing and assembly capacities for aerostructures for civil aviation’, performed between April 2010 and October 2012, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 5.468 thousand lei;
2. contract no. 229226/14.06.2012: ‘Setting up a new manufacturing capacity for diversifying production and export growth’, performed between June 2012 and May 2014, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 6.011 thousand lei;
3. contract no. 5IM/013/24.03.2015: ‘Consolidation and sustainable development of the machining and painting sectors by high performance investments’, carried out between March and December 2015, the value of the subsidy received from the Ministry of European Funds (MFE) being 8.299 thousand lei;

All investment projects in immobilized assets were implemented and finalized in accordance with the contractual provisions assumed.

The balance registered on 30 June 2022 representing subsidies related to investments in immobilized assets which are to be recorded as income as the calculated amortization is registered under costs.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 15 – COMMERCIAL DEBTS**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Prepaid amounts collected on customers' account, of which:</b>	<b>5.592</b>	<b>3.625</b>
Domestic customer-creditors	60	1.053
Foreign customer-creditors	5.532	2.572
<b>Suppliers, of which:</b>	<b>30.974</b>	<b>24.825</b>
Domestic suppliers	9.607	6.976
Foreign suppliers	18.725	11.514
Suppliers - invoices not arrived	1.364	5.271
Suppliers of non-current assets	1.278	1.064
<b>Commercial effects to pay</b>	<b>-</b>	<b>-</b>
<b>Total commercial debts</b>	<b>36.566</b>	<b>28.450</b>

The payments in advance collected from the foreign customers are for aircraft maintenance and repair work (99%) and other services provided (1%).

For the registered debts no mortgages were set up.

The favourable or unfavourable exchange rate differences between the market exchange rate to which the debts in foreign currencies are registered and the market exchange rate communicated by the National Bank of Romania for the closure of June 2022, were registered in the corresponding accounts of revenues or expenses.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 16 - OTHER LIABILITIES**

	30 June 2022	31 December 2021
<b>Other current liabilities, of which:</b>	<b>14.083</b>	<b>13.009</b>
• <i>Liabilities related to manpower and similar accounts</i>	<b>4.625</b>	<b>3.295</b>
• <i>Liabilities related to social security budget and state budget, of which:</i>	<b>5.595</b>	<b>7.112</b>
– VAT payable	0	2.625
– social insurance	4.233	3.325
– labour safety contribution	269	212
– tax on salary types revenues	835	658
– contribution for people with unemployed disabilities	128	135
– other taxes	82	107
– other social liabilities	48	50
• <i>Other liabilities, of which:</i>	<b>3.863</b>	<b>2.602</b>
– dividends	3.558	2.300
– diverse creditors	268	267
– bonds received	37	35
– short-term debt on the right to use the land leased in Iasi	-	-
 <b>Other long-term liabilities</b>	<b>1.503</b>	<b>1.525</b>

In the category *Other long-term liabilities* are found:

- the liability regarding the right to use the land leased for the Maintenance Hangar of Iasi (1.503 thousand lei).

The dividends in balance on 30 June 2022, in the amount of 3.558 thousand lei represent the amounts remained in balance for the shareholders who did not show up at the offices of the paying agent CEC Bank S.A. (the paying agent designated by AEROSTAR) and which were not time-barred.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 17 - DEFERRED PROFIT TAX**

The deferred tax is determined for the temporary differences which occur between the tax base of the assets and liabilities and their accounting base. The deferred tax is calculated at a tax rate of 16% applicable to the temporary differences.

The Company estimated and registered liabilities regarding the deferred tax related to non-current assets (which results from differences between accounting and fiscal values, the different useful life, s.o.) and of the reserves and recognized receivables regarding the deferred tax related to the inventories, which were adjusted for depreciation, provisions for customer bonds, provisions for benefits granted to the employees and other provisions.

**The structure of deferred income tax registered on 30.06.2022 is:**

**Liabilities from deferred tax**

1. Liabilities related to the deferred tax generated by the differences between the accounting bases (higher) and the fiscal ones (lower) of the non-current assets	1.420
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Liabilities on deferred tax related to reserves from the fiscal facility	16.602
4. Liabilities on deferred tax related to the result carried forward representing a surplus from revaluation reserves	61
<b>Total liabilities on deferred tax</b>	<b>19.642</b>

**Receivables on deferred tax**

1. Receivables on deferred tax relating to fixed-asset items	272
2. Receivables on deferred tax related to other provisions	650
3. Receivables on deferred tax related to provisions for bonds granted to customers	7.254
4. Receivables on deferred tax related to provisions for manpower benefits	59
5. Receivables on deferred tax related to adjustments for depreciation of inventories	6.088
6. Receivables on deferred tax related to adjustments for depreciation of trade receivables	149
<b>Total receivables on deferred tax</b>	<b>14.472</b>

The Company did not recognize receivables on deferred tax related to other provisions for the aviation industry risks due to an uncertainty regarding the fiscal deductibility of the expenses that could arise from the settlement of the obligations in the future periods. Therefore, the differences between the tax base and the accounting base would be null.

In the period 01 January 2022 – 30 June 2022, the company registered income from the tax on deferred profit in the amount of 1.409 thousand lei and expenses with the tax on deferred profit in the amount of 2.955 thousand lei.

The tax on deferred profit recognized on the account of equity in the amount of 17.238 thousand lei consists of liabilities on deferred tax in the amount of 18.160 thousand lei and receivables on deferred tax in the amount of 922 thousand lei.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 18 - FINANCIAL INSTRUMENTS**

A financial instrument is any contract generating simultaneously a financial asset for an entity and a financial liability or an equity instrument for another entity.

The financial assets and liabilities are recognized when AEROSTAR SA becomes part of the contractual provisions of the instrument.

On the reporting date AEROSTAR S.A. does not hold:

- any financial instruments kept for making transactions (including derived instruments);
- any financial instruments kept till due date;
- any financial instruments available for sale.

The financial assets of AEROSTAR S.A. include:

- cash and cash equivalents;
- trade receivables;
- immobilized receivables (bonds for third parties);

The financial liabilities of AEROSTAR S.A. include:

- trade liabilities;

On the reporting date AEROSTAR does not have financial any liabilities concerning financial leasing, overdrafts and long-term bank loans.

The main types of risks generated by the financial instruments held, to which AEROSTAR S.A is exposed are:

- a) credit risk
- b) liquidity risk,
- c) currency risk,
- d) interest rate risk.

**a) Credit risk**

The credit risk is the risk that one of the parties involved in a financial instrument generates a financial loss for the other party as a result of the failure to meet a contractual obligation, related mainly to :

- cash, cash equivalents (bank deposits)
- trade receivables.

The cash and cash equivalents are placed only at first-rank bank institutions considered to have a high solvency rate.

In some cases, specific instruments of commercial credit risk decrease (receipts in advance, letters of payment bank security, confirmed export credentials).

AEROSTAR has no significant exposure toward a single partner and records no significant concentration of receivables on a single geographical area.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**Exposure to credit risk**

The accounting value of the financial assets, net of the depreciation adjustments, represents the maximum exposure to the credit risk.

The maximum exposure to the credit risk on the reporting date was:

	<b>30.06.2022</b>	<b>30.06.2021</b>
Cash and cash equivalents	237.855	239.467
Trade receivables, net of adjustments for depreciation	52.496	33.171
Immobilized receivables	38	38
<b>Total</b>	<b>290.389</b>	<b>272.676</b>

The maximum exposure to the credit risk on geographical areas for net trade receivables of the depreciation adjustments is:

	<b>30.06.2022</b>	<b>30.06.2021</b>
Domestic market	10.451	7.927
Euro zone countries	19.336	11.729
Great Britain	14.554	7.530
Other European countries	2.345	3.266
Other regions	5.810	2.719
<b>Total</b>	<b>52.496</b>	<b>33.171</b>

**Depreciation adjustments**

The timeframe structure of gross trade receivables on the reporting date is presented in the table below:

	<b>Adjustments for depreciation 30.06.2022</b>		<b>Adjustments for depreciation 30.06.2021</b>	
	<b>Gross value</b>		<b>Gross value</b>	
In due time	51.792		32.614	
Past due, total of which:	1.056	352	1.100	543
1-30 days	0	0	0	0
31-60 days	795	215	654	490
61-90 days	56	23	46	17
91-120 days	76	39	22	0
Over 120 days	88	34	357	15
Over 1 year	41	41	21	21
<b>Total</b>	<b>52.848</b>	<b>352</b>	<b>33.714</b>	<b>543</b>

The movement in the adjustments for the depreciation of the trade receivables during the year is presented in the following table:

	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>Balance on 1 January</b>	<b>1.332</b>	<b>438</b>
Adjustments set up for depreciation	494	685
Adjustments for depreciations resumed as revenues	(1.474)	(580)
<b>Balance on 30 June</b>	<b>352</b>	<b>543</b>



**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

On 30.06.2022, 99% of the balance of trade receivables are related to customers with a good payment record.

**b) Liquidity risk**

The liquidity risk is the risk that AEROSTAR encounters difficulties to meet the obligations associated to the financial liabilities which are settled by cash payments.

AEROSTAR's policy regarding this risk is to maintain an optimum level of liquidity so as to pay for the liabilities, as they become due.

To evaluate the liquidity risk, the treasury cash flows from operations, from investments and from financing operations are monitored and reviewed weekly, monthly, quarterly and yearly in order to determine the estimated level of net liquidity modifications.

Also, the specific liquidity indicators are reviewed monthly (general liquidity, immediate liquidity and rate of general solvency) against the budgeted levels.

Furthermore, in order to reduce the liquidity risk, AEROSTAR maintains annually a liquidity reserve as a Credit Line (usable as an overdraft) granted by banks to a maximum limit of 2.500 thousand USD.

The time intervals used to review the contractual due dates of the financial liabilities, with a view to show the timeframe for the cash flows in due time, are shown in the table below:

	Financial debts	Accounting value	Contractual cash flows	0-30 days	31-60 days	over 60 days
30.06. 2022	Trade liabilities	29.282	(29.282)	(24.731)	(4.039)	(512)
30.06. 2021	Trade liabilities	18.076	(18.076)	(11.518)	(6.473)	(85)

The cash flows included in the analyses of the due dates are not expected to take place earlier or at significantly different values.

On 30.06.2022 AEROSTAR has no records of overdue financial liabilities.

**c) Foreign currency risk**

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of the changes in the currency exchange rates.

Exposure to the foreign currency risk

AEROSTAR is exposed to the foreign currency risks, as 74% of the turnover recorded in the reporting period is denominated in USD and EUR, while a significant part of the operating expenses is denominated in LEI.

Therefore, Aerostar is exposed to the risk that the currency exchange rate variations will affect both its net income and its financial position as expressed in lei.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

The net exposure of the financial assets and liabilities to the foreign exchange risk is presented below based on the carrying amounts denominated in foreign currency recorded at the end of the reporting period:

<b>30.06.2022</b>	<b>thousand EUR</b>	<b>thousand USD</b>	<b>thousand GBP</b>
Cash and cash equivalents	1.759	2.090	30
Trade receivables	1.788	7.001	0
Trade liabilities	(1.768)	(2.492)	(62)
<b>Net exposure in original currency</b>	<b>1.779</b>	<b>6.599</b>	<b>(32)</b>

Sensitivity analysis

Taking into consideration the net exposure calculated in the above table it can be considered that AEROSTAR is exposed mainly to the foreign exchange risk generated by the variation of the foreign exchange rate USD/LEU.

Taking into consideration the evolution of USD/LEU and EUR/LEU exchange rate in the previous years, a relatively high volatility (+/- 10%) of the USD/LEU exchange rate and a moderate volatility (+/-2%) of the EUR/LEU exchange rate can be noticed.

Thus, a reasonably possible variation of the USD/LEU foreign exchange rate of +/- 10% and +/-2% may be envisaged to calculate at the end of the reporting period.

The effect of the reasonably possible variation of the USD/LEU exchange rate and EUR/LEU exchange rate over the financial result of AEROSTAR is calculated in the following table:

<b>30.06.2022</b>	<b>EUR/LEU</b>	<b>USD/LEU</b>
Net exposure, in the currency of origin	1.779 K EUR	6.599 K USD
Currency exchange rate	4,9454	4,7424
Net exposure in functional currency	8.798 K LEI	31.295 K LEI
Possible reasonable variation of exchange rate	+/- 2%	+/- 10%
<b>Effect of variation on the financial result</b>	<b>+/- 176 K LEI</b>	<b>+/- 3.130 K LEI</b>

**d) Interest rate risk**

For the reporting period AEROSTAR contracted a multi-product Credit Facility of 7.000 thousand USD, intended for financing the Company's operations, which includes:

- 1) *Product A*: in amount of 2.500 thousand USD, usable as an overdraft, set up to provide at any given time the necessary financial liquidity and flexibility (liquidity reserve);
- 2) *Product B*: in amount of 7.000 thousand USD (provided that the aggregate amount used from Product A and product B does not exceed the value of the multi-product Credit Facility), usable under the form of a facility of issuing bonds as instruments to ensure collateral for the commercial contractual obligations by issuing bank bond letters and import Letters of Credit.

The bank interest is applicable only for the overdraft utilized from Product A in amount of 2.500 thousand USD.

As during the reporting period AEROSTAR did not use the Product A, the company revenues and cash flows are independent from the interest rate variations on the banking market.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

On 30.06.2022, the level of bonds granted by AEROSTAR under commercial agreements, by issue of bank bond letters and import Letters of Credit amounts to 1.142 thousand USD (equivalent 5.414 thousand LEI).

On 30.06.2022 no mortgages are set up on the property assets in AEROSTAR ownership.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 19 - OPERATING INCOME**

	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Revenues from sales, of which:</b>	<b>200.412</b>	<b>174.764</b>
Revenues from product sales	101.254	70.239
Revenues from services provided	97.539	102.281
Revenues from selling goods	13	799
Revenues from renting	1.326	1.194
Trade discounts granted	-	(24)
Revenues from other activities	280	275
<b>Revenues related to inventories of products finished and in progress</b>	<b>9.524</b>	<b>4.433</b>
<b>Revenues from the production of fixed assets</b>	<b>27</b>	<b>191</b>
<b>Revenues from operating subsidies</b>	<b>(5)</b>	<b>1.365</b>
<b>Revenues from subsidies for investments</b>	<b>629</b>	<b>-</b>
<b>Other revenues from operations</b>	<b>712</b>	<b>1.229</b>
<b>Total operating income</b>	<b>211.299</b>	<b>181.982</b>

In 2022 the company hasn't recorded income from operating subsidies.

Other revenues from operation in the amount of 712 thousand lei are represented, among others, by revenues from recovering debts from former employees (tuition expenses and other debts).

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 20 – OPERATING EXPENSES**

	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Expenses with employee benefits</b> , of which:	<b>69.019</b>	<b>57.974</b>
Salaries and allowances	61.828	52.022
Expenses with meal tickets granted to employees	3.612	3.299
Expenses with social security	3.579	2.653
<b>Expenses with raw material and material Energy, water and gas</b>	<b>63.971</b>	<b>50.249</b>
<b>Other material expenses</b> , of which:	<b>7.982</b>	<b>4.307</b>
Expenses with non-inventory materials	656	658
Expenses with goods	10	910
Expenses with packaging	296	129
Expenses with other material	5.640	4.128
<b>Expenses with external services</b> , of which:	<b>12.097</b>	<b>14.527</b>
Repairs	3.894	6.835
Transport costs	1.621	1.337
Commissions and fees	1.382	844
Travels, deployments	658	900
Renting expenses	324	316
Other expenses with services supplied by third parties	4.218	4.295
<b>Trade discounts received</b>	<b>(48)</b>	<b>(15)</b>
<b>Amortizations</b>	<b>11.977</b>	<b>13.309</b>
<b>Net expenses (revenues) from adjustments on provisions</b>	<b>(7.157)</b>	<b>(10.893)</b>
<b>Net expenses (revenues) from adjustments on current assets</b>	<b>(2.788)</b>	<b>6.572</b>
<b>Other operational expenses</b>	<b>2.104</b>	<b>1.546</b>
<b>Total operating expenses</b>	<b>163.759</b>	<b>143.401</b>

In accordance with the provisions of the International Financial Reporting Standards and of the Accounting Policies Manual, the company registers adjustments on provisions (Note 13) and adjustments for the impairment of the current assets, inventories, production in progress and receivables, respectively (Note 8, Note 9 and Note 10).

In the first 6 months of 2022, AEROSTAR granted to its employees meal tickets in the amount of 3.612 thousand lei. The company did not register any expenses with the holiday vouchers.

In the category of other operational expenses in the amount of 2.104 thousand lei are included among others: expenses with local taxes and fees, sponsorship, donations.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**

**(unless specified otherwise, all amounts are stated in thousand lei)**

In the first semester of 2022, AEROSTAR registered increased/set up and decreased/resumed adjustments, as follows:

<b>Adjustments on provisions</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Increases / setups	7.499	9.380
Decreases / reruns	(14.656)	20.273
<b>Net expenses (revenues) from adjustments on provisions</b>	<b>(7.157)</b>	<b>(10.893)</b>

In the first semester of 2022, the impact of the adjustments on provisions is an increase of the operating expenses by the amount of 7.157 thousand lei.

<b>Adjustments regarding impairment of current assets</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Increased/set up adjustments		
Adjustments for the impairment of inventory	2.892	11.406
Adjustments for the impairment of receivables	807	744
Losses from receivables and various debtors	17	-
<b>Total increased/set up adjustments</b>	<b>3.716</b>	<b>12.150</b>
Decreased/resumed adjustments		
Adjustments for the impairment of inventories	5.028	4.998
Adjustments for the impairment of receivables	1.476	580
<b>Total decreased/resumed adjustments</b>	<b>6.504</b>	<b>5.578</b>
<b>Net expenses (revenues) from adjustments on the impairment of current assets</b>	<b>(2.788)</b>	<b>6.572</b>

The impact of the adjustments on the impairment of current assets is an increase of the operating expenses by the amount of 2.788 thousand lei.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 21 - FINANCIAL INCOME**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Income from foreign currency exchange differences	4.541	4.368
Interest income	3.830	1.156
Income from shares held in subsidiaries	311	-
Income on financial assets measured at fair value	2.675	-
<b>Total financial income</b>	<b>11.357</b>	<b>5.524</b>

Aspects regarding the Company's exposure to the risks generated by the financial instruments held are presented in *Note 18 Financial Instruments*.

The income on financial assets measured at fair value is the dividends related to the holding of instruments in the equity of Evergent investments S.A.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 22 – FINANCIAL EXPENSES**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Expenses from exchange rate differences	1.681	2.317
Expenses with interest related to leasing contracts	30	30
<b>Total financial expenses</b>	<b>1.711</b>	<b>2.347</b>

In 2022 the company registered in the financial expenses category:

- expenses from unfavourable exchange rate differences;
- expenses with interests related to the right to use the land leased for the Maintenance Hangar of Iași.



**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 23 - TAX ON PROFIT**

**Tax on profit**

The tax on profit is recognized in the statement of profit or loss.

The tax on profit is the tax payable related to the profit made in the current period, as determined in accordance with the fiscal regulations applicable on the reporting date.

The profit tax rate applicable for 30.06.2022 was 16% (the same rate was applied for the financial year 2021).

	<u>30 June 2022</u>	<u>30 June 2021</u>
<b>Gross accounting profit</b>	<b>57.186</b>	<b>41.758</b>
<b>Expenses with current tax on profit</b>	<b>6.807</b>	<b>5.867</b>

Reconciliation of accounting profit with the fiscal profit for 30 June 2022				Differences
Accounting revenues*	221.509	Fiscal income	197.555	-23.954
Accounting expenses*	164.205	Fiscal expenses	151.675	-12.530
Gross accounting profit, restated*	57.304	Fiscal profit	45.880	-11.424
Accounting tax (16%)	9.169	Fiscal tax (16%)	7.341	-1.828
Tax reductions	-	<i>Tax reductions, from which:</i>	534	534
		• Related to investments made acc. to Art.22 Fiscal Code	333	333
		• Sponsorship	201	201
Tax on final profit	9.169	Tax on final profit	6.807	-2.362
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		11.88%		

*\*The revenues and expenses are obtained after deducting from the total revenues and total expenses, respectively, the revenues and expenses related to the activities subject to the specific tax.*

<b>Comparative key figures</b>	<u>30 June 2021</u>
<b>Gross accounting profit</b>	<b>41.758</b>
<b>Expenses with current tax on profit</b>	<b>5.867</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

<b>Reconciliation of accounting profit with the fiscal profit</b>				<b>Differences</b>
Accounting revenues*	186.437	Fiscal income	160.922	– 12.057
Accounting expenses*	144.329	Fiscal expenses	121.356	– 11.777
Gross accounting profit*	42.108	Fiscal profit	39.566	-280
Accounting tax (16%)	6.737	Fiscal tax (16%)	6.331	-45
Tax reductions	-	<i>Tax reductions, of which:</i>	464	+782
		• Related to investments made acc. to Art. 22 Fiscal Code	227	+94
		• Sponsorship	237	+688
Impozit pe profit final	6.737	Tax on final profit	5.867	-827
Rata legală aplicabilă	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		13.93%		

The main factors that affected the actual tax rate:

- non-deductible expenses in fiscal terms (expenses concerning the set-up or increase of certain provisions and value adjustments on the current assets, which are non-deductible fiscally, expenses with fiscally non-deductible accounting amortization a.o.).
- fiscal facilities representing the tax exemption on profit corresponding to the investments made in accordance with Art. 22 of the Fiscal Code, sponsorships;
- non-taxable income obtained from the recovery of certain non-deductible expenses.

On 30 June 2022 the company registered a debt related to the tax on current profit in the amount of 4.114 thousand lei corresponding to the second quarter of 2022.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 24 - RESULT PER SHARE**

The profit per basic share was calculated based on the profit attributable to the ordinary shareholders and on the number of ordinary shares.

The diluted result per share is equal to the result per basic share, as the company did not register any potential ordinary shares.

<b>IN LEI</b>	<b><u>30.06.2022</u></b>	<b><u>30.06.2021</u></b>
Profit attributable to ordinary shareholders	48.828.857	35.998.156
Number of ordinary shares	152.277.450	152.277.450
<b>Profit per share</b>	<b><u>0,321</u></b>	<b><u>0,236</u></b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 25 - AVERAGE NUMBER OF EMPLOYEES**

Own employees:

	<u>First semester of 2022</u>	<u>First semester of 2021</u>
<b>Average number of employees</b>	<b>1.583</b>	<b>1.556</b>

Employees hired through temporary labor agent:

	<u>First semester of 2022</u>	<u>First semester of 2021</u>
<b>Average number of employees</b>	<b>82</b>	<b>15</b>

	<u>First semester of 2022</u>	<u>First semester of 2021</u>
<b>Total average number of employees</b>	<b>1.665</b>	<b>1.571</b>

Total number of employees on 30.06.2022:

	<u>First semester of 2022</u>	<u>First semester of 2021</u>
<b>Total number of personnel</b>	<b>1.797</b>	<b>1.644</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES**

<u>Acquisitions of goods and services</u>	<u>6 months 2022</u>	<u>6 months 2021</u>
Airpro Consult SRL Bacău	3.280	505
Foar SRL Bacău	211	187
<b>TOTAL</b>	<b>3.491</b>	<b>692</b>
<u>Sales of goods and services</u>	<u>6 months 2022</u>	<u>6 months 2021</u>
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>
<u>Liabilities</u>	<u>Balance on 30.06.2022</u>	<u>Balance on 30.06.2021</u>
Airpro Consult SRL Bacău	562	165
Foar SRL Bacău	26	34
<b>TOTAL</b>	<b>588</b>	<b>199</b>
<u>Dividends received by Aerostar</u>	<u>6 months 2022</u>	<u>6 months 2021</u>
Airpro Consult SRL Bacău	68	-
Foar SRL Bacău	242	-
<b>TOTAL</b>	<b>310</b>	<b>-</b>

The transactions with the affiliated parties in the first semester of 2022 consisted in:

- Services provided by Airpro Consult SRL Bacau to AEROSTAR SA Bacău for temporary manpower;
- Machinery rental services provided by Foar SRL Bacau to AEROSTAR SA Bacău;
- Space rental services provided by AEROSTAR SA Bacau to Foar SRL Bacău;
- Dividends received by AEROSTAR SA from Airpro Consult SRL Bacău and from Foar SRL Bacău (NOTE 7).

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 27 - INFORMATION REGARDING THE CASH FLOW**

The method used in the Cash Flow Statement is the direct method.

The cash flows statement presents the cash flows and cash equivalents classified by operating activities, investments and financing, thus indicating how AEROSTAR generates and uses the cash and cash equivalents.

In the context of the Cash Flows Statement:

- the cash flows are the amounts collected and paid in cash and cash equivalents;
- the cash includes the cash available in the company's cash office and the sight deposits held with banks (available in the current accounts).
- the cash equivalents comprise the deposits formed in banks, bills and promissory notes deposited with banks in order to be collected.

The treasury cash flows from the transactions made in foreign currency are registered in the functional currency by applying to this value the exchange rate between the functional currency (LEU) and the foreign currency as on the date when the treasury cash flow was generated (date of making payments and collections).

The earnings and losses arising from the exchange rate variation are not treasury cash flows. Nevertheless, the effect of the exchange rate variation on the cash and cash equivalent held or owed in foreign currency is reported in the treasury cash flows statement, but separately from the treasury cash flows arising from operations, investments and financing, so as to reconcile the cash and cash equivalents at the beginning and end of the reporting period.

The operating activities are AEROSTAR S.A.'s main cash-generating activities.

Thus, in the first semester of 2022:

- the amounts collected from the customers were 221.605 thousand LEI;
- payments to the suppliers and employees amounted to 146.479 thousand LEI, of which 106.015 thousand LEI payments to the suppliers and 40.464 thousand LEI payments to the employees;
- payments of taxes and duties to the State Budget amounted to 39.824 thousand LEI, from which 4.917 thousand LEI tax on profit payments.

The operating activity generated in the first semester of 2022 a net cash of 38.606 thousand LEI, down by 14.753 thousand LEI compared to the same period of the previous year.

Within the investment activities the following have been performed:

- payments for the purchase of tangible and intangible assets in the amount of 8.655 thousand LEI;
- payments for the purchase of financial assets in the amount of 52.538 thousand LEI, representing:
  - a) acquisitions of shares Evergent Investment S.A. (stock symbol: Ever), traded on the Bucharest stock Exchange, worth 50.318 thousand LEI;
  - b) advance amounts made available to the investment broker for the acquisition of shares in the following period, amounting to 2.220 thousand LEI.

The purchased shares are held in the portfolio for the collection of contractual cash flows (dividends), and not for trading.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

- dividend receipts from Evergent investments S.A. in the amount of 2.541 thousand LEI, the amount remaining in the account of the investment broker for the acquisition of shares in the next period;
- dividend receipts from affiliated entities in the amount of 311 thousand LEI;
- bank interest receipts of 3.718 thousand LEI.

The amount of cash flows allocated to increase operating capacity represents 3% of the aggregate amount of cash used in operating, investment and financing activities.

Within the financing activity, the amount of 21.624 thousand LEI was paid, representing dividends due to the shareholders of AEROSTAR.

The level of cash and cash equivalents recorded at 30.06.2022 is 237.934 thousand LEI, down by 36.537 thousand LEI compared to the beginning of the year.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 28 - LIABILITIES AND OTHER OFF-BALANCE ITEMS**

AEROSTAR S.A. registers as off-balance items, the rights, liabilities and goods which are not recognized in the company assets and liabilities, i.e.:

	<b>30 June 2022</b>	<b>31 December 2021</b>
• <b>Liabilities:</b>		
○ guarantees granted to customers as letters of bank guarantee and letters of credit	98	465
○ guarantees received from suppliers – as letters of bank guarantees and letters of credit	77.955	134.255
• <b>Goods, from which:</b>		
○ inventories of other material released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	39.529	36.823
○ material values received in consignment	2.264	2.262
○ finished products	65	65
○ materials – customers	304	216
○ tangible and intangible assets –obtained or purchased as a result of co-financed activity	573	573
○ material values received for processing/repairs	22.455	11.454
○ supporting assets related to the leasing contracts – Hangar of Iasi	2.475	2.477
○ fixed assets proposed for disposal	201	296
• <b>Other off-balance values, of which:</b>		
○ material guarantees	192	179
○ liabilities for covering certain future obligations to A.J.O.F.M. based on OUG 95/2002 regarding the defence industry	4.062	4.330
○ debtors removed from accounts, monitored further on	173	175
○ creditors	21	21
○ de minimis aid for participation to fairs and exhibitions	324	324
• <b>Greenhouse Gas Emission Certificates</b>	6.171	6.842

On 30 June 2022, AEROSTAR S.A. held a number of 14.245 greenhouse gas emission allowances. The market value of the last trading day of a GHG certificate was 87,60 euros, according to the European Energy Exchange website (in December 2021: 79,51 euros), at a revaluation exchange rate of 4,9454 lei/euro.



**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 29 – DIRECTORS’ REMUNERATION**

The Board of Directors of AEROSTAR S.A. on 30.06.2022:

	<b>Surname and first name</b>	<b>Position</b>	<b>Profession</b>
▪	FILIP GRIGORE	President of the Board of Directors	Aviation engineer
▪	DAMASCHIN DORU	Vicepresident of the Board of Directors	Economist
▪	TONCEA MIHAIL - NICOLAE	Member of the Board of Directors	Aviation engineer
▪	DOROȘ LIVIU-CLAUDIU	Member of the Board of Directors	Economist
▪	VÎRNĂ DANIEL	Member of the Board of Directors	Legal Advisor

In 2022, the company AEROSTAR did not grant advance payments or credits to the members of the Board of Directors and did not make any commitment on their account as a collateral of any kind.

In the ordinary General meeting of 16 December 2021, the shareholders of Aerostar approved the freezing, at the level decided by the ordinary General meeting of shareholders of 09 July 2020, of the directors’ allowance **for the financial year 2022**, namely:

- ✓ Maintaining for each elected Member of the Board of Directors a monthly, net fixed remuneration of 4.750 lei;
- ✓ A maximum level of additional remuneration for the members of the Board of Directors who also have executive duties of a fixed monthly amount of no more than 10 (ten) times (including) the fixed remuneration of 4.750 lei, applied individually, according to each case;
- ✓ Empowering the Board of Directors to negotiate them within the approved ceiling.

The amount of gross allowances granted to the members of the Board of Directors in the first semester of 2022, by virtue of their responsibilities, was 862 thousand lei.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 30 – RISK MANAGEMENT**

AEROSTAR is exposed to multiple risks and uncertainties that can affect its financial performance. The business lines run by AEROSTAR, the operational results or the financial statements, may be affected by the materialization of the risks presented below.

AEROSTAR pursues to secure the average and long-term sustainability and to reduce the uncertainty associated with its strategic and financial objectives.

The risk management processes ensure the identification, analysis, assessment and management of risks in order to minimize their effects to an agreed level.

However, there may be risks and uncertainties additional to what is presented further on, which are currently unknown or considered insignificant, but which may affect in the future the business lines run by AEROSTAR.

**Operational Risk**

It is the risk to incur losses or of failure to make the estimated profits determined by:

- the use of processes, systems and manpower that were either inadequate or failed to function properly
- external events and actions: deterioration of the global economic conditions, natural disaster or other events that can affect AEROSTAR's assets.

Considering the global political turmoil, in the future we may face new types of risks, the Company carefully analyzing the main conflict areas.

The COVID-19 pandemic still affects significant fields of the global economy and markets. Nevertheless, a significant increase is expected once the traffic air demand is recovered.

The Operational Risk is also associated to the **Legal Risk**, defined as the risk of loss, resulting from the fines, penalties and sanctions AEROSTAR is liable to in case of non-application or misapplication of dispositions, legal or contractual regulations, as well as the fact that the rights and contractual obligations of AEROSTAR and/or of the business partner are not properly established.

The effects of the legal risk are monitored and eliminated through a permanent information system regarding the legislative modifications, as well as by setting up a review, endorsement and approval system for the terms and conditions included in the commercial agreements.

AEROSTAR has allocated and will continue to allocate investment funds and other operational expenses in order to prevent and manage the operational risk.

Moreover, by setting up provisions for risks and related expenses, AEROSTAR aims to have its own funding to cover its risks of exposure.

Also, in order to minimize the operational risk, AEROSTAR renews annually, with 1st tier insurance-reinsurance companies, a civil liability insurance contract related to the main business lines (manufacturing of aircraft products and maintenance for commercial aircraft).

**The Credit Risk** is the risk that AEROSTAR might bear a financial loss as a result of the failure to meet the contractual obligations by a partner, being determined mainly by cash, cash equivalents (bank deposits) and trade receivables.

Cash and cash equivalents are placed only in 1st tier bank institutions, deemed to have a high solvency rating.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

The credit risk, including the country risk in which the customer performs its activity, is managed per business partner. When necessary, specific instruments of credit risk mitigation are requested (advance payments, letters of bank guarantee, confirmed letters of credit).

AEROSTAR has no significant exposure towards a single partner and does not register a significant concentration of the turnover on a single geographical area.

However, there is exposure to the global market of Airbus programs, a large share of our company's products being used on Airbus airplanes.

A presentation of the quantitative information regarding AEROSTAR's exposure to the credit risk is detailed in Note 18 (Financial Instruments) to the Financial Statements.

**The Liquidity Risk** is the risk that AEROSTAR might encounter difficulties in fulfilling its liabilities-related obligations as they become due.

To manage the liquidity risk, the cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of net modifications of the cash. Such reviews provide the basis for the financing decisions and for the capital expenditures.

In order to reduce the liquidity risk, AEROSTAR keeps an annual cash-reserve in the form of a Credit Line usable as an overdraft granted by banks in the amount of 2.500 thousand USD. During the reporting period, AEROSTAR did not use the Credit Line, all the activities of the Company being financed from own sources.

**The Market Risk** is the risk that the fair value or future cash flows of a financial statement will fluctuate due to the modifications of the market price.

The market risk comprises the price risk, the exchange rate risk and the risk of the interest's rate. AEROSTAR is exposed mainly to the price risk determined by the fluctuations of price of raw material and material used in the manufacturing processes, caused by exceptional events such as the Brexit agreement with an impact on the procurement of material from UK, the international sanctions established leading to limited possibility to provide parts and material, increased costs due to specific duties for the import/export of metallic products (made of steel and/or aluminium) to and from USA. This risk strongly manifest due to the economic recession in the aeronautical industry caused by the COVID-19 pandemic.

The management of this risk is carried out by:

- diversifying the portfolio of suppliers, which offers increased leverage in negotiations in case the price of raw materials is increased by certain suppliers.
- long-term contract agreements, with provisions on fixed prices.

AEROSTAR is exposed to the exchange rate risk because 74% of its turnover is related to USD and EUR, while a significant part of the operating expenses is denominated in LEI.

Thus, AEROSTAR is exposed to the risk that the exchange rate variations will affect both its net income, as well as its financial position, as they are expressed in LEI.

An analysis of AEROSTAR's sensitivity to the foreign exchange rate's variations is detailed in Note 18 (Financial Instruments) to the Financial Statements.

As far as the interest rate is concerned, due to the fact that AEROSTAR did not use the contracted Credit Line in the reported period, the income and cash flows are independent from the interest rate variation on the banking market.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

Other aspects concerning risk management are presented in the OPPORTUNITY AND RISK MANAGEMENT chapter of the Board of Directors' Report.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 31 – PREPAID EXPENSES AND INCOME**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Expenses registered in advance (in the short term)</b>	<b>1.391</b>	<b>579</b>
<b>Income registered in advance (in the short term)</b>	<b>3.138</b>	<b>196</b>

The expenses made and the income obtained in the current period, but concerning future periods or financial years are registered distinctly in the accounting department, as prepaid expenses or prepaid income, as applicable.

In the category **expenses registered in advance** in records on 30 June 2022 are found amounts to resume within a year representing, among others, subscriptions, insurance policy, fees, participation to trade fairs and conferences, taxes and duties, on-line services, maintenance of IT systems etc.

On 30 June 2022, Aerostar derecognised the **long-term income registered in advance**. In the category of **short-term income registered in advance** are recorded the values corresponding to provided services and delivered goods for which the income recognition conditions of IFRS 15 are not met (the customers have not gained control over goods/services yet).

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 32 - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 30 June 2022**

Account 251	Values on 30 June 2022			Values on 01 January 2022		
	Gross amount	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.887	(135)	1.752	1.888	(115)	1.773
<b>Total</b>	<b>1.887</b>	<b>(135)</b>	<b>1.752</b>	<b>1.888</b>	<b>(115)</b>	<b>1.773</b>

	Net amount on 1 January 2022	Re-evaluation in 2022	Depreciation in the period	Net amount on 30 June 2022
Asset related to the right to use the land for the MRO Hangar in Iași	1.773	(1)	(20)	1.752
<b>Total</b>	<b>1.773</b>	<b>(1)</b>	<b>(20)</b>	<b>1.752</b>

The right to use the land for the Maintenance Hangar in Iași was re-evaluated at the foreign exchange rate communicated by the National Bank of Romania on the last banking day of each reporting period (31 March 2022, 30 June 2022).

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
(unless specified otherwise, all amounts are stated in thousand lei)

**COMPARATIVE KEY FIGURES - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 30 June 2021**

	Valori la 30 Iunie 2021			Valori la 01 January 2021		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Account 251						
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.862	(95)	1.767	1.864	(75)	1.789
<b>Total</b>	<b>1.862</b>	<b>(95)</b>	<b>1.767</b>	<b>1.864</b>	<b>(75)</b>	<b>1.789</b>

**Valoarea contabila neta**

	Net amount on 1 January 2021	Re-evaluations in 2021	Depreciation in the period	Net amount on 30 June 2021
Asset related to the right to use the land for the MRO Hangar in Iași	1.789	(2)	(20)	1.767
<b>Total</b>	<b>1.789</b>	<b>(2)</b>	<b>(20)</b>	<b>1.767</b>

The right to use the land for the Maintenance Hangar in Iași was re-evaluated at the foreign exchange rate communicated by the National Bank of Romania on the last banking day of each reporting period (31 March 2021, 30 June 2021).

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 JUNE 2022**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 33 - EVENTS AFTER THE REPORTING PERIOD**

On 02 May 2022, Aerostar informed the shareholders of the company, through a **press release**, the details of the payment of dividends due to shareholders, distributed from the profit of 2021, respectively:

- a) the gross dividend per share is 0,15 lei, the amount from which the dividend tax is withheld at the source, in the quotas provided by the legislation in force at the date of payment; the costs related to the payment will be borne from the net dividend value;
- b) "ex date" was set for 09.05.2022 according to A.G.O.A. of 20.04.2022;
- c) the shareholders entitled to receive the dividends distributed from the net profit realized in the financial year 2021 are those registered in the consolidated register of shareholders on 10.05.2022 – the registration date (approved by A.G.O.A. since 20.04.2022);
- d) the dividends distributed from the profit realized in the financial year 2021 were paid to the shareholders starting with 27.05.2022 – the date of payment (approved by A.G.O.A. since 20.04.2022).

The method of payment of dividends was detailed in the press release of 02 May 2022.

**EVENTS AFTER THE REPORTING PERIOD**

AEROSTAR S.A. did not identify events after the reporting date that would have an impact on the financial statements for 6 months 2022.

**Financial calendar 2022 – the following event will take place:**

Presentation of the financial results on 30 September 2022	11.11.2022
--	------------

These individual financial statements comprising: the statement of financial position, statement of profit or loss, other comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements were approved by the Board of Directors on 11 August 2022 and signed on its behalf by:

**Grigore FILIP,**  
**President & General Director**

**Doru DAMASCHIN,**  
**Vicepresident & Financial Director**





Str. Condorilor nr.9, Bacau 600302; Inmatriculat cu nr: J04/1137/1991-R.C.Bacau;  
Cod Unic de Inregistrare: RO 950531; Capital social: 48.728.784 lei  
Tel:+40234.575070; Fax:+40234.572023; 572259  
e-mail:aerostar@aerostar.ro; Website:http://www.aerostar.ro

---

## DECLARATION

The undersigned **GRIGORE FILIP**, acting as **President of the Board of Directors and General Director of AEROSTAR S.A.** and **DORU DAMASCHIN**, as **Vice-President of the Board of Directors and Financial Director of AEROSTAR S.A.**, assume responsibility for the preparation of the individual financial statements as of **30.06.2022** and confirm that:

- a) The financial and accounting statement for the first semester of 2022, which was prepared according to the applicable accounting regulations, provides a fair and consistent view of the assets, liabilities, financial position, profit and loss account of Aerostar S.A. Bacău;
- b) The Report of the Board of Directors on the first semester of 2022, prepared according to the provisions of the Regulation no. 5/ 2018 issued by the Financial Supervisory Authority – ANNEX no. 14, presents correctly and completely the information regarding Aerostar S.A. Bacău.

**President of the Board of Directors and General Director,  
GRIGORE FILIP**

**Vice-President of the Board of Directors and Financial Director,  
DORU DAMASCHIN**





# 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

## REVIEW REPORT

To the shareholders of AEROSTAR SA

### *Introduction*

1. I reviewed the attached interim statutory financial statements of **AEROSTAR S.A. Bacau** ("the Company"), with headquarters in Bacau, str. Condorilor, no. 9 which include the interim statement of the financial position as of 30.06.2022, the individual statement of the profit and loss account and other elements of the overall result, the individual statement of changes in equity and the individual statement of cash flows for the six-month period ended at this date, as well as a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the preparation of interim statutory financial statements*

2. The Company's management is responsible for the preparation and faithful presentation of these interim financial statements in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, with subsequent amendments ("OMFP 2844/2016") and IAS 34 - "Interim financial reporting", and for a certain level of internal control that the management considers relevant for preparation and presentation of interim financial statements that do not contain significant distortions due to either fraud or error.

### *Auditor's responsibility*

3. Our responsibility is to express a conclusion on the interim financial statements based on the review activity.

### *Scope of the review*

4. We performed the review in accordance with International Standard for Review Engagements 2410 - "Review of interim financial information performed by the entity's independent auditor" (ISRE 2410). This standard requires that we plan and we perform the review so as to obtain reasonable assurance about whether the financial statements are free

from material misstatement, analytical procedures applied to financial data, and therefore provide less assurance than an audit. The scope of a review is significantly less than that of an audit conducted in accordance with Auditing Standards, and therefore we cannot obtain the assurance that we will notify all significant aspects that could be identified in an audit. Therefore, we do not express an audit opinion.

### **Conclusions**

5. Based on the review carried out, we have not noticed any aspect that would make us believe that the attached interim individual statutory financial statements of **AEROSTAR S.A. Bacau** on 30.06.2022 are not drawn up, under all significant aspects, in accordance with OMFP no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, with subsequent amendments.

### **Other aspects**

6. This review report of the independent auditor has been issued and is addressed exclusively for the information and use of the Company's shareholders. To the maximum extent permitted by law, we do not accept or assume responsibility to any other person to whom this report may come.

Our review engagement was conducted with the objective of reporting those items that are intended to be addressed in a Financial Review Report and not for other purposes. We do not assume responsibility for it for any other purposes.

Bacau: 08.08.2022

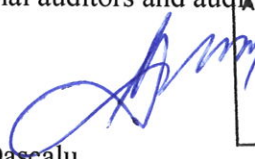
In the name of AUDITEVAL CONSULTING SRL


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 AF2229

Through

Audit partner: financial auditor Maricel Dascalu

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

  
Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Firma de Audit: Societatea  
AUDITEVAL CONSULTING S.R.L.  
Registrul Public Electronic: FA865

  
Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Auditor financiar:  
MARICEL DASCALU  
Registrul Public Electronic: AF2229