

AEROSTAR S.A. BACĂU

**INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 31 DECEMBER 2022**

**Prepared in accordance with
Order of the Minister of public Finance no. 2844/2016, for the approval of
accounting regulations in accordance with the
International Financial Reporting standards**

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AEROSTAR S.A. BACĂU
INDIVIDUAL STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(all amounts are expressed in thousand lei, unless otherwise specified)

	Note	31 December 2022	31 December 2021
Operating income			
Sales revenue	19	466.991	376.434
Other revenue	19	2.838	2.993
Revenue related to stocks of finished products and production in progress	19	3.334	1.250
Income from the production of assets	19	451	410
Income from operating subsidiaries	19	169	1.420
Total operating income		473.783	382.507
Operating costs			
Material expenses	20	(172.076)	(121.255)
Expenses on employee benefits	20	(147.930)	(123.111)
Depreciation expenses of assets	5;6;20	(24.105)	(25.794)
Net income (expenses) from adjustments on current assets	20	(11.678)	1.478
Net income (expenses) from adjustments to provisions	20	2.054	(16.169)
Expenditure on external benefits	20	(29.829)	(28.908)
Other expenses	20	(6.840)	(4.925)
Total operating expenses		(390.404)	(318.684)
Profit/loss from operating activity		83.379	63.823
Financial income	21	25.269	9.190
Financial expenses	22	(8.977)	(3.365)
Financial profit/loss		16.292	5.825
Profit before tax		99.671	69.648
Current and deferred income tax	17;23	(9.398)	(9.708)
Net profit of the period		90.273	59.940

**General Director,
Grigore Filip**

**Financial Director,
Doru Damaschin**

AEROSTAR S.A. BACĂU
INDIVIDUAL STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(all amounts are expressed in thousand lei, unless otherwise specified)

	31 December 2022	31 December 2021
Net profit of the period	90.273	59.940
Deferred income tax recognized on account equity	(2.345)	(648)
Revaluation at fair value of equity instruments through other elements of the global result	7.235	-
Other elements of the global result	4.890	(648)
Total global result of the period	95.163	59.292

**General Director,
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AEROSTAR S.A. BACĂU
INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION FOR THE FINANCIAL
YEAR ENDED ON 31 DECEMBER 2022

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

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	166.176	163.914
Intangible assets	5	859	688
Investment property	6	6.514	6.395
Rights to use the assets under lease	32	1.753	1.773
Financial assets	7	59.029	52
Receivables regarding deferred profit tax	17	18.049	15.788
Total non-current assets		252.380	188.610
Current assets			
Inventories	10	130.610	98.770
Trade receivables and other receivables	8;9;18	83.982	59.801
Short-term prepaid expenses	31	617	579
Cash and cash equivalents	11	246.173	274.471
Total current assets		461.382	433.621
Total assets		713.762	622.231
COMPANY EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	48.729	48.729
Current result	12	90.273	59.940
Result carried-forward	12	50.938	51.148
Reserve	12	331.384	284.365
Deferred income tax recognized on account of equity	17	(19.654)	(17.134)
Distribution of profit for legal reserve	12	(7.961)	(5.660)
Total equity	12	493.709	421.388
Long-term liabilities			
Liabilities regarding deferred income tax	17	21.676	19.418
Subsidies for long-term investments	14	2.008	3.025
Other long-term liabilities	16	1.503	1.525
Total long-term liabilities		25.187	23.968
Long-term provisions	13	95.271	105.383
Current liabilities			
Trade liabilities	15;18	48.610	28.450
Liability with current income tax	23	269	2.224
Prepaid income	31	1.876	196
Subsidies for short-term investments	14	1.020	1.167
Other current liabilities	16	13.297	13.009
Total current liabilities		65.072	45.046
Short-term provisions	13	34.523	26.446
Total provisions		129.794	131.829
Total liabilities		90.259	69.014
Total company equity, liabilities and provisions		713.762	622.231

General Director,
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AEROSTAR S.A. BACĂU
INDIVIDUAL STATEMENT OF CASH FLOWS FOR
FINANCIAL YEAR ENDED ON 31 DECEMBER 2022 (direct method)
(all amounts are expressed in thousand lei, unless otherwise specified)

	Note	31.12.2022	31.12.2021
CASH FLOWS FROM OPERATIONS			
collected from customers		485.376	379.829
taxes and excises recovered from State Budget		6.478	3.055
collected as subsidies from the State Budget		98	2.466
payments to suppliers and employees		(344.098)	(221.820)
payment of taxes, contributions and dues to the State Budget		(70.752)	(65.966)
payment of profit tax to the State Budget		(13.676)	(6.005)
NET CASH FROM OPERATIONS	27	63.426	91.559
CASH FLOWS FROM INVESTMENTS			
interest collected from bank deposits set up		9.600	2.641
dividends collected from other entities		2.541	0
dividends collected from related entities		311	0
collected from selling tangible assets		0	39
payments for purchasing fixed assets	7, 27	(51.916)	0
payments for purchasing tangible and non-tangible fixed assets		(31.255)	(7.246)
NET CASH FROM INVESTMENTS	27	(70.719)	(4.566)
CASH FLOWS FROM FINANCING ACTIVITIES			
gross dividends paid		(21.991)	(17.568)
NET CASH FROM FINANCING ACTIVITIES	27	(21.991)	(17.568)
Net increase/decrease of cash and cash equivalents		(29.284)	69.425
Cash and cash equivalents at the beginning of the period		274.471	202.660
Effect of the exchange rate variation on cash and cash equivalents	27	986	2.386
Cash and cash equivalents at the end of the period	11	246.173	274.471

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AEROSTAR S.A. BACĂU
INDIVIDUAL SITUATION OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(all amounts are expressed in thousands lei)

	Share capital	Reserve	Reserve from revaluation of financial assets through other elements of the global result	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
Global result							
A. Balance on 1 January 2022	48.729	284.365	-	(17.134)	51.148	54.280*	421.388
Profit of the period						90.273	90.273
Other elements of the global result							
Setting up of deferred profit tax recognized on account of equity				(2.520)	175		(2.345)
Distribution of the profit of the year 2021 to the destinations decided by the shareholders in OGMS of 20 April 2022 (Note 12)					54.280	(54.280)	-
Revaluation at fair value of the equity instruments through other elements of global result			7.235				7.235
Distribution of the profit made for tax facility reserves into gross amounts		7.961				(7.961)	-
Transfer to reserves of retained earnings representing surplus from revaluation reserves		385			(385)		-
Total global result related to the period	-	8.346	7.235	(2.520)	54.070	28.032	95.163
Reserve distributed from the profit of the year 2021		31.438			(31.438)		-
Distributed dividends related to the year 2021					(22.842)		(22.842)
Transactions with the shareholders, recognized directly in equity	-	31.438	-	-	(54.280)	-	(22.842)
B. Balance on 31 December 2022	48.729	324.149	7.235	(19.654)	50.938	82.312**	493.709
C. Modifications of equity (Note 12)	-	39.784	7.235	(2.520)	(210)	28.032	72.321

*) The result of 59,940 thousand lei on 31.12.2021 is influenced by the distribution of the profit on other reserves from tax facilities in the amount of 5,660 thousand lei;

***) The result of 90,273 thousand lei on 31.12.2022 is influenced by the distribution of the profit on other reserves from tax facilities in the amount of 7,961 thousand lei.

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AEROSTAR S.A. BACĂU
INDIVIDUAL STATEMENT OF THE CHANGES IN COMPANY EQUITY
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021
(unless specified otherwise, all amounts are stated in thousand lei)

	Share capital	Reserves	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
Global result						
A. Balance on 1 January 2021	48.729	270.214	(16.148)	51.214	26.361*	380.369
Profit of the period					59.940	59.940
Other elements of global result						
Set up deferred income tax recognized on the account of equity			(986)	338		(648)
Distribution of the profit of 2021 for reserves from fiscal facilities, in gross amount		5.660			(5.660)	-
Transfer to reserves of similar items of income from the year 2021		395		(395)		-
Total global result relating to the period	-	6.055	(986)	(57)	54.280	59.292
Distribution to other reserves of the net profit of the year 2020		8.096		(8.096)		-
Distribution of the profit of the year 2020 to the destinations decided by the shareholders in OGMS of 21 April 2021 (Note 12)				26.361	(26.361)	-
Distributed dividends related to the year 2020				(18.273)		(18.273)
Transactions with the shareholders, directly recognized in equity	-	8.096	-	(9)	(26.361)	(18.273)
B. Balance on 31 December 2021	48.729	284.365	(17.134)	51.148	54.280**	421.388
C. Modifications to own equity (Note 12)	-	14.151	(986)	(66)	27.919	41.018

*) The result of the prior period is 26.361 k lei and is influenced by the distribution of the profit on the legal reserves in the amount of 12.082 k lei;

***) The result on 31.12.2021 is 59.940 k lei and is influenced by the distribution of the profit on the legal reserves in the amount of 5.660 k lei;

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NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
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NOTE 1 - DESCRIPTION OF THE COMPANY

AEROSTAR was founded in 1953 and operates in accordance with 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 Agreement no. 2/14.12.2017 of the Board of Directors, a secondary place of business without legal personality (workplace) has been approved in Iasi, on 25B Aeroportului Street.

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

The company is listed on the Bucharest Stock Exchange under THE ARS code, and the stock and shareholders record is kept, according to the law, by S.C. Central S.A. Depository Bucharest.

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

In terms of accounting regulations, AEROSTAR S.A. is a subsidiary of IAROM S.A. and therefore the parent company that consolidates the financial statements of the group is IAROM S.A., with the unique identification code 1555301 and the registered office in Bucharest, 39, Aerogarii Blvd. The consolidated financial statements for the financial year 2021 were submitted to A.N.A.F. under registration no. 429231916-2022/30.08.2022. Copies of the consolidated financial statements can be obtained from the head office of the parent company, IAROM SA. 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 31.12.2022.

The company has a sole business segment under IFRS 8 and no distinct financial information is available for various components of the entity. The information on sales by business lines and markets is detailed in the Board of Directors’ Report.

The management policy is focused on maintaining a solid capital base in order to support the continuous development of society and the achievement of its strategic objectives.

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

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NOTE 2 - ESTIMATES, ASSUMPTIONS AND ACCOUNTING REASONING

2.1. Estimates

The preparation and presentation of individual financial statements in accordance with IFRS requires the use of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses.

Estimates and judgments are made based on historical experience, as well as on a series of factors considered adequate and reasonable. The accounting estimates and judgments are continuously updated and they take into account reasonable expectations of likely future events. The reported carrying amounts of the assets and liabilities that cannot be determined or obtained from other sources are based on these estimates considered appropriate by the top management of the company.

Such estimates, as well as the reasoning and assumptions behind them are reviewed periodically, and the result thereof is recognized during the period when the estimate was reviewed. Any change in accounting estimates will be recognized prospectively by including it in the result:

- of the period during which the change takes place, if it affects only that period; or
- of the period during which the change takes place and of the subsequent periods, if the change also has effect on them.

The company uses estimates to determine:

- the uncertain customers and the adjustments for impairment of the related receivables;
- the value of risk and expense provisions to be set up at the end of the period (month, quarter, year) for litigations, for decommissioning of property, plant and equipment, for guarantees to customers, for staff obligations 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 sign impairment indices. If such signs are identified, the recoverable amount of the asset is estimated to determine the extent of impairment (if any);
- the lifetimes of tangible and intangible non-current assets. The company reviews the estimated life of tangible and intangible non-current assets at least at each end of the financial year in order to determine their adequacy;
- the inventories of raw material and materials that require the setting up of impairment adjustments.
- deferred taxes.

Presentation of information

To the extent possible, the company will disclose 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 with regard to the recognition, measurement, presentation or description of the elements of the financial statements.

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

- restating the comparative values for the previous presented period 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.

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

- the nature of the error of the previous period;
- for each previous period presented, insofar as possible, the value of the adjustment;
- for each item – row affected in the financial situation;
- for the basic and diluted results per share.
- the amount of the correction at the beginning of the earliest period presented;
- if retroactive restatement is impossible for a specific previous period, the circumstances leading to that condition and a description of how and when the error was corrected.

2.3. Changes in the accounting policies

Changes in the accounting policies are permitted only if required by IFRS or if they result in more relevant or credible information about the company's operations.

The company changes an accounting policy only if such change:

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

Application of changes in accounting policies:

- The entity accounts for a change in the accounting policy that results from the initial application 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.

Presentation of information

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

- the title of the IFRS;
- the nature of the change in accounting policy;
- where applicable, the fact that the amendment is made as an effect of the transitional provisions and a description of those transitional provisions;
- for the current period and for each preceding period presented, the sum of adjustments for each affected item in the statement of financial position, to the extent possible.

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

Where a voluntary change in the accounting policy has an effect on the current or previous period, the company shall present in the explanatory notes:

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

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NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES

3.1. Basis for the preparation and presentation of financial statements

The individual financial statements of Aerostar SA are prepared in accordance with the provisions of:

➤ The International Financial Reporting standards (IFRS) adopted by the European Union:

✓ *New or revised standards adopted for the first time:*

1. **Adoption** of amendments to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and illustrative examples of IFRS 16 “Leasing”;
2. **Adoption** of amendments to IFRS 3 "Business combinations";
3. **Amendment** to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ (the amendment refers to onerous contracts);
4. **Adoption** of amendments to IAS 16 „Property, plant and equipment”.

The amendments enter into force for annual reporting periods beginning on or after 1 January 2022. These changes did not have a significant impact on the Company’s financial statements.

✓ *Standards (amendments to standards) and interpretations adopted by the International Accounting Standards Committee and the European Union through Regulations issued but not entered into force:*

1. **The entry into force of IFRS 17** “Insurance Contracts” introducing a new international approach to accounting for insurance contracts;
2. **Amendments** to IAS 1 “Presentation of Financial Statements”. The amendments relate to the classification of liabilities as current or long-term liabilities and the presentation of accounting policies;
3. **Amendment** to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" introduces the definition of Accounting estimates;
4. **Amendments** to IAS 12 “Income Taxes”.

The amendments enter into force for annual reporting periods beginning on or after 1 January 2023. The company assesses the potential effects of the new standards and amendments on the International Financial Reporting standards and, according to the initial estimates, it predicts that they will not have a significant impact on its financial statements.

- Accounting Law No. 82/1991, republished, with subsequent amendments and completions;
- O.M.F.P. No. 881/2012 on the application of the International Financial Reporting Standards by companies whose securities are admitted for trading on a regulated market;
- O.M.F.P. No. 2.844/2016 for the approval of accounting regulations in accordance with the International Financial Reporting standards with subsequent amendments and completions;

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- O.M.F.P. No. 2.861/2009 for the approval of the Norms on the organization and carrying out of the inventory of items such as assets, liabilities and equity;
- O.M.F.P. 1.826/2003 for the approval of the specifications regarding certain organizational and management measures for management accounting;
- O.M.F.P. no. 2.634/2015 on financial accounting documents, with subsequent amendments and completions.

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

The accounting of operations performed in foreign currency is kept both in national currency and in foreign currency.

The financial year is the calendar year.

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

The financial statements are prepared on the basis of historical cost.

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

3.2. Applied accounting policies

Aerostar S.A. describes the accounting policies applied in 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.

The most significant accounting policies are presented below:

- **Accounting policies for assets**

The company chose the cost-based model as its accounting policy. After recognition as an asset, the property, plant and equipment are accounted for at their cost less the cumulative depreciation and any cumulative impairment losses.

The depreciable amount is allocated systematically over the useful life of the asset and represents the cost of the asset minus the residual value.

Taking into account the specific activity and the types of assets in the company's patrimony, it was considered that the residual values of the assets are insignificant. In practice, the residual value was calculated at the level of the value of the recoverable metal waste, after deducting the costs of dismantling, disassembly and sale.

The depreciation methods and useful lifetimes are reviewed at least at the end of each financial year and adjusted accordingly. The useful lifetimes are determined by committees made up of specialists from the company. Any changes to them shall be accounted for prospectively.

Subsequent expenditures related to property, plant and equipment are added to the carrying amount of the goods when:

- they have the effect of improving the initial technical parameters;
- they are sources of future economic benefits materialized by cash flows supplementary to those estimated initially; and

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- they can be assessed reliably.

Benefits are achieved directly by increasing the revenues and indirectly by reducing the maintenance and operating expenses.

All other expenses for repairs and maintenance carried out for the purpose of ensuring the continued use of the assets are recognized in the statement of profit or loss at the time of making them. They are made in order to preserve the initial technical parameters.

Spare parts are generally accounted for as inventories and recognized as expenses when consumed. If the spare parts and service equipment of significant values can only be used in connection with an item of property, plant and equipment, they shall be accounted for as property, plant and equipment if the initial purchase value (upon commissioning) of the replaced part can be determined.

In order to decide whether the recognition is made separately, on separate components, each case is analysed using professional reasoning.

The property, plant and equipment in progress to be used in production or in administrative activities shall be presented in the statement of financial position at cost less any loss accumulated from impairment. Such assets are classified in the respective categories of assets when they are completed and ready for use in the manner desired by management for the intended purpose.

The management of the company has set a cap on the capitalization of assets at 2,500 lei. All purchases below this amount will be considered expenses of the period.

Exceptions: Computers are considered to be depreciable property, plant and equipment irrespective of the input value and shall be amortized over the useful life determined by the receiving commission. Tools and work devices are also accounted for as stocks and recognized as expenses of the period when consumed, irrespective of their input value, taking into account that they have a useful lifetime usually less than one year, as well as their degree of specialization (are intended to be used for a particular type of product/service).

In case of internally generated intangible assets, the phases of accomplishment are clearly separated, namely:

- The research phase. The research costs are treated as expenses of the period;
- The development phase. Development costs are recognized as an intangible asset if the following conditions are demonstrated:
 - the technical feasibility of completing the asset so that it is available for use or sale;
 - the availability of adequate resources – technical, financial, human to complete the development;
 - the intention to complete and use or sell the intangible asset;
 - the ability to use or sell the asset;
 - how the asset will generate future economic benefits;
 - the ability to assess costs.

If the company cannot distinguish between the research and development phase of an internal project to create an intangible asset, the company treats the project costs as being incurred exclusively during the research phase.

The company has chosen as its accounting policy the cost-based model that requires that the intangible assets be valued at their net book value equal to their cost less the cumulative depreciation and any impairment losses recorded on those assets.

A real estate investment is initially valued at cost, including any other directly attributable expenses. After the initial recognition, the company opted for the cost model for all its real estate investments in accordance with the provisions of IAS 16 for that model.

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Transfers into and out of the property investment category are made only if there is a change in their use.

Transfers between categories do not change the carrying amount of the transferred immovable property or the cost of that property for the purposes of evaluation or disclosure of information.

Real estate investments are amortized according to the same rules as property, plant and equipment.

In the category of financial assets are recorded:

- shares held in affiliated companies;
- other fixed-income securities;
- long-term loans and interest on them. This category includes the amounts granted to third parties based on interest-rate contracts, according to the law;
- other non-current receivables and related interest. This category includes collaterals, deposits and securities placed with third parties, and claims related to leasing contracts.

Financial assets recognized as an asset are measured at the cost of purchase or at the value determined in their acquisition contract.

Financial assets are presented in the statement of financial position at the input value less any recognized impairment losses.

- **Accounting policies for items of inventory nature**

The inventories are recorded on the date of transfer of risks and benefits.

The calculation of those stocks that are not usually fungible and of the resulting goods or services is determined through the specific identification of their individual costs.

When the stocks and fungible assets are removed from the inventory, they are assessed and recorded in the accounts by using the FIFO method.

Periodically, the management of the company approves the level of normal technological losses.

The inventory is kept based on quantity and value, by applying the method of permanent inventory.

Value adjustments are made for current assets such as stocks at each reporting period, based on the age of inventories, the findings of the inventory boards and/or the heads of the profit centres, in order to present the assets at the lowest value between cost and net achievable value.

- **Accounting policies on the company's liabilities**

The company's liabilities are recorded in the accounts on behalf of third parties' accounts. The accounts of suppliers and other liabilities are kept per category, as well as per natural or legal person.

Income tax is recognized as a liability within the limit of the unpaid amount.

The excise duties and special funds included in prices or tariffs are recorded in the accounts based on the corresponding liabilities accounts, without transiting through the accounts of income and expenses.

The operations that cannot be recorded separately in the corresponding accounts and for which further clarification is required are recorded in a separate account 473 'Accounts settled from operations under clarification'.

Foreign currency liabilities are recorded in the accounting both in lei and in foreign currency.

A liability is classified as a short-term liability, also called a current liability when:

- it is expected to be settled in the normal course of the company's operating cycle, or
- it is due within 12 months from the balance sheet date.

All other liabilities are classified as long-term liabilities.

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Liabilities that are outstanding over a period of more than 12 months are long-term liabilities.

They are also considered long-term interest-bearing liabilities even when they are due within 12 months of the date of the financial statements, if:

- a) the initial deadline was for a period of more than 12 months; and
- b) a refinancing or rescheduling agreement is in place, concluded before the date of the financial statements.

- **Accounting policies on the company's receivables**

Receivables include:

- trade receivables, which are amounts due by customers for goods sold or services rendered in the normal course of business;
- commercial effects to be collected, third-party instruments;
- amounts owed by employees or affiliated companies;
- advances granted to suppliers of assets, goods and services;
- receivables related to manpower and state budget.

Receivables are accounted for under the accrual basis, according to the legal or contractual provisions.

Customers' booking is kept by categories (internal customers for services and products, and external customers for services and products) and for each natural or legal person.

Receivables settled in foreign currency or in lei according to the foreign exchange rate.

Receivables in foreign currencies, which are the result of the company's transactions, are recorded both in LEI, and in foreign currency.

The transactions in foreign currency are initially recorded at the foreign exchange rate, communicated by the National Bank of Romania, on the date of performing the operation.

The removal from accounting of the receivables with prescribed collection deadlines is performed only after all legal steps have been taken for their settlement.

The uncertain receivables are recorded separately in accounting, in the account 4118 Uncertain customers when the due date stipulated in the contract is exceeded by more than 30 days or when a dispute with the client has been registered.

In the annual financial statements, receivables are valued and presented at the value at which they are likely to be received.

When a receivable from a client has not been collected in full at the due date set in the contract, impairment adjustments are recorded at the terms and percentages approved by the Board of Directors in the Accounting Policy Manual.

- **Accounting policies for revenue recognition**

Income is recognized in the statement of profit or loss of the company when an increase in future economic benefits linked to an increase in an asset or a decrease in debt can be reliably measured. As a result, recognition of revenue occurs simultaneously with recognition of asset growth or debt reduction.

The revenue category includes both the amounts collected or receivable on their own behalf and the gains from any source.

Income is classified as follows:

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- Operating income;
- Financial income;

The revenue is recognized on an accrual basis.

Synthetic income accounts are developed on analytical accounts, according to the accounting regulations in force (general plan of accounts) and according to the company's own needs, with the approval of the top management.

The income is measured at the fair value of the consideration received or receivable. Sales revenue is diminished for returns, trade rebates and other similar discounts.

Operating income includes:

- sales revenue related to contracts with customers (goods, services, goods, waste products);
- income related to the cost of the stocks of products;
- income from the production of assets;
- income from readjustments of the assets, i.e. from decreases or repayments of provisions;
- other operating income.

Revenue from contracts with customers is recognized under IFRS 15 "Revenue from Contracts with Customers". The Client is a party that has entered into a contract with the Company to obtain goods and services resulting from the ordinary activities of the Company.

Revenue recognition describes the transfer of control over goods and services to customers and their assessment reflects the consideration to which the company is expected to be entitled in exchange for those goods and services.

Control, in accordance with paragraph 33 of IFRS 15, includes the ability to prevent other entities from determining the use of the asset and obtaining benefits from it. The benefits of an asset are potential cash flows that can be obtained directly or indirectly through the use, sale or holding of the asset.

Income recognition is the result of completing the following five levels:

Identification of the contract with a customer

The company accounts for a contract with a customer only if the following conditions are met:

- a) the parties have approved the contract and agree to honour their obligations,
- b) the company can identify the rights of each party with respect to the transferred goods and services,
- c) the company can identify the terms of payment regarding the transferred goods and services,
- d) the contract has a commercial substance (i.e. it changes the risk, the time of occurrence and the amount of the entity's future cash flows),
- e) it is likely that the company will collect the consideration to which it is entitled in exchange for the goods and services transferred to the customer. This involves assessing the customer's ability and intention to pay the consideration when it is due.

2. Identification of obligations arising from the contract

A contract includes obligations to transfer goods or services to a customer. An obligation to transfer a good or service is separable if it meets all of the following conditions:

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a) the customer may benefit from the transferred good or service separately or in combination with other resources at his disposal

b) the entity's promise to transfer the good or service to the customer is identifiable separately from other promises provided in the contract.

The company did not identify any types of contracts with separable obligations. In the case of guarantees granted for good performance, they do not represent an additional service, as such they do not represent a separate obligation.

3. Determination of the transaction price

The company must determine the amount of consideration to which it is expected to be entitled in exchange for the goods and services promised in the contract in order to recognize the income. The price may be a fixed amount or may vary due to discounts or similar items.

The price of the sale transactions of the Company is not adjusted for the effect of the time value of the money, as the Company does not have supply contracts with a settlement term over one year or containing a significant financing component.

For contracts concluded by the company, the price is negotiated and remains firm. Renegotiated contractual changes take effect prospectively from the date of renegotiation for subsequent orders, given that the performance obligation is distinct and is not part of a single performance obligation that is partially fulfilled at the date of the contract modification.

4. The allocation of the transaction price between the obligations generated by contract

If a contract contains several separate obligations, the company shall allocate the transaction price to each obligation in proportion to its individual price. The best record for the price of each individual obligation is the price at which the good or service is sold separately by the entity.

5. Recognition of income at a given time or as the company satisfies the obligation

An obligation arising from the contract is satisfied when control of the goods or services is transferred to the customer. Control is the ability to decide on the use and obtain the majority of the remaining benefits of the transferred good or service.

The standard sets the manner in which income is determined, in the sense that it must be recognized at a given time or over a period of time, which applies to both the sale of goods and the provision of services.

Paragraph 35 of IFRS 15 specifies that an obligation is satisfied and income is recognized over a period of time if at least one of the following conditions is met:

- the customer receives and consumes the benefits of the performance performed by the entity as the entity performs,
- performance by the entity creates or improves an asset (e.g. production in progress) that the customer controls as the asset is created or improved,
- performance by the entity does not create an asset with an alternative use for the entity and the entity has an enforceable right to payment for the performance completed up to that date.

According to paragraph 38 of IFRS 15, if an obligation to perform is not met over time in accordance with paragraphs 35-37 to 6 of IFRS 15, an entity meets the obligation to perform at a specific time.

Paragraph (4) of IFRS 15 allows for the aggregation of contracts, i.e. the presentation of a portfolio of contracts with similar characteristics, if the company reasonably expects the effects on

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the financial statements for that portfolio, not to differ significantly from those determined by the application of the standard for individual contracts within that framework

The moment of recognition of revenue results from a cross-check of the specific contractual provisions with the provisions of IFRS 15.

Income from rent

Rental income related to real estate investments is recognized in the linear profit or loss account during the lease term, in accordance with IFRS16 provisions.

Financial income includes interest income, foreign exchange income, dividend income and other financial income.

Interest income is recognized in the profit or loss account on accrual basis, using the effective interest method. The interest income generated by a financial asset is recognized when the company is likely to obtain economic benefits and when that income can be accurately measured.

Dividend income generated by investments is recognized when the shareholder's right to receive payment has been established. The company records dividend income at the gross amount including dividend tax (where applicable), which is recognized as current expense.

- **Accounting policies for provisions**

Provisions are recognized when the company has a present obligation (legal or implied) as a result of a past event, the company is likely to be required to settle the obligation and a reliable estimate of the value of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The accounting of provisions is kept differently, according to the nature, purpose or object for which they were set up.

Provisions for collaterals

The Company constitutes provisions for collaterals when the products or services covered by the collateral are sold.

The value of the provision for the collaterals granted is based on historical, contractual information or reasonable estimates for the products/services made/rendered for the first time in the company.

Provisions for risks and expenses

When identifying risks and expenses likely to be incurred by events that have occurred or are occurring and whose object is determined accurately but whose materialization is uncertain, the company covers these risks by setting up provisions.

Provisions for risks and expenses are set up for items such as:

- risks specific to the aviation industry, litigations, fines, penalties, compensations, damages and other uncertain debts.

Provisions for decommissioning of property, plant and equipment

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Upon initial recognition of a property, plant and equipment, the value of the costs of disassembly, removal of the element and restoration of the site where it is located is estimated as a consequence of the use of the element over a certain period of time.

These costs are reflected by setting up a provision that is recorded in the profit and loss account throughout the life of property, plant and equipment, by being included in the depreciation expense.

The revision of the estimates for the decommissioning and restoration provision is determined by the annual review of dismantling costs. The Commission of specialists from the company appointed by decision examines periodically whether the initial estimates of the dismantling costs are appropriate.

Provisions for employee benefits

They are recognized for the employee benefits granted in accordance with the applicable Collective Labour Agreement only if:

- the entity has a legal and implicit obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

The provisions are reanalysed at the end of each reporting period so as to reflect the current best estimate.

- **Accounting policies for grants and other non-reimbursable funds**

The subsidies reflect distinctly:

- government subsidies;
- non-reimbursable loans with the character of grants;
- other amounts received in the form of grants.

Grants are recognized at their approved value. Grants received as non-monetary assets are recognized at fair value.

Government grants are initially recognized as deferred income at fair value when there is reasonable assurance that it will be collected and the company will comply with the conditions associated with the grant.

Grants that compensate the company for the expenditure incurred are recognized in the profit or loss account on a systematic basis, in the same periods in which the expenses are recognized. Grants compensating the company for the cost of an asset are recognized in the profit and loss account systematically over the lifetime of the asset.

Revenue subsidies are recorded on a systematic basis as revenue from the periods corresponding to the related expenditure that such subsidies are to offset.

In the event that subsidies are collected during a specific period for expenditure not yet incurred, the subsidies received do not represent revenue for that current period. They are recognized in the accounts as advance income and are returned to the profit and loss account as the expenses they offset are made.

- **Accounting policies for the production of goods and services**

The management accounting organization in Aerostar is based on the applicable legal provisions and the manual of procedures and work instructions specific to the management accounting, adapted to the specific activity of the company.

The purpose of management accounting is to:

- collect direct, indirect and ancillary costs according to their nature;

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- distribute indirect costs;
- settle direct and indirect costs.

The main purpose of management accounting is to determine the result per production orders or services and per organizational structure.

According to accounting regulations, the cost of goods, works, services performed does not include the following items that are recognized as expenses of the period in which they occurred:

- (a) losses in materials, labour or other production costs related to scrap and underactivity costs;
- (b) general administrative expenses.

The calculation method used in Aerostar SA is the order-based method.

This method is suitable for individual and series production. The object of recording and calculating costs by this method is the order launched for a certain quantity (lot) of products

Production costs are collected directly on each order (direct costs) or by distribution (indirect costs).

The actual cost per unit of product is calculated upon completing the order by dividing the production costs collected per related order by the quantity of products produced under that order.

Orders are launched at the planned price, as appropriate.

In case of orders related to export sales, the price is expressed in lei by converting the currency to the budgeted exchange rate.

In applying accounting policies, the company issues procedures, instructions and working provisions approved by the executive management.

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NOTE 4 - TRANSACTIONS IN FOREIGN CURRENCY

AEROSTAR considers the Romanian leu as a functional currency, and the financial statements are presented in thousands of LEI.

Transactions in foreign currency are recorded at the exchange rate of the functional currency on the date of the transaction.

On the date of the financial position statement, the financial assets and liabilities denominated in foreign currency are evaluated in the functional currency using the exchange rate of the foreign exchange market, communicated by the National Bank of Romania, valid at the end of the financial year:

Valuta	31.12.2022
1 EUR (Euro)	4,9474 lei
1 USD (US dollar)	4,6346 lei
1 GBP (Pound sterling)	5,5878 lei

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

Considering that 69% 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, changes in foreign exchange rates will affect both its net income and its financial position as expressed in the functional currency.

In the reporting period, the net foreign currency exposure resulting from the difference between the amounts collected from the financial assets and the payment of the financial liabilities denominated in foreign currency was as follows:

YEAR 2022	K EUR	K USD	K GBP
Proceeds from financial assets	21.461	44.862	-
Payments of financial liabilities	(14.789)	(20.997)	(549)
Net foreign exchange exposure	6.672	23.865	(549)

During the reporting period, the quarterly variation of the average foreign exchange rate USD/LEU was:

- + 0,82% in the 1st quarter compared to 31.12.2021
- + 4,23% in the 2nd quarter compared to 31.03.2022
- + 2,89% in the 3rd quarter compared to 30.06.2022
- 4,32% in the 4th quarter compared to 30.09.2022

and determined a +7,30% variation of the average USD/LEU rate in 2022 compared to the beginning of the year.

and

EUR/LEU:

- 0,04% in the 1st quarter compared to 31.12.2021
- 0,03% in the 2nd quarter compared to 31.03.2022
- 0,63% in the 3rd quarter compared to 30.06.2022

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- 0,57% in 4th quarter compared to 30.09.2022
and determined a -0.30% variation of the average EUR/LEU rate in 2022 compared to the beginning of the year.

Thus, the devaluation of the LEU currency against the main foreign currencies determined the recording of a financial profit from favourable exchange rate differences of 2.153 thousand LEI.

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NOTE 5 - INTANGIBLE ASSETS: Reporting period 31 December 2022

	Values as on 31 December 2022			Values as on 01 January 2022		
	Gross amount	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Licences	6.872	(6.034)	838	6.217	(5.606)	611
Other intangible assets (software)	497	(476)	21	417	(340)	77
Total	7.369	(6.510)	859	6.634	(5.946)	688

Net book value

	Net value on 1 January 2022	Gross inflows	Depreciation from period	Net value on 31 December 2022
Licences	611	738	(511)	838
Other intangible assets	77	79	(135)	21
Total	688	817	(646)	859

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COMPARATIVE FIGURES - INTANGIBLE ASSETS

Reporting period 31 December 2021

	Values as on 31 December 2021			Values as on 01 January 2021		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Licences	6.217	(5.606)	611	5.720	(5.200)	520
Other intangible assets (software)	417	(340)	77	404	(261)	143
Total	6.634	(5.946)	688	6.124	(5.461)	663

Net book value

	Net value on 1 January 2021	Gross inflows	Depreciation from period	Net value on 31 December 2021
Licences	520	505	(414)	611
Other intangible assets	143	14	(80)	77
Total	663	519	(494)	688

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

- Licenses
- Other intangible assets

The software programs are recorded under other intangible assets.

The estimated useful lifetimes of the intangible assets are determined in years, based on the contractual period or the duration of use, as the case may be. The useful lifetime of the IT software purchased or generated internally is 3 years.

The expenses with the depreciation are recognized in the profit and loss account by using the linear calculation method.

The intangible assets in balance as on 31.12.2022 are not impaired and no adjustments were made for the impairment thereof.

In determining the gross carrying amount of the intangible assets, the company uses the historical cost method.

The value of the fully amortized software licenses as on December 31, 2022 and which are still in use is 3,447 thousand lei.

All outstanding intangible assets as on 31 December 2022 are the property of AEROSTAR.

The intangible asset inflows were achieved through:

	<u>817 thousand lei</u>
• development of the IT production management system-version 3	79 thousand lei
• acquisition of software licenses	738 thousand lei

During the reporting period, there were no entries of licenses generated internally or acquired through business combinations.

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

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NOTE 6 - PROPERTY, PLANT AND EQUIPMENT : Reporting period 31 December 2022

	Values as on 31 December 2022			Values as on 01 January 2022		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Lands	29.534	-	29.534	29.266	-	29.266
Construction	96.634	(39.428)	57.206	95.193	(33.277)	61.916
Technological equipment and means of transport	202.640	(140.423)	62.217	193.970	(124.975)	68.995
Other equipment, office equipment	3.833	(1.793)	2.040	3.762	(1.477)	2.285
Investment property	11.275	(4.761)	6.514	10.537	(4.142)	6.395
Property, plant and equipment in progress	15.179	-	15.179	1.452	-	1.452
Total	359.095	(186.405)	172.690	334.180	(163.871)	170.309

	Net value on 1 January 2022	Gross inflows	Gross outflows	Depreciation from period	Net value on 31 December 2022
Lands	29.266	268	-	-	29.534
Construction	61.916	1.698	(249)	(6.159)	57.206
Technological equipment and means of transport	68.995	9.555	(9)	(16.324)	62.217
Other equipment, office equipment	2.285	71	-	(316)	2.040
Investment property	6.395	739	-	(620)	6.514
Property, plant and equipment in progress	1.452	25.787	(12.060)	-	15.179
Total	170.309	38.118	(12.318)	(23.419)	172.690

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COMPARATIVE FIGURES : PROPERTY, PLANT AND EQUIPMENT reporting period 31 December 2021

	Values as on 31 December 2021			Values as on 01 January 2021		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Land	29.266	0	29.266	29.266	0	29.266
Constructions	95.193	(33.277)	61.916	94.206	(26.781)	67.425
Technological equipment and means of transport	193.970	(124.975)	68.995	188.533	(107.613)	80.920
Other equipment, office equipment	3.762	(1.477)	2.285	3.475	(1.172)	2.303
Investment property	10.537	(4.142)	6.395	10.537	(3.542)	6.995
Property, plant and equipment in progress	1.452		1.452	1.009	0	1.009
Total	334.180	(163.871)	170.309	327.026	(139.108)	187.918

	Net value as on 1 January 2021	Gross inflows	Gross outflows	Depreciation from period	Net value as on 31 December 2021
Land	29.266	0			29.266
Constructions	67.425	987		(6.496)	61.916
Technological equipment and means of transport	80.920	5.953	(19)	(17.859)	68.995
Other equipment, office equipment	2.303	289	0	(307)	2.285
Investment property	6.995	0		(599)	6.395
Property, plant and equipment in progress	1.009	7.671	(7.229)		1.452
Total	187.918	14.900	(7.248)	(25.261)	170.309

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Property, plant and equipment shall be measured at acquisition or production costs less accumulated depreciation and impairment losses.

The depreciation method used for property, plant and equipment is the linear depreciation method.

Depreciation expenses are recognized in the profit and loss account.

The following useful lives assumed for property, plant and equipment:

- construction	30-50 years
- technological equipment	2-25 years
- means of transport	4-18 years
- other property, plant and equipment	2-18 years
- real estate investments	25-50 years

The useful life spans are established by committees made up of specialists from our company. The depreciation tax times of property, plant and equipment are regulated by the relevant tax legislation.

The company did not acquire assets from business combinations and did not classify assets for sale.

The real estate investments comprise 11 real estate properties – buildings that are leased to third parties based on lease contracts.

The value of rental income for this category of assets was 4,930 thousand lei.

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

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 and ends on the date when the asset is reclassified in another category or on the date on which the asset is derecognized.

The depreciation does not cease when the asset is not in use.

The lands and buildings are separable assets and they are accounted for separately, even when acquired together.

The land has an unlimited useful life and therefore it is not subject to amortization.

In accordance with the provisions of IAS 36 “impairment of assets”, the company has proceeded to identify any signs of impairment of the property, plant and equipment, taking into account both internal and external sources of information.

Internal sources of information:

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

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External source of information:

The indicator that provides information on the investors' interest in the companies listed on the capital market is the stock market capitalization relative to equity (MBR).

<u>MBR indicator -Market to book ratio</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
stock market capitalization/equity	2,4	2,9

The **over-unit value** of the MBR indicator is obtained by companies that are well listed on the capital market and that are of interest to the investors.

The property, plant and equipment in balance on 31.12.2022 are not impaired and no significant impairment indices were found.

The gross carrying amount of the fully depreciated property, plant and equipment that was still in use on December 31, 2022 is 61,562 thousand lei.

As on 31.12.2022 there are no mortgages set up on the real estate assets owned by Aerostar S.A.

Inflows of property, plant and equipment were achieved through:	<u>38.118 k lei</u>
<ul style="list-style-type: none"> • commissioning of technological equipment, hardware equipment, measurement and control equipment • land acquisition • Property, plant and equipment in progress in 2022 	<p>12.063 k lei</p> <p>268 k lei</p> <p>25.787 k lei</p>
Outflows of property, plant and equipment were achieved through:	<u>12.318 k lei</u>
<ul style="list-style-type: none"> • transfer of assets in progress to property, plant and equipment as a result of commissioning • derecognition of tangible assets as a result of the company no longer expecting future economic benefits from their use • derecognition of a property, plant and equipment following the transfer free of charge to the patrimony of the Bacau County Council, at the location of the "George Enescu" International Airport, of the equipment used by the company in the operation of military aircraft. 	<p>12.060 k lei</p> <p>9 k lei</p> <p>249 k lei</p>

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NOTE 7 - FINANCIAL ASSETS

	Shares/shares held in affiliated entities	Other non- current securities - shares	Other non- current titles - contribution to social patrimony	Other non- current claims- supplier warranties	Total
On 1 January 2022	14	0	0	38	52
Increases/(Reductions)	-	58.975	2	-	58.977
On 31 December 2022	14	58.975	2	38	59.029

A) Investments in affiliated entities registered at cost:

Name of subsidiary/ Registered office	CAEN code	Number of shares/ shares issued	Voting rights (%)	The value of Aerostar 's ownshi p (k lei)	Financial information related to 2021				
					Social capital of society (k lei)	Reserves (k lei)	Net profit (k lei)	Nominal value/ share (k lei)	Net asset/ share (k lei)
Airpro Consult SRL Bacău 9, Condorilor's Street	- main activity according to CAEN code 7820	100	100%	10	10	171	68	0,10	2,5
Foar SRL Bacău 9, Condorilor's Street	- main activity according to CAEN code 7739	408	51%	4	8	1.000	82	0,01	2,7
TOTAL	x	x	x	14	x	x	x	x	x

Aerostar's shareholdings in affiliated companies are recorded at cost.

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As of 31.12.2022, the company did not change to increase/decrease the share of participations, maintaining the same influence, as in 2021, on the companies included in the equity portfolio.

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

B) Investments in equity instruments through other comprehensive income:

Name of the issuer	CAEN code	No. of shares	Symbol	Value price / share at 31.12.2022 (k lei)	Portfolio value at market price (k lei)
Evergent Investments S.A.	- main activity according to CAEN code 6499	43.047.138	EVER	1,3700	58.975
Registered office					
94C Pictor Aman, Bacău					

The company acquired 43.047.138 shares of Evergent Investments S.A, listed on the Bucharest Stock Exchange. Aerostar accounts for holding shares at fair value through other comprehensive income in accordance with IFRS 9 “Financial instruments”. The company used the irrevocable option of designating these equity instruments at fair value through other comprehensive income as these financial assets are held for both the collection of dividends and the gains on their sale, and not for trading. The gain or loss on these capital instruments is recognized in other comprehensive income, except for dividend income.

C) Money contribution to the establishment of the initial patrimony of the association “C-EDD Education Cluster for Sustainable Development”

The Association was established voluntarily by the founding members, functioning 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 person.

The purpose of the Association is to develop and implement effective public-private dialog mechanisms in the educational field, to act as a space for dialog 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 the contribution of AEROSTAR company to the patrimony of the association “C-EDD Education Cluster” is in the amount of 2,500 lei.

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NOTE 8 - TRADE RECEIVABLES

	31 December 2022	31 December 2021
TRADE RECEIVABLES OF WHICH:		
Customers, of which:	74.311	54.139
Domestic customers	17.378	20.596
Foreign customers	56.933	33.543
Uncertain customers	1.871	1.819
Adjustments for impairment of receivables - customers	(954)	(1.332)
Suppliers – debtors	5.453	1.787
Adjustments for the impairment of receivables - advances granted to customers	-	(42)
TOTAL TRADE RECEIVABLES	80.681	56.371

In accordance with the provisions of the Accounting Policy Manual, to cover the risk of non-recovery of the amounts representing uncertain trade receivables, the company records adjustments for the impairment of uncertain customers, as follows:

- 50% of the value of receivables not collected on term, if the delay period is between 30 days and 180 days. On December 31, 2022, the company registered adjustments for depreciation of this nature in the amount of 916 thousand lei;
- 100% of the value of receivables not collected on term, if the delay period exceeds 180 days. On December 31, 2022, the company registered adjustments for depreciation of this nature in the amount of 38 thousand lei.

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

The debtors-suppliers have the following discount limit:

- in 2023: 5.309 thousand lei
- in 2024: 145 thousand lei

The receivables expressed in foreign currency were evaluated at the market exchange rate communicated by the National Bank of Romania valid for the closure of December 2022.

The favourable or unfavourable exchange rate differences between the exchange market rate at which the receivables are accounted in foreign currency and the foreign exchange market rate communicated by the National Bank of Romania valid for the closure of December 2022 were recorded in the corresponding income or expense accounts.

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NOTE 9 - OTHER RECEIVABLES

	31 December 2022	31 December 2021
Receivables relating to manpower and similar accounts	16	6
Receivables related to the budget of social insurance and the state budget, of which:	1.436	2.833
– Non-chargeable VAT	172	106
– amounts to recover from the National Health System (allowances for medical leaves)	654	2.050
– Amounts in the form of subsidies	75	2
– Excise duty to be recovered related to the fuel used	509	648
– Other claims in connection with the local budget representing the fee of public service to recover resulting from corrected declarations	10	17
– Other claims in connection with the social security budget and the state budget	16	10
Interest to be received from bank deposits	1.814	231
Diverse debtors	574	583
Adjustments for the depreciation of the receivables – diverse debtors	(539)	(223)
TOTAL OTHER RECEIVABLES	3.301	3.430

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NOTE 10 – INVENTORIES	31 December 2022	31 December 2021
Of which:		
Raw material *	52.381	32.332
Consumables **	63.093	43.539
Other materials	129	245
Semi-finished	471	1.151
Packaging	56	37
Finished products	23.828	25.653
Products and services in progress	42.559	35.999
<i>Gross value of inventories (unadjusted)</i>	<u>182.517</u>	<u>138.956</u>

ADJUSTMENTS FOR DEPRECIATION OF INVENTORIES

	31 December 2022	Increases/ Setups/	Decreases/ Resumptions/	31 December 2021
Total adjustments	51.907	19.187	7.466	40.186
Adjustments for impairment of raw materials	23.050	6.110	3.794	20.734
Adjustments for impairment of consumables	27.144	11.693	2.070	17.521
Adjustments for impairment of semi- finished parts	471	247	926	1.150
Adjustments for impairment of finished products	676	312	285	649
Adjustments for impairment of production in progress	566	825	391	132

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, plates, profiles, wires etc);

** The consumables participate or contribute to the manufacturing or operating process, without being usually found 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 minus all estimated costs for completion and the estimated costs required for the sale.

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

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

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Within the company the goods deemed to be depreciated are those older than the storage period established by internal decision of the Board of Directors.

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

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

The total value of inventories recognized as an expense during the period is 156.194 thousand lei.

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

AEROSTAR has no pledged inventories.

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NOTE 11 - CASH AND CASH EQUIVALENTS

The cash includes:

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

The cash equivalents include:

- term deposits held by banks;
- Cheques and trade effects (promissory notes) deposited with banks for collection.

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

	31.12.2022	31.12.2021
Cash at the cash desk	63	49
Sight deposits held by banks	20.269	39.220
Term deposits held by banks	225.833	235.202
Cheques and trade effects to collect	8	-
Cash and cash equivalents	246.173	274.471

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

The value of the bank Credit Line that can be used as overdraft, available for future operations is 2.500 thousand USD (the equivalent of 11.587 THOUSAND LEI).

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

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NOTA 12 - COMPANY EQUITY

The company equity on 31 December 2022 is 493.709 thousand lei. The net increase of the equity in 2022 compared to the end of the year 2021 was 72.321 thousand lei.

The main elements of the company equity during the period January – December 2022 vs. 2021:

- **The share capital remained unchanged**

On 31 December 2022, 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 47.019 thousand lei:**

- An increase by 7.961 thousand lei on account of distributing the profit for the year 2022 for reserves from the fiscal facilities;
- An increase by 385 thousand lei on account of moving to reserves the result carried forward, representing a surplus made of revaluation reserves;
- An increase by 31.438 thousand lei as a result of distributing the profit for the year 2021 to the destinations decided by the shareholders at the OGMS dated 20 April 2022;
- An increase by 7.235 thousand lei on account of re-evaluating at fair value the equity instruments through other elements of the global result.

- **Other capital elements decreased by the amount of 2.520 thousand lei** on account of the deferred income tax recognized in company equity.

- **The result carried forward decreased by 210 thousand lei as follows:**

- An increase by 175 thousand lei on account of the deferred income tax recognized on account of equity;
- A decrease of 385 thousand lei via transfer to reserves of the result carried forward, representing a surplus obtained from revaluation reserves;
- The profit for the year 2021, taken over the result carried forward was distributed integrally to the destinations decided by the shareholders, following the decision of the OGMS dated 20 April 2022.

- The balance of the result account carried forward on 31 December 2022 is 50.938 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 = 26.775 thousand lei;
 - the result carried forward representing the gain obtained from re-evaluation reserves, capitalized as the property, plant and equipment and intangible assets were amortized = 24.163 thousand lei;

- **The result of the period was a profit in the amount of 90.273 thousand lei.**

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NOTE 13 - PROVISIONS

	31 December 2021	Increases/ Set-ups/ Reclassification of provisions	Reductions/ Reruns/ Reclassification of provisions	Differences from revaluation	31 December 2022
Total provisions	131.829	26.583	29.830	1.212	129.794
Provisions for bonds granted to customers	45.807	18.803	17.986	1.220	47.844
Provisions for decommissioning property, plant and equipment	16.415	20	9	-	16.426
Provisions for the employees' benefits	5.756	7.760	5.732	-	7.784
Other provisions	63.851	-	6.103	(8)	57.740
Long-term provisions	105.383	1.308	12.633	1.213	95.271
Provisions for bonds granted to customers	30.666	6.073	12.071	1.220	25.888
Provisions for decommissioning property, plant and equipment	16.415	20	9	-	16.426
Other provisions	58.302	(4.785)	553	(7)	52.957
Short-term provisions	26.446	25.275	17.197	(1)	34.523
Provisions for bonds granted to customers	15.141	12.730	5.915	-	21.956
Provisions for employees' benefits	5.756	7.760	5.732	-	7.784
Other provisions	5.549	4.785	5.550	(1)	4.783

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 of 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

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

- covering risks specific to the aviation industry, such as: risk of hidden defects, risk of discovering quality incidents that can incur damages.
- coverage of some expenses regarding the Company's obligations towards A.J.O.F.M., based on O.U.G. 95/2002;
- 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 related to assets.

	31.12.2022	31.12.2021
Balance on 1 January, of which:	4.192	5.893
Short term	1.167	1.948
Long term	3.025	3.945
Subsidies received:	-	-
Subsidies registered under income corresponding to the calculated amortization	(1.164)	(1.701)
Balance on 31 December, of which:	3.028	4.192
Short term	1.020	1.167
Long term	2.008	3.025

In 2022 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: 'Extension of the manufacturing and assembly capacities for aerostructures for civil aviation', performed between April 2010 and October 2012, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 5.468 thousand lei;
2. Contract no. 229226/14.06.2012: 'Setting up a new manufacturing capacity for diversifying production and export growth', carried through between June 2012 and May 2014, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 6.011 thousand lei;
3. Contract no. 5IM/013/24.03.2015: 'Consolidation and sustainable development of the machining and painting sectors by high performance investments', carried through 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 December 2022 stands for subsidies related to investments in immobilized assets which are to be recorded as income as the calculated amortization is registered under costs.

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NOTE 15 - COMMERCIAL DEBTS

	31 December 2022	31 December 2021
Prepaid amounts collected on customers' account, of which:	10.991	3.625
Customers-creditors from Romania	47	1.053
Customers-creditors from outside Romania	10.944	2.572
Suppliers, of which:	37.619	24.825
Providers of materials and services from Romania	9.878	6.976
Providers of materials and services from outside Romania	21.162	11.514
Suppliers-invoices not arrived	2.576	5.271
Suppliers of non-current assets	4.003	1.064
Total commercial debts	48.610	28.450

The payments in advance collected from foreign customers are for aircraft maintenance and repair work (99,7%) and other services provided (0,3%).

For the registered debts no mortgages were set up.

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

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NOTE 16 - OTHER LIABILITIES

	31 December 2022	31 December 2021
Other current liabilities, of which:	13.297	13.009
• <i>Liabilities related to manpower and similar accounts</i>	3.668	3.295
• <i>Liabilities related to social security budget and state budget, of which:</i>	6.827	7.112
- VAT payable	1.859	2.625
- Social insurance	3.678	3.325
- Labour safety contribution	234	212
- Tax on salary type revenues	722	658
- Contribution for people with unemployed disabilities	150	135
- Other taxes	137	107
- Other social liabilities	47	50
• <i>Other liabilities, of which:</i>	2.802	2.602
- dividends	2.502	2.300
- diverse creditors	257	267
- bonds received	43	35
Other long-term liabilities	1.503	1.525

In the category *Other long-term liabilities* is found the liability regarding the right to use the land leased for the Maintenance Hangar of Iasi.

The dividends in balance on 31 December 2022, in the amount of 2.502 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 did not register overdue liabilities to the state budget, the social insurance budget and the 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 life, s.o.) and of the reserves and recognized receivables regarding the deferred tax related to securities (shares), stocks and receivables that were adjusted for depreciation, provisions for customer bonds, and other provisions.

The structure of deferred income tax registered on 31.12.2022 is:

Liabilities from deferred tax

1. Liabilities related to the deferred tax generated by the differences between the accounting bases (higher) and the fiscal ones (lower) of the non-current assets	1.356
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Liabilities on deferred tax related to reserves from the fiscal facility	17.542
4. Liabilities on deferred tax related to the reported result representing a surplus from revaluation reserves	61
5. Liabilities on deferred tax related to immobilized securities-shares	1.158
Total liabilities on long-term deferred tax	21.676

Receivables on deferred tax

1. Receivables on deferred tax related to other provisions	604
2. Receivables on deferred tax related to provisions for bonds granted to customers	7.655
3. Receivables on deferred tax related to provisions for manpower benefits	1.246
4. Receivables on deferred tax related to short-term adjustments for depreciation of the inventories	8.305
5. Receivables on deferred tax related to short-term adjustments for depreciation of trade receivables	239
Total receivables on deferred tax	18.049

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

In the period 01 January 2022 – 31 December 2022, the company registered income from the tax on deferred profit in the amount of 6.985 thousand lei and expenses with the tax on deferred profit in the amount of 4.636 thousand lei.

The tax on deferred profit recognised on the account of equity in the amount of 19.654 thousand lei consists of liabilities on deferred tax in the amount of 20.258 thousand lei and receivables on deferred tax in the amount of 604 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 SA becomes part of the contractual provisions of the instrument.

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

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

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

a) Credit risk

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

- 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 instruments of commercial credit risk decrease (receipts in advance, letters of payment bank security, confirmed export credentials) are requested. AEROSTAR has no significant exposure toward a single partner and records no significant concentration of receivables on a single geographical area.

Exposure to credit risk

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

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

	31.12.2022	31.12.2021
Sight and term deposits with banks	246.102	274.422
Trade receivables, net of adjustments for depreciation	66.941	53.637
Immobilized receivables	38	38
Total	313.081	328.097

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

	31.12.2022	31.12.2021
Domestic market	17.379	20.596
Euro zone countries	21.810	15.243
Great Britain	14.939	12.373
Other European countries	2.176	1.574
Other regions	10.637	3.851
Total	66.941	53.637

Depreciation adjustments

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

	Gross value	Adjustments	Gross value	Adjustments
	31.12.2022	for depreciation	31.12.2021	for depreciation
In due time	65.400		53.078	
Past due, total of which:	2.495	954	1.891	1.332
31-60 days	1.568	632	674	337
61-90 days	567	127	145	70
91-120 days	63	32	172	53
Over 120 days	286	152	859	831
Over 1 year	11	11	41	41
Total	67.895	954	54.969	1.332

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

	31.12.2022	31.12.2021
Balance on 1 January	1.332	438
Adjustments set up for depreciation	1.967	1.987
Adjustments for depreciations resumed as revenues	(2.345)	(1.093)
Balance on 31 December	954	1.332

On 31.12.2022, 97% of the balance of trade receivables is related to customers with a good payment record.

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b) Liquidity risk

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

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

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

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

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

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

Debts	Accounting value	Contractual cash flows	0-30 days	31-60 days	over 60 days
31.12. 2022 Trade liabilities	34.472	(34.472)	(28.638)	(4.922)	(912)
31.12. 2021 Trade liabilities	19.554	(19.554)	(16.950)	(2.276)	(328)

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

On 31.12.2022 AEROSTAR has no records of overdue financial liabilities.

c) Foreign currency risk

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

Exposure to the foreign currency risk

AEROSTAR is exposed to the foreign currency risks, as 69% 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 carrying accounting values denominated in foreign currency recorded at the end of the reporting period.

31.12.2022	Thousand EUR	Thousand USD	Thousand GBP
Cash and cash equivalents	1.641	2.491	17
Trade receivables	1.976	8.585	-
Trade liabilities	(1.556)	(3.210)	(34)
Net exposure in original currency	2.061	7.866	(17)

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Sensitivity analysis

Taking into consideration the net exposure calculated in the above table, AEROSTAR can be deemed to be exposed mainly to the foreign exchange risk generated by the variation of the foreign exchange rates USD/LEU and EUR/LEU.

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

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

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

31.12.2022	EUR/LEU	USD/LEU
Net exposure, in the currency of origin	2.061 MII EUR	7.866 MII USD
Currency exchange rate	4,9474	4,6346
Net exposure in functional currency	10.197 MII LEI	36.456 MII LEI
Possible reasonable variation of exchange rate	+/- 2%	+/- 10%
Effect of variation on the financial result	+/- 204 MII LEI	+/- 3.646 MII LEI

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 an 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.

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

On 31.12.2022, the level of bonds granted by AEROSTAR under commercial agreements, by issuing bank bond letters and import Letters of Credit amounts to 6.237 thousand USD (the equivalent of 1.346 thousand LEI).

On 31.12.2022 no mortgages are set up on the property assets in AEROSTAR's ownership.

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NOTE 19 - OPERATING INCOME

	31 December 2022	31 December 2021
Revenues from sales, of which:	466.991	376.434
Revenues from product sales	238.706	150.309
Revenues from services provided	224.979	222.367
Revenues from selling goods	20	806
Revenues from rents	2.750	2.538
Trade discounts granted	-	(27)
Revenues from other activities	536	441
Revenues related to inventories of finished products and production underway	3.334	1.250
Revenues from the production of fixed assets	451	410
Revenues from operating subsidies	169	1.420
Revenues from subsidies for investments	1.164	1.699
Other revenues from operations	1.674	1.294
Total operating income	473.783	382.507

In 2022 the company recorded incomes from operating subsidies in the amount of 169 thousand lei for hiring for an indefinite period of time graduates from various educational institutions in accordance with Law no. 76/2002 regarding the unemployment insurance system and the stimulation of employment;

Other revenues from operation in the amount of 1.674 thousand lei are represented, among others, by revenues from time-barred dividends, revenues from recovering debts from former employees (tuition expenses and other debts), revenues from indemnities and recovered taxes.

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NOTE 20 - OPERATING EXPENSES

	31 December 2022	31 December 2021
Expenses with employee benefits, of which:	147.930	123.111
Salaries and allowances	132.579	109.717
Expenses with ticket meals and holiday vouchers granted to employees	7.608	7.059
Expenses with social security	7.743	6.335
Expenses with raw material and other materials	144.579	99.574
Energy, water and gas	14.663	10.476
Other material expenses, of which:	12.834	11.205
Expenses with non-inventory materials	1.219	1.270
Expenses with goods	14	912
Expenses with packaging	619	327
Expenses with other materials	10.982	8.696
Expenses with external services, of which:	29.829	28.908
Repairs	11.187	12.016
Transport costs	3.801	2.987
Commissions and fees	4.021	3.116
Travels, deployments	1.475	1.545
Renting expenses	739	691
Other expenses with services provided by third parties	8.606	8.553
Trade discounts received	(94)	(16)
Amortizations	24.105	25.794
Net expenses (revenues) from adjustments on provisions	(2.054)	16.168
Net expenses (revenues) from adjustments on current assets	11.678	(1.478)
Other operational expenses	6.934	4.942
Total operating expenses	390.404	318.684

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 (Note 8, Note 9 and Note 10).

In 2022, AEROSTAR granted meal tickets to its employees, in the amount of 6.994 thousand lei and holiday vouchers in the amount of 614 thousand lei.

In the category of other operating expenses in the amount of 6.934 thousand lei are included among others: expenses with local taxes and fees, sponsorship, donations.

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

Adjustments on provisions	31 December 2022	31 December 2021
<i>Increases / setups</i>	27.825	48.799
<i>Decreases / reruns</i>	(29.879)	(32.630)
Net expenses (revenues) from adjustments on provisions	(2.054)	16.169

In 2022 the impact of the adjustments on provisions is a decrease of the operating expenses by the amount of 2.054 thousand lei.

Adjustments regarding impairment of current assets	31 December 2022	31 December 2021
<i>Increased/set up adjustments</i>		
Adjustments for the impairment of investments	19.187	14.245
Adjustments for impairment of receivables	2.286	2.107
Losses from receivables and various debtors	63	43
Total increased/set up adjustments	21.536	16.395
<i>Decreased/resumed adjustments</i>		
Adjustments for the impairment of inventories	(7.466)	(16.760)
Adjustments for the impairment of receivables	(2.392)	(1.113)
Total decreased/resumed adjustments	(9.858)	(17.873)
Net expenses (revenues) from adjustments on the impairment of current assets	11.678	(1.478)

In 2022 the impact of the adjustments on the impairment of current assets is an increase of the operating expenses by the amount of 11.678 thousand lei.

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NOTE 21 - FINANCIAL INCOME

	31 December 2022	31 December 2021
Income from foreign currency exchange differences	11.100	6.595
Income from interest	11.183	2.595
Income from shares held at subsidiaries	536	137
Income related from financial assets evaluated at fair value	311 ³⁴ 2.675	- -
Total financial income	25.269	9.190

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

The income related from financial assets evaluated at fair value represents the dividends related to holding instruments in the equity of Evergent Investments S.A.

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NOTE 22 – FINANCIAL EXPENSES

	31 December 2022	31 December 2021
Expenses from exchange rate differences	8.947	3.333
Expenses with interest related to leasing contracts	30	30
Other financial expenses	-	2
Total financial expenses	8.977	3.365

In 2022 the company registered in the financial expenses category:

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

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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 31.12.2022 was 16% (the same rate was applied for the financial year 2021).

	<u>31 December 2022</u>	<u>31 December 2021</u>
Gross accounting profit	99.671	69.648
Expenses with current tax on profit	11.721	9.964

Reconciliation of accounting profit with the fiscal profit for 31 December 2022				Differences
Accounting revenues*	496.123	Fiscal income	453.778	-42.345
Accounting expenses*	396.384	Fiscal expenses	342.013	-54.371
Gross accounting profit, restated*	99.739	Fiscal profit	111.765	+12.026
Accounting tax (16%)	15.958	Fiscal tax (16%)	17.882	+1.924
Tax reductions	-	<i>Tax reductions</i> , of which:	6.161	+6.161
		• related to investments made acc.to Art. 22 Fiscal Code	1.273	+1.273
		• sponsorship	3.290	+3.290
		• a 12% bonus as per OUG 153/2020	1.598	+1.598
Tax on final profit	15.958	Tax on final profit	11.721	-4.237
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		11.75 %		

* 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.

Comparative figures 31 December 2021

Gross accounting profit	69.648
Expenses with current tax on profit	9.964

Reconciliation of accounting profit with the fiscal profit				Differences
Accounting revenues*	389.408	Fiscal income	338.144	- 32.662
Accounting expenses*	319.207	Fiscal expenses	249.534	- 29.556
Gross accounting profit, restated*	70.201	Fiscal profit	88.610	-3.106
Accounting tax (16%)	11.232	Fiscal tax (16%)	14.178	-497
Tax reductions	-	<i>Tax reductions</i> , of which:	4.214	+754
		• related to investments made acc.to Art. 22 Fiscal Code	786	
		• sponsorship	2.678	+562

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		• a 7% bonus as per OUG 153/2020	750	+192
Tax on final profit	11.232	Tax on final profit	9.964	-1.251
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated			14,19%	

The main factors that affected the actual tax rate:

- non-deductible expenses in fiscal terms (expenses concerning the set-up or increase of certain provisions and value adjustments on the current assets, which are non-deductible fiscally, expenses with fiscally non-deductible accounting amortization a.o.).
- fiscal facilities representing the tax exemption on profit corresponding to the investments made in accordance with Art. 22 of the Fiscal Code and sponsorships and a 12% bonus as per OUG 153/2020 regarding the implementation of fiscal measures for maintaining/increasing the company equity;
- non-taxable income obtained from the recovery of certain non-deductible expenses.

On 31 December 2022 the company registered a debt related to the tax on current profit in the amount of 269 thousand lei corresponding to the IV-th quarter of 2022.

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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.

IN LEI	31.12.2022	31.12.2021
Profit attributable to ordinary shareholders	90.272.999	59.939.980
Number of ordinary shares	152.277.450	152.277.450
Profit per share	0,593	0,394

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NOTE 25 - AVERAGE NUMBER OF EMPLOYEES

Average number of employees	12 months 2022	12 months 2021
Own employees	1.602	1.531
Employees hired through temporary labour agent	78	51
Total average number of employees	1.680	1.582

Number of employees	31.12.2022	31.12.2021
Own employees	1.741	1.651
Employees hired through temporary labour agent	104	97
Total number of employees	1.845	1.748

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NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES

<u>Acquisitions of goods and services</u>	<u>Year 2022</u>	<u>Year 2021</u>
Airpro Consult SRL Bacău	7.087	3.052
Foar SRL Bacău	424	373
TOTAL	7.511	3.425
<u>Sales of goods and services</u>	<u>Year 2022</u>	<u>Year 2021</u>
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	7	2
TOTAL	7	2
<u>Liabilities</u>	<u>Balance on 31.12.2022</u>	<u>Balance on 31.12.2021</u>
Airpro Consult SRL Bacău	690	601
Foar SRL Bacău	34	41
TOTAL	724	642
<u>Dividends collected by Aerostar</u>	<u>Year 2022</u>	<u>Year 2021</u>
Airpro Consult SRL Bacău	68	-
Foar SRL Bacău	242	-
TOTAL	310	-

The transactions with the affiliated parties between 01.01.2022 and 31.12.2022 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.
- Dismantling services provided by AEROSTAR SA to Foar SRL Bacău for dismantling a milling machine CNC MAHO from AEROSTAR SA worth 6 thousand Ron ;
- Dividends collected by AEROSTAR SA from Airpro Consult SRL Bacău and Foar SRL Bacău.

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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 the manner in which AEROSTAR generates and uses the cash and cash equivalents.

In the context of the Cash Flows Statement:

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

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

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

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

Thus, in 2022:

- the amounts collected from the customers were 485.376 thousand LEI,
- the amounts collected from the State Budget were 6.478 thousand LEI, representing VAT and excise tax refunds
- the payments to the suppliers and employees amounted to 344.098 thousand LEI, of which 255.241 thousand LEI payments to the suppliers and 88.857 thousand LEI payments to the employees;
- the payments of taxes and duties to the State Budget amounted to 84.428 thousand LEI, of which 13.676 thousand LEI profit tax.

The operating activity generated a net cash of 63.426 thousand LEI, i.e. 28.133 thousand LEI less than the previous year.

The investment activity included:

- payments to purchase tangible and intangible assets in the amount of 31.255 thousand LEI.
- payments to purchase financial fixed assets in the amount of 51.916 thousand LEI, representing purchases of Evergent Investment S.A. shares (stock exchange symbol: EVER), traded on the Bucharest Stock Exchange;

The purchased shares are held for collecting dividends and for earnings from their sale and not for trading.

Taking into account the tender Offer to buy stock (EVER shares) initiated by Evergent Investments S.A in December 2022, the executive management of Aerostar S.A. analyses the opportunity to participate in the offer in January 2023.

- Collected dividends in the amount of 2.541 thousand LEI from Evergent Investments S.A.;
- Collected dividends in the amount of 311 thousand LEI from the affiliated entities;
- Collected interests in the amount of 9.600 thousand LEI from the bank deposits set up.

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The value of the treasury cash flows allocated to increase the operating capacity represents 6% of the aggregate value of the cash used for operational, investment and financing activities.

As part of the financing activity, an amount of 21.991 thousand LEI was paid, representing dividends due to the shareholders.

The level of cash and cash equivalents registered on 31.12.2022 amounts to 246.173 thousand LEI, i.e. 28.298 thousand LEI less 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.:

	31 December 2022	31 December 2021
• Liabilities:		
○ Guarantees granted to customers as letters of bank guarantee and letters of credit	186	465
○ Guarantees received from suppliers – as letters of bank guarantees and letters of credit	84.353	134.255
• Goods, of which:		
○ inventories of other materials released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	42.240	36.823
○ materials received in consignment	2.239	2.262
○ finished products received in consignment	65	65
○ materials – customers	157	216
○ tangible and intangible assets –obtained or purchased as a result of co-financed activity	573	573
○ material values received for processing/repairs	29.328	11.454
○ supporting assets related to the leasing contracts – Hangar of Iasi	2.477	2.477
○ Fixed assets proposed for disposal	446	296
• Other off-balance values, of which:	201	179
○ Material guarantees set up for the managers’ responsibility regarding the management of goods	3.777	4.330
○ Liabilities for covering certain future obligations to A.J.O.F.M. based on OUG 95/2002 regarding the defense industry	127	175
○ debtors removed from accounts, monitored further on	25	21
○ creditors		
○ de minimis aid for participation to fairs and exhibitions	514	324
• Greenhouse Gas Emission Certificates	5.701	6.842

On 31 December 2022, AEROSTAR S.A. had a number of 14.245 greenhouse gas emission certificates.

The market value on the last transaction day of a GES certificate was 80,90 Euro, according to the European Energy Exchange website (in December 2021: 79,51 Euro) at a re-evaluation exchange rate of 4,9474 Lei/Euro.

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NOTE 29 – DIRECTORS’ REMUNERATION

The Board of Directors of AEROSTAR S.A.:

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

In the Ordinary General Meeting of 16 December 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 the case may be.
- ✓ 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 for 2022, by virtue of their responsibilities, was 1.725 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 the average and long-term sustainability and to reduce the uncertainty associated with its strategic and financial objectives.

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

However, there may be risks and uncertainties additional to the ones presented below, which are currently unknown or considered insignificant, but which in the future may affect 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 catastrophes or other events that can affect AEROSTAR's assets.

In light of the global political turbulence, in the future we may face new types of risks, AEROSTAR analysing very carefully 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.

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

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

The bank deposits are placed only in 1st tier bank institutions, deemed to have a high solvency rating.

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

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

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

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

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

To manage the liquidity risk, the cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of the 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 instrument will fluctuate due to the modifications of the market prices.

The market risk comprises the price risk, the exchange rate risk and the risk of the interest's rate.

AEROSTAR is exposed mainly to the price risk determined by the fluctuations of the price of raw material and material used in the manufacturing processes, caused by exceptional events such as the Brexit agreement with an impact on the procurement of material from UK, the established international sanctions that lead to limited possibility to provide parts and material, increased costs due to specific duties for the import/export of metallic products to and from USA.

The risk is managed by:

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

AEROSTAR is exposed to the exchange rate risk because 65% of its turnover is related to USD and EUR, while a significant part of the operating expenses is denominated in LEI.

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

An analysis of AEROSTAR's sensitivity to the foreign exchange rate's variations as 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 chapter OPPORTUNITY AND RISK MANAGEMENT of the Board of Directors' Report.

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NOTE 31 – PREPAID EXPENSES AND INCOME

	31 December 2022	31 December 2021
Expenses registered in advance (in the short term)	617	579
Income registered in advance (in the short term)	1.876	196

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

In the category **expenses registered in advance** in records on 31 December 2022 are found amounts to resume within a year representing, among others, taxes and duties, subscriptions, insurance policies, fees, participation to trade fairs and conferences, on-line services, maintenance of IT systems.

On 31 December 2022, Aerostar derecognised the long-term **income registered in advance**. In the category of short-term **income registered in advance** are highlighted as values corresponding to provided services and delivered goods for which the income recognition conditions of IFRS 15 "*Revenue from Contracts with Customers*" are not met (the control over goods/services hasn't been transferred yet).

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NOTE 32 - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS:

Reporting period 31 December 2022

	Values on 31 December 2022			Values on 01 January 2022		
Account 251	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	1.907	(154)	1.753	1.888	(115)	1.773
Total	1.907	(154)	1.753	1.888	(115)	1.773

	Net amount on 1 January 2022	Re-evaluations in 2022	Updated provision for cost of dismantling/removal /restoration of supporting assets	Depreciation in the period	Net amount on 31 December 2022
Asset related to the right to use the land for the MRO Hangar in Iași	1.773	-	20	(40)	1.753
Total	1.773	-	20	(40)	1.753

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

COMPARATIVE FIGURES - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS – reporting period 31 December 2021

Account 251	Values on 31 December 2021			Values on 01 January 2021		
	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	1.888	(115)	1.773	1.864	(75)	1.789
Total	1.888	(115)	1.773	1.864	(75)	1.789

	Net amount on 1 January 2021	Re-evaluations in 2021	Updated provision for cost of dismantling/removal /restoration of supporting assets	Depreciation in the period	Net amount on 31 December 2021
Asset related to the right to use the land for the MRO Hangar in Iași	1.789	4	19	(39)	1.773
Total	1.789	4	19	(39)	1.773

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

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NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

AEROSTAR S.A did not identify any events after the reporting date likely to have an impact on the financial statements related to the financial year ended on 31 December 2022.

As a result of the Tender Offer to buy own shares initiated by Evergent S.A. in December 2022, the executive management of Aerostar S.A. decided to offer for sale the whole package of shares held. Given the subscription rate, the Company was able to sell a number of 3.912.279 shares at the price listed in the Tender Offer.

These individual financial statements which comprise: the statement of the financial position, the statement of the profit or loss, other elements of the global result, the statement of the company equity's modifications, the statement of the cash flows and the explanatory notes to the financial statements were approved by the Board of Directors on 16 March 2023 and signed on behalf of the Board of Directors by:

Grigore FILIP
President & General Director

Doru DAMASCHIN
Vice President & Financial Director



AEROSTAR S.A.
GRUP INDUSTRIAL AERONAUTIC-BACAU-ROMANIA

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

DECLARATION

The undersigned GRIGORE FILIP, as President of the Board of Directors and General Director of AEROSTAR S.A. and DORU DAMASCHIN, as Vice-president of the Board of Directors and Financial Director of AEROSTAR S.A., hereby undertake the responsibility for the preparation of the individual financial statements as on 31.12.2022, and we confirm hereby that:

- a) The accounting-financial statement for 2022 that was prepared in accordance with the applicable accounting standards provides a fair image, compliant with the reality of the assets, obligations, financial position, of the profit and loss account of the company Aerostar S.A. Bacău;**
- b) The report of the Board of Directors on the financial year 2022, prepared in accordance with the provisions of Regulation no. 5/2018 issued by the Financial Supervisory Authority – Annex no. 15 contains a correct review of the company's development and performance, as well as a description of the main risks and uncertainties specific to the activity of Aerostar S.A. Bacău.**

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

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