

# BOARD OF DIRECTORS' REPORT



## FIRST QUARTER

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# AEROSTAR S.A.

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1 January  
31 March  
2023

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Performance  
through  
Professionalism!



AEROSTAR S.A.

QUARTER I  
1 JANUARY - 31 MARCH  
2023

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## BOARD OF DIRECTORS' REPORT

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I Identification data and field of activity

II Results in key figures

III Summary of financial statements

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The Board of Directors' report was prepared in accordance with the provisions of the Law 24/2017 regarding the issuers of financial instruments and market operations and the Regulation A.S.F. No 5/2018 of the Financial Supervisory Authority concerning the issuers of financial instruments and market operations, namely Annex 13.

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Note: The Directors' Report prepared on 31 March 2023 in accordance with the current reporting regulations provides additional information to the shareholders in assessing the company, its strategies and their potential to succeed.

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**AEROSTAR S.A. was established on 17 April 1953 by the Council of Ministers' Decision No. 1165;**

**Our activities are carried out at the registered office of the company, located at 9 Condorilor Street, Bacău, postal code 600302;**

**Since January 2018, AEROSTAR has registered a secondary office and workplace within the perimeter of the International Airport of Iași;**

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**The company's motto "PERFORMANCE through PROFESSIONALISM!" embodies all the actions and measures designed to ensure long-term business sustainability.**

Aerostar S.A. was successively named URA-1953, IRAv (abbr. for Întreprinderea de Reparații Avioane)- 1970, IAv (abbr. for Întreprinderea de Avioane)- 1978, and under the current name, AEROSTAR S.A. has been operating since 1991, when it was registered as a joint-stock company, fully state-owned, at the Trade Register Office in Bacău.

## IDENTIFICATION DATA AND FIELD OF ACTIVITY

**Telephone/fax number:**  
004-0234 575070/004-0234 572023

Website/e-mail address



[www.aerostar.ro](http://www.aerostar.ro)  
[aerostar@aerostar.ro](mailto:aerostar@aerostar.ro)

**The unique identification code of the company at European level (EUID) is**

ROONRC.J04/1137/1991, and the identification code as a legal identity (LEI) as a legal entity is 315700G9KRN3B7XDBB73;

**Subscribed and paid-up share capital:**  
48.728.784 RON;

**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.

**Trade Registration Number:**  
J04/1137/1991

Unique Registration Code: RO 950531

Listed on the Bucharest Stock Exchange, ARS

**Reporting period:**

First quarter, 1 January - 31 March 2023

**The company financial statements** prepared for the **first quarter of 2023** are not accompanied by the statutory financial auditor’s report. They were audited by the company’s internal auditor;

**Applicable accounting standards:** The company financial statements are prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) adopted by the European Union, the Law of accountability no. 82/1991, republished, with the subsequent modifications and completions and they are presented in accordance with the IAS requirements;

**AEROSTAR S.A.** is listed on the Bucharest Stock Exchange under the code ARS, registered with the following data: unique registration code 950531, ISIN code ROAEROACNOR5, the issued shares being all in the Standard category. The record of the shares and shareholders is kept by S.C. Depozitarul Central S.A. Bucharest, as provided by law.

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## Events during the period January - March 2023

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AEROSTAR S.A.

**The following main events took place between 1 January and 31 March:**

### **24 February 2023**

AEROSTAR presented the preliminary financial results of the year 2022 in accordance with the applicable legal regulations;

### **15 March 2021**

AEROSTAR published the current Report for the convocation of the Ordinary General Meeting of Shareholders for **20 April 2023**;

The Notice of Convocation, the agenda, the draft resolutions, the materials submitted for OGMS approval as well as the forms requested by AEROSTAR were posted on the company website [www.aerostar.ro](http://www.aerostar.ro) in the Section Investor Relations.

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### **First Quarter**

Extension of the scope of approval granted by the National Military Aviation Authority of the Military Design Organisation for major modifications and repairs as set out in the Annex to the Certificate of Approval.

Accreditation of the Aerostar Metrology Laboratory - granted by the RENAR Accreditation Association - for the calibrations set out in the Annex to the Certificate of Accreditation.

### **24 March 2023**

The annual negotiations between the AEROSTAR S.A. Management and the Employees' Committee for a new Addendum to the Collective Labour Agreement for the period: 01.04.2023 - 31.03.2024 have been completed.

**As of 1 April, benefits packages and salary raises of 15% have been established for the company's employees.**

Aerostar is Romania's leading aerospace and defence company and supplier in the global supply chains for the major players in the world of aviation.

## Events after the reporting date

### 20 April 2023

During the Ordinary General Meeting, AEROSTAR's shareholders approved the following:

- The Board of Directors' report and the financial statements for the year 2022
- The Financial Auditor's Report on the Audit of the Financial Statements
- The discharge of the members of the Board of Directors and Executive Management
- The distribution of the net result of the financial year 2022 (profit), i.e. the amount of **90.272.999,12 lei as follows:**

allocations to the legal reserve of reinvested profit	<b>7.961.284,14 lei;</b>
allocations to reserves	<b>54.901.773,98 lei</b>
allocation as dividends	<b>27.409.941,00 lei</b>

- (Executive and non-executive) Directors' Remuneration Report) for the year 2022;

## 17 April 2023

AEROSTAR S.A.

celebrates 70 years of continuous activity.

- The payment date of the dividends for the financial year 2022 is **31 May 2023**. the gross dividend per share is 0,18 lei.

## AEROSTAR S.A.

Committed to a sustainable future, our executive managers have adopted an ambitious strategy and an integrated business model based on the process-systems approach and RISK-based Thinking.

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## Business model

AEROSTAR operates on the global market for products and services in the aerospace and defence industry as an independent company.

The company's management policy is focused on maintaining a solid capital base for continuous development in the context of the global market and competitive edge through quality, capabilities, high-level technologies for continuous and organized development and thus achieving strategic objectives.

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## External environment

The global economic and geopolitical crisis has not altered AEROSTAR's commitment to its established responsibilities. The conflict between Ukraine and Russia did not directly affect the company's business in the first quarter of 2023, but the resulting effects are an ongoing concern for the company.

## Prospects

The aviation industry is a dynamic and fast-changing sector in a period dominated by uncertainty. The company's prospects depend largely on the global context and the evolution of the key factors.

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## Internal environment

The labour shortage in the aviation industry remains a real issue and challenge given the demand for skilled and specialized personnel.

Committed to a sustainable future, through the proposed objectives and undertakings, our company channels its efforts into achieving its main goal of increasing sustainability by associating profitability with responsibility, increasing value in the short, medium and long term and thus increasing the company's performance.

## Strategy

1. CLIMATE CHANGE MITIGATION	2. TOP EMPLOYER	3. COMMUNITY INVOLVEMENT AND DEVELOPMENT	4. OUR CUSTOMERS' SATISFACTION
<p>Reducing the atmospheric emissions of greenhouse gases and volatile organic compound emissions;</p> <p>Decreasing the environmental impact by increasing the recovery of waste and raising our employees' awareness of the need to minimize the waste generation to improve the environmental performance;</p> <p>We respect the environment, nature and natural resources.</p>	<p>Training our employees in their professional development and supporting an inclusive culture where every employee can reach his/her full potential and contribute with our help, thus ensuring the evolution of tomorrow's professions;</p> <p>Improving the quality of life at the workplace, ensuring employee health and safety and maintaining a thriving social dialogue;</p> <p>We respect, support and guarantee equal, non-discriminatory treatment through equal opportunities for all our employees.</p>	<p>Developing partnerships to attract young people for internships and study;</p> <p>Improving the professional and social integration.</p>	<p>Developing partnerships so that we represent a reference point for our clients;</p> <p>Strengthening our position as a strategic player in the civil and military aviation industry and creating sustainable added value;</p> <p>Upholding the highest standard of professional ethics.</p>

The financial information presented herein is selected from the company financial statements audited by the internal auditor.

In the three months ended on 31 March 2023, Aerostar recorded a turnover of 124,702 thousand lei, up from the first quarter of 2022.

The export sales also recorded an increase mainly caused by the resurgence of the market for manufactured aeronautical products.

## II RESULTS IN KEY FIGURES

### Economic-financial indicators of Aerostar S.A.

<b>KEY FIGURES</b>	UM	31.03.2023	31.03.2022
Share capital	k lei	48.729	48.729
Turnover	k lei	124.702	104.304
- <i>export sales</i>	k lei	102.869	75.511
- <i>share of export in turnover</i>	%	82%	72%
Actual number of employees	no.	1.823	1.758
Net profit	k lei	30.089	20.047
Cash - flow	k lei	255.489	249.171
General liquidity	-	7,73	8,48
Investment expenses from own sources	k lei	5.542	2.269

<b>MONETARY INDICATORS</b>	UM	31.03.2023	31.03.2022
Average exchange rate EURO/3 months	lei/euro	4,9189	4,9462
Average exchange rate USD/ 3 months	lei/USD	4,5839	4,4067
Average exchange rate GBP/3 months	lei/GBP	5,5681	5,9144
Inflation	-%	2,34	3,99

<b>ECONOMIC-FINANCIAL INDICATORS</b>	<b>31.03.2023</b>
<b>Current liquidity</b>	7,73
<b>Indebtedness rate</b>	0
<b>Debt rotation rate - customers</b>	49
<b>Fixed asset rotation rate</b>	0,54
<b>General solvency rate</b>	11,39
<b>Financial rate of return</b>	0,06
<b>Net profit rate</b>	24,13%
<b>Net treasury</b>	81.236 k lei



### Main characteristics of the securities issued:

☐ **152.277.450** registered, ordinary shares of equal value, fully paid, issued in dematerialized form and recorded in the Register of Shareholders. It is managed by the Central Depository S.A. Bucharest.

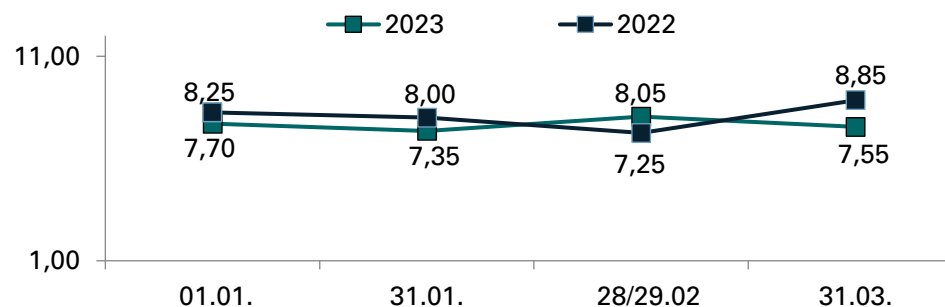
In the first 3 months of 2023:

- ☐ Aerostar S.A. did not issue bonds or similar securities;
- ☐ no subscriptions of new shares or participation certificates, convertible bonds, options or similar rights were recorded;
- ☐ no share buy-back programme was underway.

The shares of Aerostar S.A. Bacău have been traded since 1998 on the regulated market administered by the Bucharest Stock Exchange.

Aerostar shares – in figures	31.03.2023	31.03.2022	31.03.2021
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) *)	7,550	8,85	4,12
Stock exchange capitalization (lei)	1.149.694.748	1.347.655.433	627.383.094
Maximum price (lei)*)	8,200	9,50	4,38
Minimum price (lei) *)	7,00	7,20	4,00
Result per share (lei)	0,198	0,132	0,126

*\*Source: monthly bulletin issued by the Bucharest Stock Exchange*

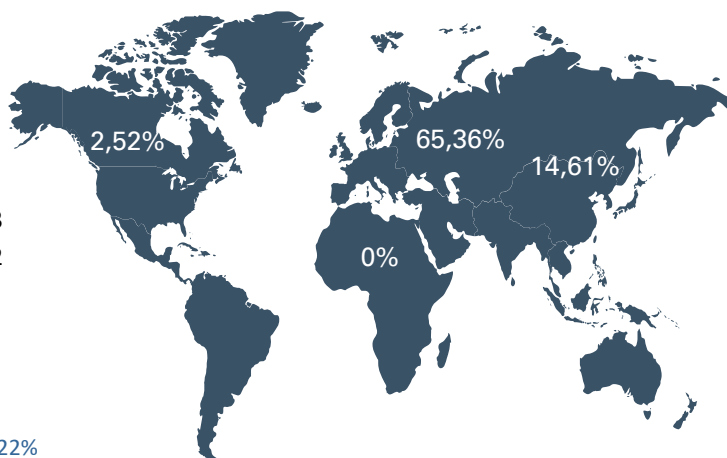
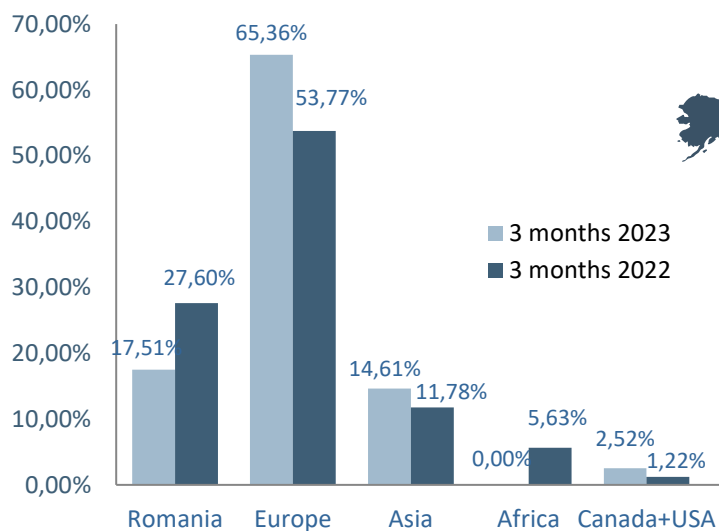


In the first quarter, the Aerostar ARS share reached a trading price of 7.55 lei.

*Monthly evolution of Aerostar ARS share price reference between January and March 2023 compared to the same period of last year 2022 ( lei/share)*

## Aerostar 'ARS' Share in Figures

## AEROSTAR S.A.



Percentage of total sales on Aerostar's sales markets

## Results in Sales

**Turnover in the first quarter of 2023: 124,702 thousand lei, up compared to the same period of last year**

In the first quarter AEROSTAR sold products and services on the internal market in the amount of 21.833 mii lei, and 102,869 thousand lei equivalent on the external market.

About 82% of sales represent export sales. Compared to the first quarter of 2022, the percentage of export sales was affected in region of Africa and Romania, but there were increases in the percentage of sales on the European market.

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

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

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



## The Aerostar Business

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### MRO Civil Aviation

Aerostar is the leading independent regional maintenance service provider and is authorised to perform MRO work on Boeing 737 300-900 series, Boeing 737 MAX, Airbus 320 family, ceo & neo as well as on component parts.

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### Manufacture of Aeronautical Products

In the field of civil aviation Aerostar is a supplier of aerostructures, components and assemblies for the global aviation industry having as end customers companies such as Airbus, Ariane Group, Boeing, Bombardier, Dassault, GKN Aerospace, Gulfstream, Premium Aerotec, SAFRAN Landing Systems s.a.



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### Defence systems

AEROSTAR is active in upgrading, integration and maintenance programs for military aviation and defense systems, and is a leading supplier to the Romanian Ministry of National Defense.

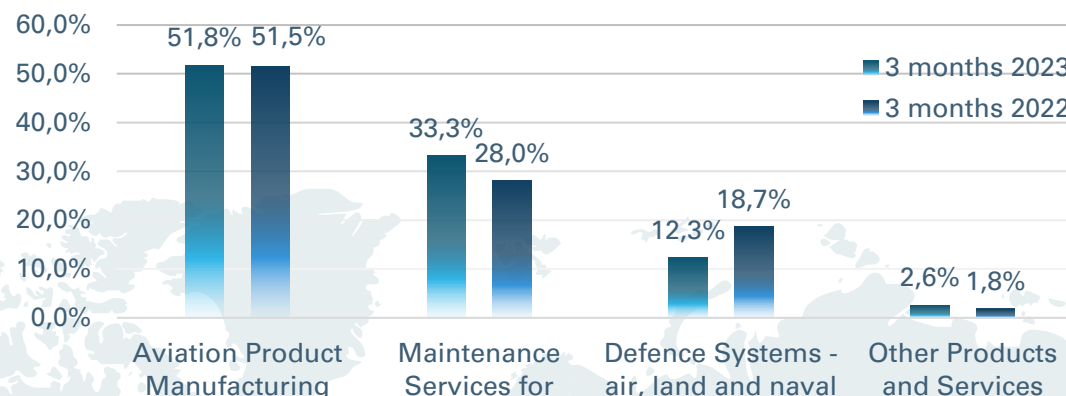


## AEROSTAR S.A.

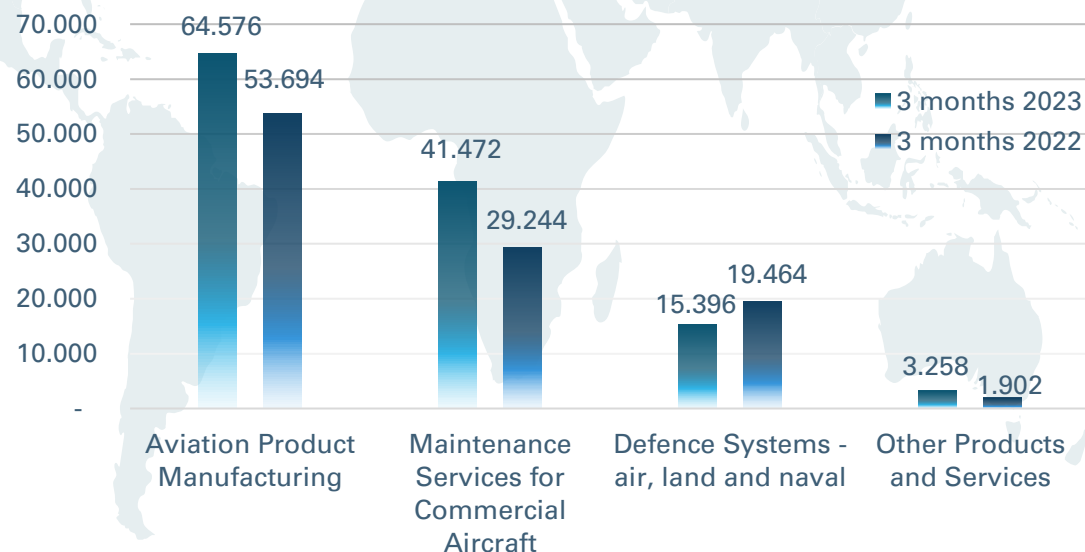
Aerostar produces and offers services materialized in three main business lines:

- ☐ Manufacture of aviation products;
- ☐ Commercial aircraft maintenance;
- ☐ Defence systems - aero, ground and naval.

During the period January 1 - March 31, 2023, there was an increase in sales for Aviation Product Manufacturing and Maintenance Services for Commercial Aircraft.



## Share of Business in Sales



## AEROSTAR S.A.

Aerostar's investment policies aim at ensuring sustainable development as well as sustainable use of resources and reducing the environmental footprint, supporting professional excellence, securing efficiency and optimizing our workflow.

At the end of the first quarter, AEROSTAR deployed investments worth 5542 thousand lei.

89% of the amount of investment expenses were made for the purchase of technological equipment.

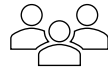
The summary of investment expenditure by category of fixed assets is as follows:



## Investments

Category	Investment expenditure 1st quarter (thousand lei)	Percentage (%)
<b>Total property, plant and equipment</b>	5297	99 %
<b>Intangible assets</b>	244	1 %
<b>TOTAL</b>	5542	100.00 %

## Our employees



**1.823 EMPLOYEES**

We support our employees' professional development by including them in training programmes

We support and advocate for high-quality education!



**15% SALARY RAISES  
STARTING FROM  
1 APRIL 2023**

We support, respect and guarantee equal and non-discriminatory treatment!

## Employee benefits

The annual negotiation between the Company's Administration and the Employees' Committee took place.

Thus for the period 01.04.2023 - 31.03.2024 a benefits package was established to cover the dynamic needs and salary increases of 15%.

## Training, education, professional development

During the reporting period, several training courses were organised for the company's employees, by prioritising the need for training in the areas of interest for the production activities:

Number of participants in training programmes: 1206

Number of employees included in training programmes: 929

## Health and occupational safety, working conditions

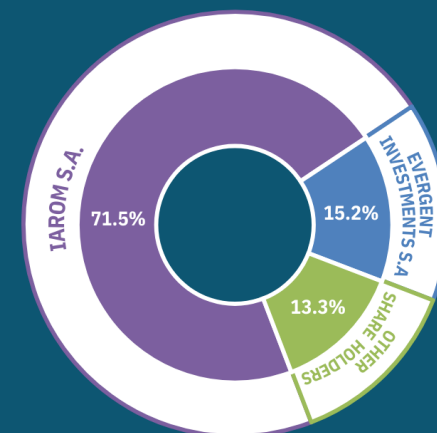
AEROSTAR acts consistently to reduce the risks of accidents and illnesses and applies in the internal activity a set of internal rules and regulations that ensure compliance with the legal requirements, as well as various prevention and protection plans against the new coronavirus.

## AEROSTAR S.A.

The significant shareholders of AEROSTAR S.A. are IAROM S.A. Bucharest and EVERGENT Investments S.A. Bacau.

There are no litigations with the above-mentioned persons. This year no subscriptions of new shares or participation certificates, convertible bonds, options or similar rights were registered.

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



\* Shareholding structure of the company on 31 March 2023

## Aerostar Shareholders

Shareholder	Number of shares
IAROM S.A.	108,854,869
Evergent Investments S.A	23,106,135
Other shareholders	20,304,912
<b>Total</b>	<b>152,277,450</b>

\*Source Depozitarul Central

## Executive Management

### The Executive Board is composed of:

Name	Position
<b>Filip Grigore</b>	General Director
<b>Damaschin Doru</b>	Financial-Accounting Director
<b>Filip Alexandru</b>	Deputy Director-General
<b>Rogoz Vasile Laurențiu</b>	Quality Director
<b>Popa Dan Paul Mălin</b>	Human Resources Director
<b>Cristea Andra</b>	Logistics Division Director
<b>Buhai Ovidiu</b>	Director of Defence Systems Division
<b>Iosipescu Șerban</b>	Director of Aeronautical Products Division
<b>Veleşcu Ioan - Dan</b>	Director of the Civil Aviation MRO Division
<b>Branche Cătălin Bogdan</b>	Director of Utilities and Infrastructure Division

The Executive Management is ensured by the General Director and the Financial Director.

The management structure at executive-operational level is completed by the other division and directorate managers. There were no changes in this structure in the first quarter of 2023.

## Board of Directors

The Board of Directors of AEROSTAR S.A. was elected for a period of four years at the General Meeting of the Shareholders on 9 July 2020.

The election was carried out by secret ballot and the mandate lasts until 10.07.2024.

### The Board of Directors is composed of:

Name	Position
<b>Filip Grigore</b>	<b>President</b>
<b>Damaschin Doru</b>	<b>Vice-President</b>
<b>Toncea Mihail-Nicolae</b>	<b>Member</b>
<b>Doroș Liviu- Claudiu</b>	<b>Member</b>
<b>Vîrnă Daniel</b>	<b>Member</b>



### III SUMMARY OF FINANCIAL STATEMENTS

<b>Financial performance</b>	<b>UM</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Total revenue	k lei	145.431	103.909
Total expenses	k lei	112.354	80.386
Gross profit	k lei	33.077	23.523

<b>Financial position</b>	<b>UM</b>	<b>31.03.2023</b>	<b>31.12.2022</b>
Non-current assets (net values)	k lei	246.434	252.380
Current assets	k lei	486.190	461.382
Registered capital	k lei	48.729	48.729
Company equity	k lei	518.623	493.709
Total debts	k lei	91.406	90.259

**AEROSTAR S.A. BACĂU**  
**COMPANY FINANCIAL STATEMENTS**  
**FOR MARCH 31, 2023**

**UNAUDITED**

The financial statements dated 31.03.2023 were audited by the internal auditor  
of the company Aerostar S.A.

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**OTHER COMPREHENSIVE INCOME**

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**COMPANY STATEMENT OF CASH FLOWS**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

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**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF PROFIT OR LOSS**  
**FOR 31 MARCH 2023**  
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	31 March 2023	31 March 2022
<b>Operating income</b>			
Income from sales	19	124.702	104.304
Other income	19	479	576
Income related to the inventories of finished goods and work in progress	19	14.160	(3.855)
Income from production of assets	19	351	10
Income from operating subsidies	19	219	-
<b>Total operating income</b>		<b>139.911</b>	<b>101.035</b>
<b>Operating expenses</b>			
Material expenses	20	(60.434)	(40.287)
Expenses with employees' benefits	20	(41.585)	(32.748)
Expenses regarding amortization of assets	5;6;20	(6.231)	(6.053)
Net income (expenses) from adjustments regarding current assets	20	691	2.654
Net income (expenses) from adjustments regarding provisions	20	7.199	2.382
Expenses regarding external services	20	(9.143)	(4.592)
Other expenses	20	(955)	(1.023)
<b>Total operating expenses</b>		<b>(110.458)</b>	<b>(79.667)</b>
<b>Profit/loss from operating activity</b>		<b>29.453</b>	<b>21.368</b>
Financial income	21	5.520	2.874
Financial expenses	22	(1.896)	(719)
<b>Financial profit/loss</b>		<b>3.624</b>	<b>2.155</b>
<b>Profit before tax</b>		<b>33.077</b>	<b>23.523</b>
Tax on current and deferred profit	17;23	(2.988)	(3.476)
<b>Net profit of the period</b>		<b>30.089</b>	<b>20.047</b>

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

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

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF OTHER ELEMENTS**  
**OF THE COMPREHENSIVE INCOME FOR 31 MARCH 2023**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Net profit of the period</b>	<b>30.089</b>	<b>20.047</b>
Deferred income tax recognized on company equity	(1.787)	(169)
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income	156	-
Revaluation at fair value of company equity instruments through other elements of comprehensive income	(3.544)	730
<b>Other elements of comprehensive income</b>	<b>(5.175)</b>	<b>561</b>
<b>Comprehensive income of the period</b>	<b>24.914</b>	<b>20.608</b>

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

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

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR 31 MARCH 2023**

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

	Note	31 March 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	165.748	166.176
Intangible assets	5	925	859
Investment property	6	7.819	6.514
Rights to use assets under lease	32	1.743	1.753
Financial assets	7	53.416	59.029
Receivables regarding deferred profit tax	17	16.783	18.049
<b>Total non-current assets</b>		<b>246.434</b>	<b>252.380</b>
<b>Current assets</b>			
Inventories	10	151.278	130.610
Trade receivables and other receivables	8;9;18	77.677	83.982
Short-term expenses registered in advance	31	1.746	617
Cash and cash equivalents	11	255.489	246.173
<b>Total current assets</b>		<b>486.190</b>	<b>461.382</b>
<b>Total assets</b>		<b>732.624</b>	<b>713.762</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	48.729	48.729
Current result	12	30.089	90.273
Result carried forward	12	134.114	50.938
Reserves	12	341.912	331.384
Deferred income tax recognized on equity	17	(21.491)	(19.654)
Distribution of profit for legal reserve	12	(14.730)	(7.961)
<b>Total company equity</b>	12	<b>518.623</b>	<b>493.709</b>
<b>Long-term liabilities</b>			
Liabilities regarding deferred income tax	17	23.440	21.676
Subsidies for long-term investments	14	1.811	2.008
Other long-term liabilities	16	1.482	1.503
<b>Total long-term liabilities</b>		<b>26.733</b>	<b>25.187</b>
<b>Long-term provisions</b>	13	<b>92.952</b>	<b>95.271</b>
<b>Current liabilities</b>			
Trade liabilities	15;18	45.257	48.610
Liability with current income tax	23	2.014	269
Pre-booked income	31	1.027	1.876
Subsidies for short-term investments	14	947	1.020
Other current liabilities	16	15.428	13.297
<b>Total current liabilities</b>		<b>64.673</b>	<b>65.072</b>
<b>Short-term provisions</b>	13	<b>29.643</b>	<b>34.523</b>
<b>Total provisions</b>		<b>122.595</b>	<b>129.794</b>
<b>Total liabilities</b>		<b>91.406</b>	<b>90.259</b>
<b>Total company equity, liabilities and provisions</b>		<b>732.624</b>	<b>713.762</b>

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

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

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR 31 MARCH 2023**  
**(DIRECT METHOD)**

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

	Note	31.03.2023	31.03.2022
<b>CASH FLOWS FROM OPERATIONS</b>			
collected from customers		133.381	108.008
taxes and excises recovered from State Budget		734	1.200
subsidies receipts from State Budget		227	2
payments to suppliers and employees		(102.925)	(67.064)
payment of taxes, contributions and dues to State Budget		(17.953)	(18.014)
<b>NET CASH FROM OPERATIONS</b>	27	<b>13.464</b>	<b>24.132</b>
<b>CASH FLOWS FROM INVESTMENTS</b>			
proceeds from sale of financial fixed assets	27	5.516	-
interest collected from bank deposits set up		1.142	1.376
payments for purchasing non-current assets	7, 27	(3.317)	(48.525)
payments for purchasing property, plant and equipment and intangible assets		(7.233)	(2.530)
<b>NET CASH FROM INVESTMENTS</b>	27	<b>(3.892)</b>	<b>(49.679)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
gross dividends paid		(95)	(88)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	27	<b>(95)</b>	<b>(88)</b>
Net increase/decrease of cash and cash equivalents		9.477	(25.635)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>246.173</b>	<b>274.471</b>
Effect of the exchange rate variation on cash and cash equivalents	27	(161)	335
<b>Cash and cash equivalents at the end of the period</b>	11	<b>255.489</b>	<b>249.171</b>

General Director  
Grigore Filip

Financial Director  
Doru Damaschin

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 31 MARCH 2023**  
**(all amounts are stated in thousand lei)**

	Share capital	Reserves	Reserves from revaluation of asset through other elements of comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Comprehensive income</b>							
<b>A. Balance on 1 January 2023</b>	48.729	324.149	7.235	(19.654)	50.938	82.312*	493.709
<b>Profit of the period</b>						30.089	30.089
<b>Other elements of comprehensive income</b>							
Setting up deferred income tax recognized on the account of equity				(1.837)	50		(1.787)
Taking over the profit of the financial year 2022 on the result carried forward representing the undistributed profit, until the distribution to the destinations decided by the shareholders in OGMS of 20 April 2023 (Note 12)					82.312	(82.312)	-
Distribution of the profit made in the first quarter of 2022 for reserves from fiscal facilities, in gross amounts	14.730					(14.730)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(658)		814		156
Revaluation at fair value of the company equity instruments through other elements of comprehensive income			(3.544)				(3.544)
<b>Comprehensive income of the period</b>	-	14.730	(4.202)	(1.837)	83.176	(66.953)	24.914
<b>B. Balance on 31 March 2023</b>	48.729	338.879	3.033	(21.491)	134.114	15.359**	518.623
<b>C. Changes in equity (Note 12)</b>	-	14.730	(4.202)	(1.837)	83.176	(66.953)	24.914

\* The result of 90.273 k lei on 31.12.2022 is influenced by the distribution of the profit on other legal reserves from fiscal facilities in the amount of 7.961 k lei;

\*\* The result of 30.089 k lei on 31.03.2023 is influenced by the distribution of the profit on other legal reserves from fiscal facilities in the amount of 14.730 k lei;

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**



**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 31 MARCH 2022**  
**(all amounts are stated in thousand lei)**

	Share capital	Reserves	Reserves from revaluation of financial assets through other comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Comprehensive income</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>						20.047	20.047
<b>Other elements of comprehensive income</b>							
Set up deferred income tax recognized on the account of equity				(225)	56		(169)
Taking over the profit of the financial year 2021 over the result carried forward representing the undistributed profit, until the distribution to the destinations decided by the shareholders in OGMS of 20 April 2022 (Note 12)					54.280	(54.280)	-
Distribution of the profit made in the first quarter of 2022 for legal reserves in gross amounts		1.268				(1.268)	-
Fair value revaluation of equity instruments through other comprehensive income			730				730
<b>Comprehensive income of the period</b>	-	1.268	730	(225)	54.336	(35.501)	20.608
<b>B. Balance on 31 March 2022</b>	48.729	285.633	730	(17.359)	105.484	18.779**	441.996
<b>C. Changes in the company equity (Note 12)</b>	-	1.268	730	(225)	54.336	(35.501)	20.608

\* The result of 59.940 k lei on 31.12.2021 is influenced by the distribution of the profit on the reserves from fiscal facilities in the amount of 5.660 k lei;

\*\* The result of 20.047 k lei on 31.03.2022 is influenced by the distribution of the profit on the reserves from fiscal facilities in the amount of 1.268 k lei;

**General Director,  
Grigore Filip**

**Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
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**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, the opening of a secondary place of business without legal personality (workplace) located in Iasi, on 25B Aeroportului Street has been approved.

The main field of activity of AEROSTAR 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 Bacău 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 year 2023, there was no subscription of new shares, nor any participation certificates, convertible bonds, warranties, options or similar rights.

In terms of accounting regulations, AEROSTAR S.A. is a 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 Aerogării B-d. The consolidated financial statements for the financial year 2021 were submitted to A.N.A.F. under registration number 429231916-2022/30.08.2022. 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 31.12.2022.

The company has a sole segment of activity 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 Board of Directors’ Report.

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

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2023**  
**(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 requires the use of estimates, judgements and assumptions affecting 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 they are based on 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 accounting estimates will be recognized prospectively by its inclusion in the result:

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

The company uses estimates in order to determine:

- uncertain customers and adjustments for the impairment of the related receivables;
- the value of the provisions for risks and expenses to be established at the end of the period (month, quarter, year) for litigations, for the decommissioning of tangible fixed assets, for guarantees to customers, for obligations towards personnel and other obligations;
- the adjustments for impairment of tangible and intangible assets. At the end of each reporting period, the company estimates whether there are any indications of impairment. If such indications are identified, the recoverable amount of the asset is estimated to determine the extent of impairment (if any).
- the useful lifetimes of tangible and intangible fixed assets. The Company reviews the estimated useful lifetimes of property, plant and equipment and intangible assets at least at the end of each financial year to determine their adequacy;
- the inventories of raw materials and materials that need adjustments to be set up 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 when recognizing, evaluating, presenting or describing 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
- if the error occurred before the earliest 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:

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
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- the nature of the error for the previous period;
- the value of the adjustment for each previous period presented, insofar as possible:
  - for each item - row affected in the financial statement;
  - for the basic and diluted results per share.
- the amount of the correction at the beginning of the earliest period presented;
- if retrospective reprocessing is impossible for a specific prior period, the circumstances that lead to the existence of such circumstance and a description of how and when such error was corrected.

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

The change of 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 over the financial performance or cash flows of the entity.

Applying changes in the Accounting Policies:

- The entity accounts for 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
- Upon 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 periods, the company discloses in the explanatory notes the following:

- the title of IFRS;
- the nature of the accounting policy change;
- where 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 item of the financial statement, insofar as possible.

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

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

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
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## **NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES**

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

The company financial statements of AEROSTAR SA 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 the companies whose securities are admitted for trading on a regulated market;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as subsequently amended and supplemented;
- O.M.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of inventories of items such as assets, debts and own capital;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanatory Notes on certain measures relating to the organisation and conduct of management accounting;
- O.M.F.P. no. 2.634/2015 regarding the financial accounting documents, including subsequent amendments and additions;
- Law no. 24/2017, as republished, regarding the issuers of financial instruments and market operations.

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

The accounting for foreign currency transactions 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 submitted, 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 that is relevant to the company's situation.

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

Aerostar SA describes the accounting policies it applies in each of the notes 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 situation presented at the end of the financial year 2022, there are no changes in the applied principles, methods, policies and accounting procedures.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
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**NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCIES**

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

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

Upon submitting the statement of financial position, the financial assets and liabilities denominated in foreign currency are evaluated in the functional currency using the exchange rate, communicated by the Romanian National Bank, applicable for the end of the financial year:

<b>Valuta</b>	<b>31.03.2023</b>	<b>31.12.2022</b>
1 EUR (Euro)	4,9491 lei	4,9474 lei
1 USD (American Dollar)	4,5463 lei	4,6346 lei
1 GBP (British pound)	5,6256 lei	5,5878 lei

The favourable and unfavourable exchange rates differences that result 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 when they occur.

Considering that 82% 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 variations of the foreign exchange rates will affect both its net incomes and its 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 QUARTER OF 2023</b>	<b>THOUSAND EUR</b>	<b>THOUSAND USD</b>	<b>THOUSAND GBP</b>
Collected from financial assets	6.671	14.452	-
Payments of financial liabilities	(3.776)	(8.391)	(216)
<b>Foreign exchange net exposure</b>	<b>2.895</b>	<b>6.061</b>	<b>(216)</b>

In the reporting period the quarterly variation of the foreign exchange rate

USD/LEU:

+ 1,10% in the 1st quarter of 2023 compared to 31.12.2022

and

EUR/LEU:

- 0,60% in the 1st quarter of 2023 compared to 31.12.2022

determined the registration of a financial profit from favourable exchange rate differences of 710 THOUSAND LEI.

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

**NOTE 5 - INTANGIBLE ASSETS: reporting period 31 March 2023**

	Values on 31 March 2023			Values on 01 January 2023		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
Licences	6.937	(6.182)	755	6.872	(6.034)	838
Other intangible assets (software)	679	(509)	170	497	(476)	21
<b>Total</b>	<b>7.616</b>	<b>(6.691)</b>	<b>925</b>	<b>7.369</b>	<b>(6.510)</b>	<b>859</b>

**Net accounting value**

	Net value on 1 January 2023	Gross value entries	Depreciation during the period	Net value on 31 March 2023
Licenses	838	65	(148)	755
Other intangible assets	21	182	(33)	170
<b>Total</b>	<b>859</b>	<b>247</b>	<b>(181)</b>	<b>925</b>

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

**COMPARATIVE FIGURES – INTANGIBLE ASSETS: reporting period 31 March 2022**

	Values on 31 March 2022			Values on 01 January 2022		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
Licences	6.317	(5.734)	583	6.217	(5.606)	611
Other intangible assets (software)	430	(361)	69	418	(341)	77
<b>Total</b>	<b>6.747</b>	<b>(6.095)</b>	<b>652</b>	<b>6.635</b>	<b>(5.947)</b>	<b>688</b>

	Net value on 1 January 2022	Gross value entries	Depreciation during the period	Net value on 31 March 2022
Licenses	611	100	(128)	583
Other intangible assets	77	13	(21)	69
<b>Total</b>	<b>688</b>	<b>113</b>	<b>(149)</b>	<b>652</b>

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 estimated useful lifetimes of intangible assets are established in years, based on the contractual period or the useful lifetime, as the case may be. The useful lifetime of the IT software and licenses purchased or generated inhouse is 3 years.



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

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

The intangible assets in the balance sheet account as on 31.03.2023 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 31 March 2023 and which are still in use is 3.702 thousand lei.

All the intangible assets recorded in the balance sheet as on 31 March 2023 are the property of AEROSTAR.

The entries of intangible assets were made by:	<b><u>247 thousand lei</u></b>
• development of the IT production management system - version 3	182 thousand lei
• purchases of software licences	65 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 COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2023**

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

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT: reporting period 31 March 2023**

	Values on 31 March 2023			Values on 01 January 2023		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
<b>Land</b>	30.530	-	30.530	29.534	-	29.534
<b>Constructions</b>	96.969	(40.971)	55.998	96.634	(39.428)	57.206
<b>Technological equipment and vehicles</b>	218.643	(144.353)	74.290	202.640	(140.423)	62.217
<b>Other equipment and office equipment</b>	3.840	(1.874)	1.966	3.833	(1.793)	2.040
<b>Investment property</b>	12.749	(4.930)	7.819	11.275	(4.761)	6.514
<b>Property, plant and equipment under construction</b>	2.964	-	2.964	15.179	-	15.179
<b>Total</b>	<b>365.695</b>	<b>(192.128)</b>	<b>173.567</b>	<b>359.095</b>	<b>(186.405)</b>	<b>172.690</b>

Net accounting value on 31.03.2023:

	Net value on 1 January 2023	Inflows at gross value	Outflows at gross value	Depreciation during the period	Net value on 31 March 2023
<b>Land</b>	29.534	996		0	30.530
<b>Constructions</b>	57.206	335	-	(1.543)	55.998
<b>Technological equipment and vehicles</b>	62.217	16.320	-	(4.247)	74.290
<b>Other equipment and office equipment</b>	2.040	8	-	(82)	1.966
<b>Investment property</b>	6.514	1.473	-	(168)	7.819
<b>Property, plant and equipment under construction</b>	15.179	5.295	(17.510)	-	2.964
<b>Total</b>	<b>172.690</b>	<b>24.427</b>	<b>(17.510)</b>	<b>(6.040)</b>	<b>173.567</b>

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2023**

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

**COMPARATIVE FIGURES - PROPERTY, PLANT AND EQUIPMENT: reporting period 31 March 2022**

	Values on 31 March 2022			Values on 01 January 2022		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Land	29.266	0	29.266	29.266	0	29.266
Constructions	95.856	(34.776)	61.080	95.193	(33.277)	61.916
Technological equipment and vehicles	195.844	(129.099)	66.745	193.970	(124.975)	68.995
Other equipment and office equipment	3.761	(1.554)	2.207	3.761	(1.476)	2.285
Investment property	10.537	(4.287)	6.250	10.537	(4.142)	6.395
Property, plant and equipment under construction	1.024	-	1.024	1.452	-	1.452
<b>Total</b>	<b>336.288</b>	<b>(169.716)</b>	<b>166.572</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	Depreciation during the period	Net value on 31 March 2022
Land	29.266	0	0	0	29.266
Constructions	61.916	663	0	(1.499)	61.080
Technological equipment and vehicles	68.995	1.923	0	(4.173)	66.745
Other equipment and office equipment	2.285	0	0	(78)	2.207
Investment property	6.395	0	0	(145)	6.250
Property, plant and equipment under construction	1.452	2.158	(2.586)	0	1.024
<b>Total</b>	<b>170.309</b>	<b>4.744</b>	<b>(2.586)</b>	<b>(5.895)</b>	<b>166.572</b>

**S.C. AEROSTAR S.A. BACAU**  
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Property, plant and equipment are evaluated at their acquisition or production costs minus cumulative depreciation and the impairment losses.

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

Depreciation expenses are recognized in the profit and loss account.

The following useful lifetimes are assumed:

-constructions	30-50 years
-technological equipment	2-25 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 our company. The useful lifetimes of the property, plant and equipment are stipulated by the fiscal legislation.

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

The investment property contains a number of 12 real estate – buildings and related lands that are rented to third parties based on renting contracts.

The value of renting income in this category of fixed assets was 653 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 depreciation expense.

The depreciation 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 depreciation 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 subject 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 the property, plant and equipment, taking into consideration the external and internal sources of information.

**S.C. AEROSTAR S.A. BACAU**  
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Internal sources of information:

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

External source of information:

The indicator that offers information regarding the investors' interest in the companies listed on the capital market is the market capitalization related to the company equity (MBR).

<u>indicator MBR-Market to book ratio</u>	<u>31.03.2023</u>	<u>31.03.2022</u>	<u>31.12.2022</u>
Stock exchange capitalization/ company equity	2,22	3,05	2,4

The **over unit** value of the MBR indicator is obtained by companies performing well in the capital market and of interest to the investors.

The property, plant and equipment in balance on 31.03.2023 are not depreciated and no significant depreciation indicators were identified.

The gross accounting value of the fully depreciated property, plant and equipment that are still in operation on 31 March 2023 is 60.857 thousand lei.

On 31.03.2023 no mortgages were set up on the real estate assets owned by Aerostar S.A.

<b>Inflows of property, plant and equipment:</b>	<b><u>24.427 k lei</u></b>
• Commissioning of technical equipment, hardware equipment, Measuring and control equipment	18.136 k lei
• Land acquisition	996 k lei
• Property, plant and equipment in progress in 2023	5.295 k lei
<b>Outflows of property, plant and equipment:</b>	<b><u>17.510 k lei</u></b>
• Transfer of property, plant and equipment in progress following the commissioning thereof	17.510 k lei

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**NOTE 7- FINANCIAL ASSETS**

	Shares held in affiliated entities	Other immobilised security - shares	Other immobilised securities - contribution to share capital	Other immobilized receivables – supplier guarantees	Total
<b>On 1 January 2023</b>	<b>14</b>	<b>58.975</b>	<b>2</b>	<b>38</b>	<b>59.029</b>
<b>Increases/Decreases</b>	-	(5.613)	-	-	(5.613)
<b>On 31 March 2023</b>	<b>14</b>	<b>53.362</b>	<b>2</b>	<b>38</b>	<b>53.416</b>

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

Subsidiary name / Registered head office	CAEN Code	No. of shares/ shares issued	Voting rights (%)	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>	<b>- main activity according to CAEN code 7820</b>	<b>100</b>	<b>100%</b>	10	10	171	68	0,10	2,5
<b>Foar SRL Bacau 9, Condorilor Street</b>	<b>- main activity according to CAEN code 7739</b>	<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 share contribution in these companies is registered under cost.

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On 31.03.2023 the company recorded no modifications i.e. no increases/decreases as to the shareholding percentage, maintaining the same influence as in 2022 on the companies in the equity portfolio.

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

**B) Investments in equity instruments through other elements of comprehensive income:**

Issuer's Name	CAEN Code	No. of shares	Symbol	Value price/share on 31.03.2023	Portfolio value at market price (k lei)
<b>Registered head office</b>					
<b>Evergent Investments S.A.</b>	<b>- main activity according to CAEN code 6499</b>	41.688.418	<b>EVER</b>	<b>1,2800</b>	<b>53.362</b>
94C, Pictor Aman Street, Bacău					

The company holds 41,688,418 shares of Evergent Investments S.A., listed on the Bucharest Stock Exchange. Aerostar accounts for the holding of shares at fair value through other comprehensive income in accordance with IFRS 9 "Financial Instruments". The Company has used the irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains on their sale and not for trading. The gain or loss on these equity instruments is recognised in other comprehensive income, except for dividend income.

**C) Cash contribution to the initial capital of the association "Cluster on Education for Sustainable Development C-EDD "**

The association was established voluntarily by the founding members, operating as a Romanian legal person under private law without patrimonial purpose.

The association is non-governmental, apolitical, non-profit and independent, not subordinated to any other legal entity.

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

The value of AEROSTAR's contribution to the assets of the "Cluster on Education for Sustainable Development C-EDD" is 2,500 lei.

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**NOTE 8 - TRADE RECEIVABLES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>TRADE RECEIVABLES OF WHICH:</b>		
<b>Customers, of which:</b>	<b>64.948</b>	<b>74.311</b>
Customers from Romania	9.602	17.378
Customers from outside Romania	55.346	56.933
<b>Uncertain customers</b>	<b>1.313</b>	<b>1.871</b>
<b>Adjustments for impairment of receivables - customers</b>	<b>(731)</b>	<b>(954)</b>
<b>Suppliers – debtors</b>	<b>4.959</b>	<b>5.453</b>
<b>TOTAL TRADE RECEIVABLES</b>	<b>70.489</b>	<b>80.681</b>

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

- in percentage of 50% of the value of the receivables not collected on time if the due date is between 30 days and 180 days. On 31 March 2023 the company recorded impairment adjustments of this nature amounting to 581 thousand lei;
- in percentage of 100% of the value of the receivables not collected on time, if the delay exceeds 180 days. On 31 March 2023 the company recorded impairment adjustments of this nature in the amount of 150 thousand lei.

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

Debtors-suppliers have the following discount limit:

- In the year 2023: 4.876 k lei
- In the year 2024: 83 k lei

The receivables expressed in foreign currency were evaluated at the market exchange rate communicated by the National Bank of Romania for the closure of March 2023.

The favourable and unfavourable exchange rates differences between the exchange market rate at which foreign currency receivables are recorded and the market exchange rate communicated by the National Bank of Romania available for the closure of March 2023 were recorded in the corresponding income or expense accounts.



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**NOTE 9 - OTHER RECEIVABLES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Receivables related to staff and similar accounts</b>	<b>158</b>	<b>16</b>
<b>Receivables related to the social security budget and the state budget, of which:</b>	<b>1.881</b>	<b>1.436</b>
VAT to be recovered	520	-
- VAT non-chargeable	192	172
- Amounts to be recovered from the Health Insurance (sick leave allowances)	715	654
- Amounts of subsidy nature	68	75
- Excise duties to be recovered for the fuel used	362	509
- Other receivables related to the local budget representing the sanitation tax to be recovered resulting from the corrective declarations submitted	8	10
- Other receivables related to the social security and state budget	16	16
<b>Interest receivable on bank deposits</b>	<b>5.035</b>	<b>1.814</b>
<b>Various debtors</b>	<b>614</b>	<b>574</b>
<b>Impairment adjustments for receivables - various debtors</b>	<b>(500)</b>	<b>(539)</b>
<b>TOTAL OTHER RECEIVABLES</b>	<b>7.188</b>	<b>3.301</b>

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**NOTE 10 – INVENTORIES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Of which:</b>		
Raw material *	60.804	52.381
Consumables **	61.554	63.093
Other materials	122	129
Semi-finished	452	471
Packaging	5	56
Finished products	29.060	23.828
Products and services in progress	50.758	42.559
<b><i>Gross value of inventories (unadjusted)</i></b>	<b><i>202.755</i></b>	<b><i>182.517</i></b>

**ADJUSTMENTS FOR DEPRECIATION OF INVENTORIES**

	<b>31 March 2023</b>	<b>Increases/ Setups/</b>	<b>Decreases/ Resumptions/</b>	<b>31 December 2022</b>
<b>Total adjustments</b>	<b>51.477</b>	<b>8.990</b>	<b>9.420</b>	<b>51.907</b>
Adjustments for impairment of raw material	24.032	3.581	2.599	23.050
Adjustments for impairment of consumables	25.753	5.373	6.764	27.144
Adjustments for impairment of semi-finished parts	452	36	55	471
Adjustments for impairment of finished products	674	-	2	676
Adjustments for impairment of production in progress	566	-	-	566

Note:

\* The raw material participates directly to the product manufacturing and is found in the semi-finished or finished product, either in their initial state, or shaped (bars, pipes, sheet metal, profiles, wires etc);

\*\* The consumables participate in or contribute to the manufacturing or operating process, without usually being included in the finished product (auxiliary materials, fuels, spare parts, tools, jigs and 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 less all estimated costs for completion and the estimated costs necessary to carry out the sale.

The cost of inventories includes: acquisition costs, conversion costs as well as other costs incurred in bringing the inventories to their present condition and location.

Value adjustments are made periodically, based on the findings of inventory committees and/or module managers, to present them at the lower of cost and net realisable value.

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Within the company assets that are older than the storage period established by internal decision of the Board of Directors are considered as impaired assets.

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

- For raw material, consumables, semi-finished parts and spare parts, distinct periods are established for each profit centre;
- For stocks of finished goods and work in progress, depreciation adjustments are set up for each period as follows:
  - a) at 100% of their value, for inventories of this nature not based on contracts with customers;
  - b) in variable percentages, agreed with the profit centres concerned, for stocks of finished products not delivered within the contractual terms.

The amount of material expenses recognised during the period is 60.434 thousand lei, of which:

- 54.759 thousand lei related to the consumption of raw materials;
- 5.256 thousand lei related to electricity, gas and water consumption;
- 419 thousand lei representing expenses with unstocked materials consumption.

Aerostar S.A. holds stocks of finished (safety) products at the levels agreed through contracts with customers.

Aerostar S.A. has no pledged stocks.

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**NOTE 11 - CASH AND CASH EQUIVALENTS**

**Cash** includes:

- cash in the AEROSTAR cashier desk;
- sight deposits held with banks (current accounts with banks).

**Cash equivalents** include:

- term deposits held with banks;

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

	<b>31.03.2023</b>	<b>31.03.2022</b>
Cash in the cashier	65	72
Sight deposits held with banks	24.069	20.657
Term deposits held with banks	231.355	228.442
<b>Cash and cash equivalents</b>	<b>255.489</b>	<b>249.171</b>

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

The amount of the Bank Overdraft Line of Credit available for future operating activity is USD 2,500 million (equivalent to 11.366 THOUSAND LEI).

During the reporting period the Bank Line of Credit was not utilised.

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## **NOTE 12 - COMPANY EQUITY**

The company equity on 31 March 2023 is 518.623 thousand lei. The net increase of the company equity in 2023 compared to the end of 2022 was 24.914 thousand lei.

### **Main elements of the company equity in the period January – March 2023 compared to the year 2022:**

- **The share capital remained unchanged**  
On 31 March 2023, the share capital of AEROSTAR SA is 48.728.784 lei, divided in 152.277.450 shares having each a nominal value of 0,32 lei.
  
- **The reserves increased by 10.528 thousand lei:**
  - an increase of 14,730 thousand lei due to the distribution of the profit for the I-st quarter of the year 2023 to reserves from fiscal facilities;
  - a decrease of RON 3,544 thousand due to the revaluation at fair value of the equity instruments through other comprehensive income;
  - a decrease of 658 thousand resulting from the transfer to retained earnings of the fair value revaluation differences of equity instruments recognised through other comprehensive income following their sale.
  
- **Other capital elements decreased by the amount of 1.837 thousand lei** on account of the deferred income tax recognized in company equity.
  
- **The result carried forward increased by 83,176 thousand lei thus:**
  - an increase of 82,312 thousand lei on account of the appropriation of the profit for the financial year 2022 on the retained earnings representing the retained profit, until the distribution to the destinations decided by the shareholders in the OGMS of 20 April 2023;
  - an increase of 50 thousand lei on account of the deferred income tax recognised on equity;
  - an increase of 814 thousand lei representing the gain achieved from the sale of equity instruments recognised through other comprehensive income items increased by 54.336 thousand lei as follows:
  
- The balance of the result account carried forward on 31 March 2023 is 134.114 thousand lei, comprising:
  - the result carried forward incurred by the use, on the date of transition to IFRS, of the fair value as presumed cost = 26.826 thousand lei;
  - the result carried forward representing the gain obtained from revaluation reserves, capitalized as the property, plant and equipment and intangible assets were amortized = 24.163 thousand lei;
  - the result carried forward representing the undistributed profit related to the year 2022 = 82.311 thousand lei.
  - The gain achieved from the sale of equity instruments recognised through other comprehensive income = 814 thousand lei.
  
- **The result of the period was a profit in the amount of 30.089 thousand lei.**

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**NOTE 13 - PROVISIONS**

	<b>31 December 2022</b>	<b>Increases/ Set-ups/ Reclassification of provisions</b>	<b>Reductions/ Reruns/ Reclassification of provisions</b>	<b>Differences from revaluation</b>	<b>31 March 2023</b>
<b>Total provisions</b>	<b>129.794</b>	<b>3.705</b>	<b>10.515</b>	<b>(389)</b>	<b>122.595</b>
Provisions for bonds granted to customers	47.844	3.705	6.388	(408)	44.753
Provisions for decommissioning property, plant and equipment	16.426	-	-	-	16.426
Provisions for the employees' benefits	7.784	-	3.991	-	3.793
Other provisions	57.740	-	136	19	57.623
<b>Long-term provisions</b>	<b>95.271</b>	<b>886</b>	<b>2.865</b>	<b>(340)</b>	<b>92.952</b>
Provisions for bonds granted to customers	25.888	886	2.729	(357)	23.688
Provisions for decommissioning property, plant and equipment	16.426	-	-	-	16.426
Other provisions	52.957	-	136	17	52.838
<b>Short-term provisions</b>	<b>34.523</b>	<b>2.819</b>	<b>7.650</b>	<b>(49)</b>	<b>29.643</b>
Provisions for bonds granted to customers	21.956	2.819	3.659	(51)	21.065
Provisions for employees' benefits	7.784	-	3.991	-	3.793
Other provisions	4.783	-	-	2	4.785

**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 where they are placed and included in their cost. The value was estimated using an update annual rate of 6,5%.

**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.

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**Other provisions**

The category *Other provisions* includes 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;
- covering some risks regarding the application of penalties for delays and damages associated with the manufacture of aeronautical products.

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**NOTA 14 - SUBSIDIES**

**Subsidies related to assets**

AEROSTAR recognizes as deferred income the subsidies regarding assets.

	1-st quarter of <b>2023</b>	1-st quarter of <b>2022</b>
<b>Balance on 1 January, of which:</b>	<b>3.028</b>	<b>4.192</b>
Short-term	1.020	1.167
Long-term	2.008	3.025
<b>Subsidies received:</b>	-	-
<b>Subsidies registered in income corresponding to the calculated amortization</b>	<b>(270)</b>	<b>(363)</b>
<b>Balance on 31 March, of which:</b>	<b>2.758</b>	<b>3.829</b>
Short-term	947	1.070
Long-term	1.811	2.759

In the first quarter of 2023 AEROSTAR S.A. did not receive 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: 'Expansion of aerostructures manufacturing and assembly capacities 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: 'Creating a new manufacturing capacity to diversify 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: 'Strengthening and sustainable development of the machining and painting sectors through 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 31 March 2023 represents subsidies related to investments in immobilized assets to be recognised in income as the calculated amortization is charged to costs.



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**NOTE 15 – COMMERCIAL DEBTS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Prepaid amounts collected on customers' account, of which:</b>	<b>6.680</b>	<b>10.991</b>
Customers-creditors from Romania	54	47
Customers-creditors from outside Romania	6.626	10.944
<b>Suppliers, of which:</b>	<b>38.577</b>	<b>37.619</b>
Providers of materials and services from Romania	10.828	9.878
Providers of materials and services from outside Romania	22.669	21.162
Suppliers-invoices not arrived	3.547	2.576
Suppliers of non-current assets	1.533	4.003
<b>Total commercial debts</b>	<b>45.257</b>	<b>48.610</b>

The payments in advance collected from the foreign customers are for aircraft maintenance and repair work (99,38%) and other services provided (0.62%).

No mortgages have been set up for the registered debts.

The favourable or unfavourable exchange rate differences between the exchange rate at which the foreign currency debts are recorded and the exchange rate communicated by the National Bank of Romania valid for the end of March 2023, were recorded in the corresponding income or expenditure accounts.

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**NOTE 16 - OTHER LIABILITIES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Other current liabilities, of which:</b>	<b>15.428</b>	<b>13.297</b>
• <i>Liabilities related to manpower and similar accounts</i>	<b>5.917</b>	<b>3.668</b>
• <i>Liabilities related to social security budget and state budget, of which:</i>	<b>6.779</b>	<b>6.827</b>
- VAT payable	-	1.859
- Social insurance	5.201	3.678
- Labour safety contribution	331	234
- Tax on income in the form of salaries	1.060	722
- Contribution for unemployed people with disabilities	111	150
- Other taxes	34	137
- Other social liabilities	42	47
• <i>Other liabilities, of which:</i>	<b>2.732</b>	<b>2.802</b>
- dividends	2.459	2.502
- diverse creditors	230	257
- bonds received	43	43
<b>Other long-term liabilities</b>	<b>1.482</b>	<b>1.503</b>

The category "Other long-term liabilities" includes the debt related to the right of use of the land leased for the Maintenance Hangar of Iași.

The dividends in balance on 31 March 2023, in the amount of 2.459 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.

The company has no outstanding debts to the state budget, social security budget and local budgets.

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## **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 lifetimes, et al.) 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 31.03.2023 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	1.305
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Liabilities on deferred tax related to reserves from the fiscal facilities	19.899
4. Liabilities on deferred tax related to the result carried forward representing a surplus from revaluation reserves	61
5. Deferred tax liabilities related to non-current equity securities	616
<b>Total liabilities on deferred tax</b>	<b>23.440</b>

### **Receivables on deferred tax**

1. Receivables on deferred tax related to other provisions	582
2. Receivables on deferred tax related to provisions for bonds granted to customers	7.161
3. Receivables on deferred tax related to provisions for employee benefits	607
4. Receivables on deferred tax related to adjustments for depreciation of inventories	8.236
5. Receivables on deferred tax related to adjustments for depreciation of trade receivables	197
<b>Total receivables on deferred tax</b>	<b>16.783</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 from January 1, 2023 to March 31, 2023, the company registered deferred income tax revenues in the amount of 685 thousand lei and deferred income tax expenses in the amount of 1,928 thousand lei.

The deferred income tax recognized on equity in the amount of 21,491 thousand consists of deferred tax liabilities in the amount of 22,073 thousand and deferred tax receivables in the amount of 582 thousand lei.

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## **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 becomes part of the contractual provisions of the instrument.

On the reporting date AEROSTAR does not hold:

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

The financial assets of AEROSTAR include:

- sight deposits and term deposits with banks;
- trade receivables;
- immobilized receivables (bonds for third parties);

The financial liabilities of AEROSTAR S.A. include:

- trade liabilities;

On the reporting date AEROSTAR S.A. does not have financial liabilities on overdraft and long-term bank loans.

The main types of risks generated by the financial instruments held, to which AEROSTAR 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:

- sight deposits and term deposits with banks
- trade receivables;

The sight & term deposits are placed only at first-rank bank institutions with ratings that reflect the lowest degree of risk.

In some cases, specific trade credit risk mitigation instruments are required (advance receipts, bank letters of guarantee, confirmed export letters of credit).

AEROSTAR S.A. has no significant exposure to any single partner and no significant concentration of receivables in any single geographical area.

### **Exposure to credit risk**

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

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The maximum exposure to credit risk on the reporting date is presented in the table below:

	<b>31.03.2023</b>	<b>31.03.2022</b>
Sight and term deposits with banks	255.424	249.099
Trade receivables, net of adjustments for depreciation	61.685	58.100
Immobilized receivables	38	38
<b>Total</b>	<b>317.147</b>	<b>307.237</b>

The maximum exposure to credit risk by geographical areas for trade receivables net of depreciation adjustments is presented in the table below:

	<b>31.03.2023</b>	<b>31.03.2022</b>
Domestic market	9.613	15.111
Euro zone countries	23.959	18.732
Great Britain	20.238	15.232
Other European countries	3.074	4.683
Other regions	4.801	4.342
<b>Total</b>	<b>61.685</b>	<b>58.100</b>

#### **Depreciation adjustments**

The age structure of gross trade receivables on the reporting date is shown in the table below:

	<b>Gross value 31.03.2023</b>	<b>Adjustments for depreciation</b>	<b>Gross value 31.03.2022</b>	<b>Adjustments for depreciation</b>
<b>In due time</b>	<b>60.580</b>		<b>57.485</b>	
<b>Past due, total of which:</b>	<b>1.837</b>	<b>732</b>	<b>1.595</b>	<b>980</b>
31-60 days	678	212	594	129
61-90 days	392	65	158	54
91-120 days	461	230	75	29
Over 120 days	295	214	1	1
Over 1 year	11	11	767	767
<b>Total</b>	<b>62.417</b>	<b>732</b>	<b>59.080</b>	<b>980</b>

The movement in impairment adjustments for trade receivables during the year is shown in the table below:

	<b>31.03.2023</b>	<b>31.03.2022</b>
<b>Balance on 1 January</b>	<b>954</b>	<b>1.332</b>
Adjustments set up for depreciation	604	213
Impairment adjustments reclassified as income	(826)	(565)
<b>Balance on 31 March</b>	<b>732</b>	<b>980</b>

On 31.03.2023, 98% of the balance of trade receivables are related to customers with a good payment record.

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**b) Liquidity risk**

The liquidity risk is the risk that AEROSTAR will encounter difficulties in meeting the obligations associated to the financial liabilities that are settled through the delivery of cash.

AEROSTAR's liquidity risk policy is to maintain an optimal level of liquidity in order to be able to pay its obligations 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.

Moreover, in order to mitigate liquidity risk, AEROSTAR maintains an annual liquidity reserve in the form of a Credit Facility (usable as an overdraft) granted by banks to a maximum limit of 2,500 THOUSAND USD.

The time intervals used to analyse the contractual due dates of the financial liabilities in order to reflect the timing of cash flows are shown in the table below:

Debts	Accounting value	Contractual cash flows	0-30 days	31-60 days	over 60 days
31.03. 2023 Trade liabilities	35.020	(35.020)	(28.630)	(5.980)	(410)
31.03. 2022 Trade liabilities	22.534	(22.534)	(16.715)	(5.584)	(235)

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

On 31.03.2023 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 82% 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.

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

<b>31.03.2023</b>	<b>K EUR</b>	<b>K USD</b>	<b>K GBP</b>
Sight and term deposits with banks	2.836	2.064	13
Trade receivables	2.479	8.755	-
Trade liabilities	(1.263)	(4.012)	(67)
<b>Net exposure in original currency</b>	<b>4.052</b>	<b>6.807</b>	<b>(54)</b>

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Sensitivity analysis

In view of the net exposure calculated in the above table, AEROSTAR can be considered to be mainly exposed to the currency risk generated by changes in the USD/USD and EUR/USD exchange rate. Taking into account the evolution of the USD/LEU and EUR/LEU exchange rates in the previous years, a relatively high volatility of USD/LEU (+/-10%) and a moderate volatility of EUR/LEU (+/-2%) can be noticed.

Thus, a reasonably possible variation of +/-10% USD/LEU and +/-2% for EUR/LEU at the end of the reporting period can be factored in.

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

<b>31.03.2023</b>	<b>EUR/LEU</b>	<b>USD/LEU</b>
Net exposure, in original currency	4.052 K EUR	6.807 K USD
Exchange rate	4,9491	4,5463
Net exposure, in functional currency	20.054 K LEI	30.947 K LEI
Reasonable possible variation in foreign exchange rate	+/- 2%	+/- 10%
<b>Effect of variation on financial result</b>	<b>+/- 401 K LEI</b>	<b>+/- 3.095 K LEI</b>

**d) Interest rate risk**

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

- 1) *Product A*: in the amount of 2.500 THOUSAND USD, usable as overdraft, set up to provide at any given time the necessary financial liquidity and flexibility (liquidity reserve);
- 2) *Product B*: in the 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 as a facility of issuing bonds as instruments to ensure collaterals for the commercial contractual obligations by issuing bank bond letters and import Letters of Credit.

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

Since Product A was not used in the reporting period, the company revenues and cash flows are independent of changes in interest rates in the banking market.

On 31.03.2023, the level of bonds granted by AEROSTAR under commercial agreements, by issue of bank bond letters and import Letters of Credit amounts to 4.207 THOUSAND USD (the equivalent of 925 thousand LEI).

On 31.03.2023, no mortgages are set up on the property assets owned by AEROSTAR.

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**NOTE 19 - OPERATING INCOME**

	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Income from sales, of which:</b>	<b>124.702</b>	<b>104.304</b>
Income from product sales	70.084	50.728
Income from services provided	53.711	52.771
Income from selling goods	12	4
Income from renting	653	636
Income from other activities	242	165
<b>Income from stocks of finished products and work in progress</b>	<b>14.160</b>	<b>(3.855)</b>
<b>Income from the production of fixed assets</b>	<b>351</b>	<b>10</b>
<b>Income from operating subsidies</b>	<b>219</b>	<b>-</b>
<b>Income from investment subsidies</b>	<b>267</b>	<b>362</b>
<b>Other operating income</b>	<b>212</b>	<b>214</b>
<b>Total operating income</b>	<b>139.911</b>	<b>101.035</b>

In the first three months of 2023, the company recorded income from operating subsidies in the amount of 219 thousand lei. Most of the amounts were granted for hiring graduates of educational institutions for an indefinite period in accordance with Law No. 76/2002 on the unemployment insurance system and employment stimulation.

Other operating income in the amount of 212 thousand lei is represented, inter alia, by income from the recovery of debts from former employees (tuition fees and other debts), income from compensation and recovered taxes.



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**NOTE 20 – OPERATING EXPENSES**

	<b>31 March 2023</b>	<b>31 March 2022</b>
<b>Expenses with employee benefits, of which:</b>	<b>41.585</b>	<b>32.748</b>
Salaries and allowances	36.566	29.212
Expenses with meal vouchers granted to employees	2.793	1.821
Expenses with social security	2.226	1.715
<b>Expenses with raw material and materials</b>	<b>51.993</b>	<b>31.304</b>
<b>Energy, water and gas</b>	<b>5.256</b>	<b>5.665</b>
<b>Other material expenses, of which:</b>	<b>3.185</b>	<b>3.318</b>
Expenses with non-inventory materials	419	341
Expenses with goods	9	2
Expenses with packaging	221	174
Expenses with other materials	2.536	2.801
<b>Expenses with external services, of which:</b>	<b>9.143</b>	<b>4.592</b>
Repairs	3.671	734
Transportation costs	1.446	779
Commissions and fees	1.122	717
Travels, deployments	257	294
Renting expenses	217	170
Other expenses with services supplied by third parties	2.430	1.898
<b>Trade discounts received</b>	<b>(71)</b>	<b>(33)</b>
<b>Amortizations</b>	<b>6.231</b>	<b>6.053</b>
<b>Net expenses (income) from adjustments on provisions</b>	<b>(7.199)</b>	<b>(2.382)</b>
<b>Net expenses (income) from adjustments on current assets</b>	<b>(691)</b>	<b>(2.654)</b>
<b>Other operational expenses</b>	<b>1.026</b>	<b>1.056</b>
<b>Total operating expenses</b>	<b>110.458</b>	<b>79.667</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 3 months of 2023, the company granted meal vouchers in the amount of 2,793 thousand lei to its employees.

The category other operating expenses in the amount of 1,026 thousand lei includes, among others, expenses for local taxes and fees, sponsorships, donations.

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In the first 3 months of 2023 the company recorded increases/increases and reductions/reversals of adjustments as follows:

<b>Adjustments on provisions</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Increases/set-ups	3.315	3.190
Decreases/reversals	(10.514)	(5.572)
<b>Net expenses (income) from adjustments on provisions</b>	<b>(7.199)</b>	<b>(2.382)</b>

In the first 3 months of 2023 the impact of the provision adjustments is the decrease of the operating expenses by 7,199 thousand lei.

<b>Adjustments regarding impairment of current assets</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Increases/set-ups of adjustments		
Adjustments for inventory depreciation	8.990	851
Adjustments for impairment of receivables	609	366
Losses from receivables and sundry debtors	-	17
<b>Total increases/set-ups of adjustments</b>	<b>9.599</b>	<b>1.234</b>
Decreases/reversals of adjustments		
Adjustments for inventory depreciation	(9.420)	(3.323)
Adjustments for impairment of receivables	(870)	(565)
<b>Total decreases/resumptions of adjustments</b>	<b>(10.290)</b>	<b>(3.888)</b>
<b>Net expenses/(income) from adjustments on impairment of current assets</b>	<b>(691)</b>	<b>(2.654)</b>

In the first 3 months of 2023 the impact of the impairment adjustments on current assets is the decrease of the operating expenses by 691 thousand lei.

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**NOTE 21 - FINANCIAL INCOME**

	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
Income from exchange rate differences	1.157	1.371
Interest income	4.363	1.503
<b>Total financial income</b>	<b>5.520</b>	<b>2.874</b>

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

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**NOTE 22 – FINANCIAL EXPENSES**

	<b>31 March 2023</b>	<b>31 March 2022</b>
Expenses from exchange rate differences	1.866	688
Expenses with interest related to concession agreements	30	31
<b>Total financial expenses</b>	<b>1.896</b>	<b>719</b>

In 2023 the company registered in the financial expenses category:

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

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**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 31.03.2023 was 16% (the same rate applied for the financial year 2022).

		<u>31 March 2023</u>		<u>31 March 2022</u>
<b>Gross accounting profit</b>		<b>33.077</b>		<b>23.523</b>
<b>Expenses with current tax on profit</b>		<b>1.745</b>		<b>2.693</b>
<b>Reconciliation of accounting profit with the fiscal profit for 31 March 2023</b>				<b>Differences</b>
Accounting revenues	145.432	Fiscal income	125.538	-19.894
Accounting expenses	112.355	Fiscal expenses	98.863	-13.492
Gross accounting profit, restated	33.077	Fiscal profit	26.675	-6.402
Accounting tax (16%)	5.292	Fiscal tax (16%)	4.268	-1.024
Tax deductions	-	<i>Tax deductions</i> , of which:	2.523	2.523
		• related to investments made acc.to Art. 22 Fiscal Code	2.357	2.357
		• sponsorship	166	166
Tax on final profit	5.292	Tax on final profit	1.745	-3.547
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		5,28%		

**Comparative key figures**

**31 March 2022**

**Gross accounting profit** **23.523**

**Expenses with current tax on profit** **2.693**

				<b>Differences</b>
<b>Reconciliation of accounting profit with the fiscal profit</b>				
Accounting revenues*	103.499	Fiscal income	94.136	-9,363
Accounting expenses*	79.833	Fiscal expenses	74.813	-5,020
Gross accounting profit, restated*	23.666	Fiscal profit	19.323	-4,343
Accounting tax (16%)	3.787	Fiscal tax (16%)	3.092	-695
Tax deductions	-	<i>Tax reductions</i> , of which:	399	399
		• related to investments made acc.to Art. 22 Fiscal Code	203	203
		• sponsorship	196	196
Tax on final profit	3.787	Tax on final profit	2,693	-1,094
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		11,38%		

\* 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.

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The main factors that affected the effective tax rate:

- tax facilities representing the profit tax exemption on investments made under the Art.22 of the Fiscal Code, sponsorships. In the first quarter of 2023, the company launched investments in the amount of 14,730 thousand lei, which are included in the tax facility provided for by Art. 22 of the Tax Code.
- expenses that are not deductible for tax purposes (expenses related to the creation or increase of provisions and value adjustments on current assets not deductible for tax purposes, expenses related to book depreciation not deductible for tax purposes, etc.).
- non-taxable income obtained as a result of the recovery of non-deductible expenses.

On 31 March 2023 the company registered a debt related to the tax on current profit in the amount of 1.745 thousand lei corresponding to the first quarter of 2023.

The difference between the average effective tax rates comes from the fact that in the first quarter of 2023 a 3 MWP photovoltaic system worth 11,613 thousand lei was commissioned, accounting for 78.83% of the total fiscal facility representing the corporate income tax exemption on investments made.

As of January 1, 2023, Law 170/2016 on specific tax has been repealed by the provisions of O.G.16/2022, and it is no longer necessary to restate the accounting income and expenses by deducting from them the income and expenses related to the activities subject to specific tax.

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**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>31.03.2023</u></b>	<b><u>31.03.2022</u></b>
Profit attributable to ordinary shareholders	30.089.207	20.046.575
Number of ordinary shares	152.277.450	152.277.450
<b>Profit per share</b>	<b><u>0,198</u></b>	<b><u>0,132</u></b>

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**NOTE 25 - AVERAGE NUMBER OF EMPLOYEES**

<b>Average number of employees</b>	<b>I-st quarter 2023</b>	<b>I-st quarter 2022</b>
Own employees	1.590	1.553
Employees hired through temporary labour agent:	106	92
<b>Total average number of personnel</b>	<b>1.696</b>	<b>1.645</b>

<b>Employee headcount</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Own employees	1.701	1.673
Employees hired through temporary labour agent:	122	85
<b>Total number of personnel</b>	<b>1.823</b>	<b>1.758</b>



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**NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES**

	<b>I-st quarter of 2023</b>	<b>I-st quarter of 2022</b>
<b>Acquisitions of goods and services</b>		
Airpro Consult SRL Bacău	2.523	1.448
Foar SRL Bacău	99	128
<b>TOTAL</b>	<b>2.622</b>	<b>1.576</b>
	<b>I-st quarter of 2023</b>	<b>I-st quarter of 2022</b>
<b>Sales of goods and services</b>		
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>
	<b>Balance on 31.03.2023</b>	<b>Balance on 31.03.2022</b>
<b>Liabilities</b>		
Airpro Consult SRL Bacău	907	502
Foar SRL Bacău	43	90
<b>TOTAL</b>	<b>950</b>	<b>592</b>

The transactions with the affiliated parties in the first quarter of 2023 consisted in:

- Services provided by Airpro Consult SRL Bacau to AEROSTAR SA Bacau for temporary manpower;
- Machinery rental services provided by Foar SRL Bacau to AEROSTAR SA Bacau;
- Space rental services provided by AEROSTAR SA Bacau to Foar SRL Bacau.

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## **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 comprises the cash available in the company's cash office and the sight deposits held with banks (available in current accounts with the banks).
- cash equivalents comprise term deposits held with banks.

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

The earnings and losses arising from the exchange rate variation are not 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 cash flows statement, but separately from the cash flows arising from operations, investments and financing activities, so as to reconcile the cash and cash equivalents at the beginning and end of the reporting period.

The operating activities are the main cash-generating activities of AEROSTAR.

Thus, in the first quarter of 2023:

- the amounts collected from the customers were 133.381 thousand LEI;
- the amounts collected from the State Budget were 734 thousand LEI, representing VAT and excise tax recoveries;
- the payments to the suppliers and employees amounted to 102,925 thousand LEI, of which 80,196 thousand LEI were payments to suppliers and 22,729 thousand LEI payments to employees;
- the taxes and duties paid to the State Budget amounted to 17,953 thousand LEI.

The operating activities generated a net cash of 13,464 thousand LEI, down by 10,668 thousand LEI compared to the first quarter of 2022.

The investment activity included:

- bank interest receipts amounting to 1,142 thousand LEI from bank deposits.
- payments for the purchase of tangible and intangible fixed assets in the amount of 7,233 thousand LEI.
- payments for the purchase of financial fixed assets in the amount of 3,317 thousand LEI , representing purchases of Evergent Investment S.A. shares (stock symbol: EVER), traded on the Bucharest Stock Exchange;

The purchased shares are held for the collection of dividends, as well as for gains from their sale, but not for trading.

Thus, in view of the Public Offer for the purchase of own shares (EVER) initiated by Evergent Investments S.A in December 2022, AEROSTAR decided in January to participate in the Offer by selling a part of the EVER shares held.

This transaction resulted in a gross gain of 814 thousand LEI.

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The amount of cash flows allocated for the increase in the operating capacity represents 5% of the aggregate amount of cash used in operating, investing and financing activities.

As part of the financing activity, an amount of 95 thousand LEI was paid, representing dividends owed to AEROSTAR shareholders.

The level of cash and cash equivalents recorded on 31.03.2023 was 255,489 thousand LEI, an increase by 9,316 thousand LEI compared to the beginning of the year.

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**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>31 March 2023</b>	<b>31 December 2022</b>
• <b>Liabilities:</b>		
○ guarantees granted to partners - as letters of bank guarantee and letters of credit	-	186
○ guarantees received from partners – as letters of bank guarantees and letters of credit	55.719	84.353
• <b>Goods, of which:</b>		
○ inventories of other materials released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	42.991	42.240
○ materials received in consignment	2.239	2.239
○ finished products received in consignment	64	65
○ materials – customers	134	157
○ tangible and intangible assets –obtained or purchased as a result of co-financed activity	573	573
○ material values received for processing/repairs	18.144	29.328
○ supporting assets related to the leasing contracts – Hangar of Iași	2.477	2.477
○ Fixed assets proposed for disposal	284	446
• <b>Other off-balance values, of which:</b>		
○ Material guarantees established for the managers' responsibility for asset management	207	201
○ Liabilities for covering some future obligations to A.J.O.F.M. based on OUG 95/2002 regarding the defence industry	3.641	3.777
○ debtors removed from accounts, monitored further on	127	127
○ creditors	25	25
○ de minimis aid for participation to fairs and exhibitions	190	514
• <b>Greenhouse Gas Emission Certificates</b>	<b>6.593</b>	<b>5.701</b>

On 31 March 2023, AEROSTAR S.A. held a total of 15,045 greenhouse gas emission certificates. The market value on the last trading day of a GES certificate was 88.55 euro, according to the European Energy Exchange website (in December 2022: 80.90 euro), at a revaluation exchange rate of 4.9491 lei/euro.

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**NOTE 29 – DIRECTORS’ REMUNERATION**

The Board of Directors of AEROSTAR S.A. on 31.03.2023:

	<b>Surname and first name</b>	<b>Position</b>	<b>Profession</b>
▪	FILIP GRIGORE	President of the Board of Directors	Aviation engineer
▪	DAMASCHIN DORU	Vice-President 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 2023, 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 2022, the shareholders of the company Aerostar approved the freezing at the level decided by the ordinary general meeting of shareholders dated 09 July 2020 of the directors’ compensation **for the financial year 2023**, i.e.:

- ✓ Maintaining a monthly net fixed remuneration of 4.750 lei for each elected BOD member;
- ✓ A maximum level of additional remunerations for the BOD members who also have executive attributions, of a monthly fixed amount of at most 10 (ten) times (inclusively) the value of the fixed remuneration of 4.750 lei, applied individually, as appropriate to each case.
- ✓ Mandating the BOD to negotiate these remunerations, within the approved ceiling.

The amount of the gross compensations granted to the members of the Board of Directors in the first quarter of 2023, by virtue of their responsibilities, was 431 thousand lei.

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## **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 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 analysing the main conflict areas.

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 1<sup>st</sup> 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 will incur a financial loss as a result of a partner's failure to meet its contractual obligations and is mainly determined by sight and term deposits held with banks and trade receivables.

Deposits held with banks are placed only with first-tier banking institutions that are considered to have high creditworthiness.

The credit risk, including the country risk in which the customer performs its activity, is managed per business partner. Where deemed necessary, specific instruments are required to mitigate the credit risk (advance payments, bank letters of guarantee, confirmed export letters of credit).

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AEROSTAR has no significant exposure to a single partner and no significant concentration of turnover in a single geographical area. However, there is a remarkable exposure to the global Airbus market, with a large proportion of the company's products being incorporated into Airbus aircraft.

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 will encounter difficulties in meeting 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 mainly exposed to price risk caused by fluctuations in the price of raw materials and materials used in the production processes, caused by exceptional events such as the Brexit Agreement with impact on the supply of material from the UK, the imposition of international sanctions with consequences on the limitation of the possibility to obtain parts and materials, the increase in costs of specific taxes for import/export of metal products to and from the USA.

The management of this risk is carried out by:

- diversifying the supplier portfolio, which can provide increased negotiating leverage in case the prices of raw materials increase at some suppliers.
- long-term contracts with fixed price clauses.

AEROSTAR is exposed to currency risk because 82% of its turnover is reported in USD and EUR, while a significant part of its operating expenses is denominated in LEI.

Thus, AEROSTAR is exposed to the risk that variations in foreign exchange rates will affect both its net revenues and financial position as expressed in LEI.

An analysis of AEROSTAR's sensitivity to variations in foreign exchange rates 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.

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

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**NOTE 31 – PRE-BOOKED EXPENSES AND REVENUE**

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Pre-booked expenses (short-term)</b>	<b>1.746</b>	<b>617</b>
<b>Pre-booked revenue (short-term)</b>	<b>1.027</b>	<b>1.876</b>

The expenses made and the revenue obtained in the current period, but concerning subsequent periods or financial years are registered distinctly in the accounting records, as pre-booked expenses or revenue, as applicable.

The category **pre-booked expenses** recorded on 31.03.2023 includes amounts to be resumed within a period of up to one year representing, inter alia, fees and taxes, subscriptions, insurance policies, commissions, participation in fairs and conferences, on-line services, maintenance of IT systems.

On 31 March 2022, Aerostar had not recognised any long-term **pre-booked revenue**. In the category of short-term **pre-booked revenue** are recorded the values corresponding to provided services and delivered goods for which the revenue recognition conditions of IFRS 15 "*Revenue from contracts with customers*" are not met (no control over goods/services has been transferred).



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**NOTE 32 - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS**  
**reporting period 31 March 2023**

Account 251	Values on 31 March 20223			Values on 01 January 2023		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.908	165	1.743	1.907	(154)	1.753
<b>Total</b>	<b>1.908</b>	<b>(165)</b>	<b>1.743</b>	<b>1.907</b>	<b>(154)</b>	<b>1.753</b>

Net accounting value on 31.03.2023:

	Net amount on 1 January 2023	Revaluations in the first quarter of 2023	Depreciation in the period	Net amount on 31 March 2023
Asset related to the right to use the land for the MRO Hangar in Iași	1.753	-	(10)	1.743

The right to use the land for the Maintenance Hangar in Iași was reevaluated at the exchange rate communicated by the National Bank of Romania on the last banking day of each reporting period (31 March 2023).

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**COMPARATIVE KEY FIGURES - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 31 March 2022**

Account 251	Values on 31 March 2022			Values on 01 January 2022		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.887	(124)	1.763	1.888	(115)	1.773
<b>Total</b>	<b>1.887</b>	<b>(124)</b>	<b>1.763</b>	<b>1.888</b>	<b>(115)</b>	<b>1.773</b>

	Net amount on 1 January 2021	Revaluations in the first quarter of 2021	Depreciation in the period	Net amount on 31 March 2021
Asset related to the right to use the land for the MRO Hangar in Iași	1.773	(1)	(9)	1.763
<b>Total</b>	<b>1.773</b>	<b>(1)</b>	<b>(9)</b>	<b>1.763</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).

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

**Decisions of the Ordinary and Extraordinary General Meeting of the Shareholders of 20 April 2023**

**In the Ordinary General Meeting of the Shareholders dated 20 April 2023 the shareholders of Aerostar approved the following:**

- The distribution of the net profit related to the financial year 2022 (profit), as follows:
  - distributions to the legal reserve of the reinvested profit in the amount of 7.961.284,14 lei;
  - distribution to reserves in the amount of 54.901.773,98 lei;
  - distribution for dividends of the amount of 27.409.941,00 lei

and establishing a gross dividend per action of 0,18 lei, corresponding to a share with the nominal value of 0,32 lei;

- **The date of 31 May 2023 as Payment Date** for the dividends related to the financial year 2022.

The distribution of the dividends due to the shareholders of Aerostar for the year 2022 shall be made in accordance with the applicable legal provisions.

**Financial Calendar 2023 - upcoming events to be held:**

Presenting the financial results of the first 6 months of 2023	11.08.2023
Meeting with the press and interested investors to present the financial results of the first 6 months of 2023	11.08.2023
Presenting the financial results on 30 September 2023	10.11.2023

These company financial statements comprising: the statement of financial position, the statement of profit or loss, other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements were approved by the Board of Directors on 04 May 2023 and signed on its behalf by:

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

**Doru DAMASCHIN**  
**Vice-President & Financial Director**