

AEROSTAR SA

Audit Committee

REPORT

regarding the selection and recommendation of the statutory auditor

In accordance with the provisions of Law no. 162/2017 concerning the statutory audit of the annual financial statements and consolidated financial statements, the Audit Committee carries out the legal duties provided under article 65 of Law no. 162/2017 regarding the statutory audit of the annual financial statements and consolidated financial statements, which also includes the one concerning the selection of the statutory auditor:

f) is responsible for the procedure for selecting the financial auditor or audit firm and recommends to the general meeting of shareholders/members of the administrative or supervisory body the financial auditor or audit firm/firms to be designated in accordance with art. 16 of the EU Regulation no. 537/2014, except for the case when art. 16 para. (8) of EU Regulation no. 537/2014 is applicable.

Therefore, the Audit Committee has acted upon this legal duty, noting the following:

The agreement with the statutory auditor MAZARS ROMANIA SRL that audits the financial statements drawn up for the financial year 2020 ends in 2021.

AEROSTAR SA has organized a direct negotiation procedure with the bidders. Thus, it sent quotation requests to the audit firms MAZARS ROMANIA SRL and BDO AUDIT SRL to include the annual fee proposal for the services: auditing the financial statements at the end of the year; reviewing the bi-annually financial statements; and drawing up the report on the transaction with the related parties.

After receiving the quotations, AEROSTAR negotiated with both firms, the status of the final quotations being as follows:

MAZARS ROMANIA SRL	_____ Euro/year
BDO AUDIT SRL	_____ Euro in the first year, _____ Euro/year in the next two years

The analysis made by the Audit Committee revealed that both audit firms, MAZARS ROMANIA SRL and BDO AUDIT SRL are ranked close to each other in the hierarchy of the audit firms, being placed in the top ten. Both firms have more than 20 years of experience in Romania and enjoy a good image on the market. In 2019, in the top of these firms based on the turnover criterion, BDO AUDIT ranks 5th and MAZARS ranks 6th.

The Audit Committee declares that its options were not influenced by third parties and no clause was imposed upon it and that there is no contractual clause between AEROSTAR and any third party that restricts the general meeting of shareholders' ability to select and designate the statutory auditor.

In the wake of these findings, the Audit Committee recommends that the audit firm BDO AUDIT SRL be designated as a statutory auditor for a period of three years.

Mihai DEJU

Daniel BOTEZ

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