

AEROSTAR S.A. BACĂU

COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 31 DECEMBER 2023

Prepared in accordance with
Order of the Minister of Public Finances No 2844/2016, for the approval
of the Accounting Regulations in accordance with the International
Financial Reporting Standards

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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	31 December 2023	31 December 2022
Operating income			
Sales revenue	19	506.294	466.991
Other revenue	19	2.894	2.838
Income from stocks of finished goods and production in progress	19	22.386	3.334
Income from the production of fixed assets	19	877	451
Income from operating subsidiaries	19	611	169
Total operating income		533.062	473.783
Operating expenses			
Material expenses	20	(219.820)	(172.076)
Expenses on employee benefits	20	(172.440)	(147.930)
Expenses on depreciation of fixed assets	5;6;20	(25.946)	(24.105)
Net income (expenses) from current asset adjustments	20	(14.760)	(11.678)
Net income (expenses) from provision adjustments	20	27.240	2.054
Expenses on external benefits	20	(40.454)	(29.829)
Material expenses	20	(7.091)	(6.840)
Total operating expenses		(453.271)	(390.404)
Profit/loss from operating activity		79.791	83.379
Financial income	21	24.823	25.269
Financial expenses	22	(7.658)	(8.977)
Financial profit/loss		17.165	16.292
Profit before tax		96.956	99.671
Tax on current and deferred profit	17;23	(3.928)	(9.398)
Net profit of the period		93.028	90.273

**President of BoD
and General Director,**

Grigore Filip

**Vice President of BoD
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Doru Damaschin

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

	31 December 2023	31 December 2022
Net profit for the period	93.028	90.273
Deferred income tax recognised on account of company equity	(3.605)	(2.345)
Fair value revaluation of equity instruments through other comprehensive income	(3.839)	7.235
Gain transferred to retained earnings on sale of company equity instruments through AECP	74	-
Other comprehensive income	(7.370)	4.890
Total comprehensive income for the period	85.658	95.163

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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF THE FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	159.487	166.176
Intangible assets	5	1.808	859
Investment property	6	7.296	6.514
Rights to use assets under lease	32	1.746	1.753
Fixed financial assets	7	57.732	59.029
Receivables on deferred income tax	17	20.316	18.049
Total non-current assets		248.385	252.380
Current assets			
Inventories	10	161.042	130.610
Trade receivables and other receivables	8;9;18	90.175	83.982
Current corporate tax receivables	23	262	-
Short-term prepaid expenses	31	789	617
Cash and cash equivalents	11	245.792	246.173
Total current assets		498.060	461.382
Total assets		746.445	713.762
COMPANY EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	48.729	48.729
Current result	12	93.028	90.273
Result carried-forward	12	51.577	50.938
Reserves	12	410.028	331.384
Deferred income tax recognized on equity	17	(23.481)	(19.654)
Distribution of profit for legal reserve	12	(27.924)	(7.961)
Total company equity	12	551.957	493.709
Long-term liabilities			
Liabilities regarding deferred income tax	17	25.191	21.676
Subsidies for long-term investments	14	1.550	2.008
Other long-term liabilities	16	1.490	1.503
Total long-term liabilities		28.231	25.187
Long-term provisions			
	13	55.511	95.271
Current liabilities			
Trade liabilities	15;18	48.059	48.610
Current corporate income tax liability	23	-	269
Prepaid income	31	2.916	1.876
Subsidies for short-term investments	14	830	1.020
Other current liabilities	16	11.878	13.297
Total current liabilities		63.683	65.072
Short-term provisions			
	13	47.063	34.523
Total provisions		102.574	129.794
Total liabilities		91.914	90.259
Total company equity, liabilities and provisions		746.445	713.762

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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CASH FLOWS
(DIRECT METHOD)
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	31.12.2023	31.12.2022
CASH FLOWS FROM OPERATING ACTIVITIES			
cash collected from customers		527.562	485.376
tax and excise recoveries from the State Budget		3.851	6.478
subsidies received from the State Budget		617	98
payments to suppliers		(310.714)	(255.241)
payments to employees		(106.194)	(88.857)
payments of taxes, contributions and duties to the State Budget		(74.449)	(70.752)
payments of profit tax to the State Budget		(6.969)	(13.676)
NET CASH FROM OPERATING ACTIVITIES	27	33.704	63.426
CASH FLOWS FROM INVESTING ACTIVITIES			
interest income from bank deposits		14.508	9.600
proceeds from sale of financial fixed assets	27	8.283	-
proceeds from non-reimbursable funds		381	-
dividends received from other entities		3.645	2.541
dividends received from affiliated entities		153	311
payments for purchase of financial fixed assets	7, 27	(10.653)	(51.916)
payments for purchase of property, plant and equipment and intangible assets		(22.833)	(31.255)
NET CASH FROM INVESTMENTS	27	(6.516)	(70.719)
CASH FLOWS FROM FINANCING ACTIVITIES			
gross dividends paid		(26.370)	(21.991)
NET CASH FROM FINANCING ACTIVITIES	27	(26.370)	(21.991)
Net increase/decrease in cash and cash equivalents		818	(29.284)
Cash and cash equivalents at the beginning of the period		246.173	274.471
Effect of exchange rate changes on cash and cash equivalents	27	(1.199)	986
Cash and cash equivalents at the end of the period	11	245.792	246.173

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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CHANGES IN COMPANY EQUITY
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
(unless specified otherwise, all amounts are stated in thousand lei)

	Share capital	Reserves	Reserves from revaluation of financial assets through other comprehensive income	Deferred income tax recognised as company equity	Result carried forward	Result for the period	Total company equity
Comprehensive result							
A. Balance on 1 January 2023	48.729	324.149	7.235	(19.654)	50.938	82.312*	493.709
Profit for the period						93.028	93.028
Other comprehensive income							
Set up of deferred income tax recognised as company equity				(3.827)	222		(3.605)
Allocation of the profit for the financial year 2022 to the uses decided by the shareholders at the OGMS on 20 April 2023 (Note 12)					82.312	(82.312)	-
Allocation of the profit made in 2023 to tax relief reserves, in gross amounts		27.924				(27.924)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(727)		801		74
Revaluation at fair value of equity instruments through other comprehensive income			(3.839)				(3.839)
Transfer to reserves of retained earnings representing surplus from revaluation reserves		384			(384)		-
Total comprehensive income for the period	-	28.308	(4.566)	(3.827)	82.951	(17.208)	85.658
Reserves distributed from the profit of 2022		54.902			(54.902)		-
Dividends distributed for 2022					(27.410)		(27.410)
Transactions with shareholders recognised directly in equity	-	54.902	-	-	(82.312)	-	(27.410)
B. Balance on 31 December 2023	48.729	407.359	2.669	(23.481)	51.577	65.104**	551.957
C. Changes in equity (Note 12)	-	83.210	(4.566)	(3.827)	639	(17.208)	58.248

* The result on 31.12.2022 is 90.273 thousand lei and is influenced by the distribution of profit on other reserves from tax facilities in the amount of 7.961 thousand lei;

** The result on 31.12.2023 is 93.028 thousand lei and is influenced by the distribution of profit on other reserves from tax facilities in the amount of 27.924 thousand lei;

**President of BoD and General Director,
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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2022
(all amounts are stated in thousand lei)

	Share capital	Reserves	Reserves from revaluation of financial assets through other comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
Comprehensive income							
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 comprehensive income							
Setting up of deferred income tax recognized in equity				(2.520)	175		(2.345)
Distribution of the profit of the year 2021 on the destinations decided by the shareholders at the AGM of 20 April 2022 (Note 12)					54.280	(54.280)	-
Fair value revaluation of equity instruments through other comprehensive income			7.235				7.235
Allocation of profit made for tax relief reserves in gross amounts		7.961				(7.961)	-
Transfer to reserves of retained earnings representing surplus generated from revaluation reserves		385			(385)		-
Comprehensive income of the period	-	8.346	7.235	(2.520)	54.070	28.032	95.163
Reserves distributed from 2021 profit		31.438			(31.438)		-
Dividends distributed for 2021					(22.842)		(22.842)
Transactions with shareholders recognised 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. Changes in 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 profit to other tax relief reserves in the amount of 5.660 thousand lei;

***) The result 90.273 thousand lei on 31.12.2022 is influenced by the distribution of profit to other tax relief reserves in the amount of 7.961 thousand lei;

President of the Board of Directors,
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AEROSTAR S.A. BACĂU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
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NOTE 1 - DESCRIPTION OF THE COMPANY

AEROSTAR was established in 1953 and operates in accordance with the Romanian law. AEROSTAR S.A. performs its activity at its registered head office located in Bacău, 9, Condorilor Street, code 600302. In accordance with the Resolution no. 2/14.12.2017 of the Board of Directors, the opening of a secondary place of business without legal personality (workplace) located in Iasi, on 25B Aeroportului Street has been approved.

The main field of activity of AEROSTAR is production.

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

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

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

During the year 2023, there was no subscription of new shares, nor any participation certificates, convertible bonds, warranties, options or similar rights.

In terms of accounting regulations, AEROSTAR S.A. is a subsidiary of the company IAROM S.A. and, therefore, the parent company that consolidates the financial statements of the group is S.C. IAROM S.A., with the unique identification code 1555301, having its registered head office in Bucharest, at number 39, Aerogării B-d. The consolidated financial statements for the financial year 2021 were submitted to A.N.A.F. under registration number 429231916-2022/30.08.2022. Copies of the consolidated financial statements can be obtained from the head office of the parent company, IAROM S.A. The parent company will prepare and publish a set of consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended on 31.12.2023.

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

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

The company will continue to act decisively to ensure the sustainability of its investments and the preservation of its production capabilities. Moreover, thanks to the experience gained within our team, the company acts towards finding the most appropriate solutions to the new economic challenges.

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NOTE 2 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

2.1. Estimates

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

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

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

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

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

The Company uses estimates in order to determine:

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

Disclosure of information

The Company will, to the extent practicable, disclose the nature and value of a change in an accounting estimate that is effective in the current period/future periods.

2.2. Errors

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

The Company retroactively corrects the significant errors of the prior period in the first set of financial statements approved for issue after the discovery of such errors by:

- restating the comparative values for the prior period presented in which the error occurred, or
- if the error occurred before the prior 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 for the previous period;
 - for each previous period presented, to the extent possible, the correction value:
 - for each affected line item in the financial statement;
 - for basic and diluted earnings per share.
 - the correction value at the beginning of the first previous period presented;
 - if retrospective restatement is impracticable for a specific prior period, the circumstances leading to the existence of that condition and a description of how and when the error was corrected.

2.3. Changes in the accounting policies

Changes to the accounting policies are only permitted if they are requested by IFRS or if they result in more relevant or reliable information about the Company's operations.

The Company modifies an accounting policy only if such change:

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

Application of changes in the Accounting Policies:

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

Disclosure of information

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

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

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

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

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

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NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023
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NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES

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

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

- the International Financial Reporting Standards (IFRS) adopted by the European Union;

✓ *Changes in accounting policies and adoption of revised/amended IFRS:*

1. **Entry into force of IFRS 17 "Insurance Contracts"** which introduces a new international approach to accounting for insurance contracts. IFRS 17 applies to all types of insurance contracts issued as well as certain guarantees and financial instruments with discretionary participation;
2. **Amendments to IAS 1 "Presentation of Financial Statements"** replacing the IAS 1 requirement to present "significant" accounting policies with a requirement to present "material" accounting policies;
3. **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** The changes introduce a definition of accounting estimates i.e. monetary amounts in financial statements that are subject to measurement uncertainty, unless they result from the correction of a prior period error. The amendments also clarify what changes in accounting estimates are and how they differ from changes in accounting policies and error corrections;
4. **Amendments to IAS 12 'Income Taxes'** specify how entities should account for deferred tax assets and liabilities arising from a single transaction;

The changes take effect for the annual reporting periods beginning on or after 1 January 2023. These changes did not have a material impact on the Company's Financial Statements.

✓ *Standards (Changes to Standards) and interpretations adopted by the International Accounting Standards Committee:*

5. **Amendments to IAS 1 'Presentation of Financial Statements'**. The amendments relate to the classification of liabilities as current or non-current liabilities and the presentation of accounting policies;
6. **Amendments to IFRS 16 'Leases'** which are intended to improve the requirements that a seller-lessee uses in measuring lease liabilities arising from a sale and leaseback transaction under IFRS 16;
7. **Amendments to IAS 7 and IFRS 7** introducing disclosure requirements for vendor financing arrangements;
8. **Amendments to IAS 21 'Accounting for Foreign Currency Transactions'** that clarify when a currency is considered exchangeable into another currency and how an entity estimates a spot rate for currencies that are not exchangeable;

The amendments are effective for the annual reporting periods beginning on or after 1 January 2024, subject to adoption by regulation by the European Commission. The Company assesses the potential effects of the new Standards and amendments to International Financial Reporting Standards and based on initial estimates, it forecasts that they will not have a material impact on its Financial Statements.

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✓ *European Sustainability Reporting Standards (ESRS) adopted by the European Union:*

The Delegated Regulation (EU) 2023/2772 of the Commission of 31 July 2023 supplementing the Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards requires large companies, small and medium-sized companies with securities admitted to trading on regulated markets in the EU and parent companies of large groups to include in a dedicated section of the directors' report or the consolidated directors' report the information necessary to understand the Company's impact on sustainability matters. This should also include the information needed to understand how sustainability matters affect the Company's development, performance and position. Companies should prepare this information in accordance with the sustainability reporting standards. Aerostar S.A. must apply these sustainability reporting standards for the financial year beginning 1 January 2024.

- Accounting Law no. 82/1991, republished, as subsequently amended and supplemented;
- O.M.F.P. no. 881/2012 on the application of International Financial Reporting Standards by companies whose securities are admitted for trading on a regulated market;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as subsequently amended and supplemented;
- O.M.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of inventories of items such as assets, debts and own capital;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanatory Memorandum regarding certain organizational and leading measures for management accounting;
- O.M.F.P. no. 2.634/2015 on the financial accounting documents, as subsequently amended and supplemented.

The accounting is kept in Romanian and in the national currency. The accounting of operations carried out in foreign currency is kept both in national currency and in foreign currency. The financial year is the calendar year. Financial statements are drawn up and reported in thousands of lei and all values are rounded to the nearest thousand lei. Due to rounding, the numbers presented do not always accurately reflect the totals provided and the percentages do not always accurately reflect absolute figures.

The financial statements are drawn up 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 has opted for a presentation by nature and liquidity within the statement of financial position and a presentation of income and expenses by nature within the statement of profit or loss, considering that these methods of presentation provide information that is relevant to the Company's situation.

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3.2. Accounting policies applied

Aerostar SA describes the accounting policies it applies in the notes to the individual financial statements and avoids repeating the text of the standard unless it is considered relevant to the understanding of the contents of the note.

The most significant accounting policies are presented below:

- **Accounting Policies regarding property, plant and equipment**

The Company has chosen as its accounting policy the cost model. After recognition as an asset, property, plant and equipment is accounted for at cost less accumulated depreciation and any accumulated impairment losses.

The depreciable amount is allocated on a systematic basis over the useful life of the asset and represents the cost of the asset less the residual value.

Given the specific nature of the business and the types of fixed assets in the Company assets, the residual values of the fixed assets were considered to be insignificant. In practice, the residual value has been calculated at the level of the countervalue of recoverable scrap metal, after deduction of dismantling, disassembly and sale expenses.

The depreciation methods and useful lifetimes are reviewed at least at each financial year end and adjusted accordingly. The useful lifetimes are determined by committees made up of the Company's specialists. Any change to them is accounted for prospectively.

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

- they result in an improvement of the initial technical parameters;
- they are sources of future economic benefits materialised by additional cash flows in excess of those originally estimated; and
- they can be measured reliably.

Benefits are obtained directly by increasing the revenues and indirectly by reducing the maintenance and operating costs.

All other repair and maintenance expenses made to ensure the continued use of the property, plant and equipment are recognised in the statement of profit or loss when they are made. They are made in order to maintain the initial technical parameters.

The spare parts are generally accounted for as inventories and recognised as expenses when used up. If the spare parts and service equipment, having significant values, can only be used in connection with an item of property, plant and equipment, they are recognised as property, plant and equipment if the original purchase value (when put into service) of the replaced part can be determined.

In deciding whether to recognise separate components, each case is analysed individually based on professional reasoning.

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

The management of the Company has set a ceiling for the capitalization of assets of 2.500 lei. All acquisitions below this amount will be considered as expenses of the period.

Exceptions: Computers are considered to be depreciable property, plant and equipment irrespective of their entry value and will depreciate over their useful lifetime as determined by the Receiving Committee. Furthermore, the work tools and devices are accounted for as inventories and recognised

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as expenses of the period when they are used up, irrespective of their entry value, taking into account the fact that they have a useful lifetime of normally less than one year as well as their degree of specialisation (they are intended to be used for a specific type of product/service).

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

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

If the Company cannot distinguish between the research and the development phase of an internal project to create an intangible asset, the Company shall treat the costs of the project as incurred exclusively in the research phase.

The Company has chosen as its accounting policy the cost model that requires intangible assets to be valued at net book value equal to their cost less the accumulated depreciation and any impairment losses recorded in relation to those assets.

An investment property is initially valued at cost, including any other directly attributable expenses. After the initial recognition, the Company has opted for the cost-based model for all its investment property in accordance with the provisions of IAS 16 for that model.

Transfers to and from the investment property category are made if and only if there is a change in its use.

Transfers between categories do not change the carrying amount of the property transferred, nor do they change the cost of that property for the purpose of assessment or disclosure.

Investment property depreciates according to the same rules as property, plant and equipment.

In the category of financial fixed assets, the following are recorded:

- Shares held in affiliated companies;
- Other non-current securities;
- Long-term loans and the interest thereon. This category includes amounts granted to third parties under contracts on which interest is charged in accordance with the law;
- Other fixed receivables and related interest. This category includes collaterals, deposits and securities deposited with third parties, and claims relating to leasing contracts.

Financial fixed assets are classified on initial recognition as subsequently valued at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss, as appropriate.

The classification of financial assets on initial recognition depends on the contractual cash flow characteristics of the financial asset and the entity's business model for managing them.

- **Accounting policies for inventory items**

The entry of inventories is recorded in the accounts at the date of transfer of risks and benefits. The calculation of those stocks which are not usually fungible and of those goods, products or services is determined by specifically identifying their individual costs.

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When stocks and fungible assets are disposed of, they are valued and entered in the accounts using the FIFO method.

Periodically, the Company's management approves the level of normal technological losses.

Inventory accounting is kept quantitatively and by value, using the perpetual inventory method.

Value adjustments are made for current assets in the form of inventories for each reporting period, based on the maturity of the inventories, the findings of the inventory committees and/or profit centre managers, in order to present the assets at the lower of cost and net realizable value.

- **Accounting policies on company liabilities**

The Company's liabilities are recorded in the accounts payable. Accounts payable to suppliers and other payables shall be kept by category and by individual natural or legal person.

Income tax payable/receivable is recognised as a liability to the extent of the amount unpaid.

Excise duties and special funds included in prices or tariffs are entered in the accounts on the corresponding accounts payable without going through the revenue and expenditure accounts.

Transactions which cannot be recorded separately in the corresponding accounts and for which further clarification is required are recorded in a separate account 473 "Settlement of transactions awaiting clarification".

Foreign currency payables are recorded in the accounts in both RON and foreign currency.

A liability is classified as a short-term liability, also referred to as 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 of the balance sheet date.

All other liabilities are classified as long-term liabilities.

Liabilities that are due in 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 original term was for a period longer than 12 months; and
- b) there is a refinancing or rescheduling agreement that is entered into before the date of the financial statements.

- **Accounting policies for company receivables**

Receivables include:

- trade receivables, which are amounts due from customers for goods sold or services rendered in the normal course of business;
- trade notes to be collected, instruments of third parties;
- amounts due from employees or affiliated companies;
- advance payments to suppliers of fixed assets, goods and services;
- receivables related to staff and the State budget.

Receivables are recorded on an accrual basis, in accordance with the legal or contractual provisions.

Customer accounts are kept by category (internal customers, services and products, and external customers, services and products) and by individual natural or legal person.

Receivables in foreign currency, resulting from the Company's transactions, are recorded in the accounts both in lei and in foreign currency.

Transactions in foreign currency are initially recorded at the exchange rate communicated by the National Bank of Romania on the date of the transaction.

The derecognition of time-barred debts shall be carried out only after all legal steps have been taken to settle them.

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Doubtful receivables shall be entered separately in the accounts in account 4118 Doubtful customers when the due date laid down in the contract has been exceeded by more than 30 days or a dispute has arisen with the customer.

In the annual financial statements, receivables are valued and stated at their probable collectible amount.

When a receivable from a customer has not been collected in full when due as stated in the contract, an allowance for impairment is recorded at the times and percentages approved by the Board of Directors in the Accounting Policy Manual.

- **Accounting policies on revenue recognition**

Revenue is recognised in the Company's profit or loss statement when an increase in future economic benefits associated with an increase in an asset or a decrease in a liability can be measured reliably. As a result, revenue recognition occurs simultaneously with the recognition of an increase in assets or a decrease in liabilities.

Revenue includes both amounts received or receivable on own account and gains from any source.

Revenue is classified as follows:

- Revenue from operations;
- Financial revenue;

Revenue is recognised on an accrual basis.

Synthetic revenue accounts are developed on analytical accounts, according to the accounting regulations in force (general chart of accounts) and according to the Company's own needs, with the approval of management.

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

Revenue from operations includes:

- revenue from sales related to contracts with customers (of goods, services, merchandise, residual products);
- income related to the cost of stocks of products;
- income from the production of fixed assets;
- income from the reversal of asset adjustments or from the reduction or reversal of provisions;
- other revenue from operations.

Revenue from contracts with customers is recognised in accordance with IFRS 15 'Revenue from contracts with customers'. A customer is a party that has entered into a contract with the Company to obtain goods and services arising from the Company's regular activities.

Revenue recognition describes the transfer of control over goods and services to customers, and the measurement of revenue reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Such control includes the ability to prevent other entities from determining the use of the asset and deriving benefit from it. The benefits of an asset are the potential cash flows that can be obtained directly or indirectly from using, selling or holding the asset.

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Revenue recognition is the result of going through the following five phases:

1. Identifying the contract with a customer

The Company recognises 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 goods and services transferred,
- c) the Company can identify the terms of payment for the goods and services transferred,
- d) the contract has commercial substance (i.e. it changes the risk, timing and amount of the entity's future cash flows)
- e) it is probable 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 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 satisfies all of the following conditions:

- (a) the customer can benefit from the transferred good or service separately or in combination with other resources at its disposal; and
- (b) the entity's promise to transfer the good or service to the customer is identifiable separately from other promises in the contract.

The Company has not identified any types of contracts with separable obligations. In the case of performance guarantees, they are not an additional service and 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 expects to be entitled in exchange for the goods and services promised in the contract in order to recognise revenue. The price may be a fixed amount or it may vary due to discounts or other similar items.

The price of the Company's sales transactions is not adjusted for the effect of the time value of money as the Company does not have any supply contracts with a settlement term in excess of one year or containing a significant financing component.

For contracts entered into by the Company, the price is negotiated and remains firm. Renegotiated contract amendments are effective prospectively from the date of renegotiation for subsequent orders, considering that the performance obligation is separate and not part of a single performance obligation that is partially fulfilled at the date of the contract amendment.

4. Allocation of the transaction price between the obligations generated by the contract

If a contract contains several separate obligations, the Company allocates 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. Revenue recognition at a point in time or as the Company satisfies the obligation

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A contract obligation is met when the control of the goods or services is transferred to the customer. The control is the ability to decide the use and obtain the majority of the remaining benefits of the transferred good or service.

The standard establishes how the revenue is to be determined, in that it must be recognised at a point in time or over a period of time, which applies to both the sale of goods and the rendering of services.

An obligation is met and revenue is recognised over a period of time if at least one of the conditions below is met:

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

If a performance obligation is not fulfilled over time, an entity fulfils the performance obligation at a specific point in time.

If the Company reasonably expects that the effects on the financial statements for a portfolio of customers with similar characteristics will not be materially different from those determined by applying the standard to individual contracts within that portfolio, then the contracts are analysed together.

The timing of revenue recognition results from correlating the specific contract provisions with the provisions of IFRS 15.

Rental income

Rental income from investment property is recognised in the profit and loss account on a straight-line basis over the term of the lease in accordance with IFRS 16.

Finance income comprises interest income, foreign exchange income, dividend income and other finance income.

Interest income is recognised in the income statement on an accrual basis using the effective interest method. Interest income arising on a financial asset is recognised when it is likely that an economic benefit will be obtained by the Company and when that benefit can be measured accurately.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. The Company records dividend income on a gross basis including dividend tax (when applicable), which is recognised as a current expense.

- **Accounting policies on provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is likely that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation.

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Provisions are accounted for by type, depending on the nature, purpose or object for which they are established.

Provisions for guarantees

The Company establishes provisions for warranties when products or services covered by the warranty are sold.

The amount of the provision for warranties granted is based on historical, contractual or reasonable estimates for products/services first performed in the Company.

Provisions for risks and charges

When risks and expenses are identified which are likely to be incurred as a result of events that have occurred or are in progress and whose purpose is precisely determined but whose realisation is uncertain, the Company covers these risks by making provisions.

Provisions for risks and charges are made for items such as risks specific to the aviation industry, litigation, fines, penalties, indemnities, damages and other uncertain liabilities.

Provisions for the decommissioning of tangible fixed assets

On initial recognition of an item of property, plant and equipment, an estimate is made of the costs of dismantling, removing the item and restoring the site where it is located as a consequence of using the item over a period of time.

These costs are reflected by the establishment of a provision, which is recognised in the profit and loss account over the life of the item of property, plant and equipment by inclusion in the depreciation expense.

The revision of the estimates for the provision for decommissioning and restoration is determined by the annual review of the dismantling costs. The Company's committee of experts appointed by internal decision periodically reviews whether the initial estimates of dismantling costs are adequate.

Provisions for employee benefits

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

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

Provisions are reviewed at the end of each reporting period to reflect the best current estimate.

• **Accounting policies for subsidies and other non-reimbursable funds**

Subsidies distinctly feature:

- government subsidies;
- non-reimbursable loans as subsidies;
- other amounts received as subsidies.

Subsidies are recognised at their approved amount. Subsidies received in the form of non-monetary assets are recognised at fair value.

Government subsidies are initially recognised as deferred revenue at fair value when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the subsidy.

Subsidies that compensate the Company for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which expenses are recognised. Subsidies that compensate

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the Company for the cost of an asset are recognised in the income statement on a systematic basis over the life of the asset.

Subsidies related to income are recognised, on a systematic basis, as income in the periods corresponding to the related expenses that these subsidies are intended to compensate.

If subsidies are received in a period in relation to expenditure that has not yet been incurred, the subsidies received are not income of that current period. They are recognised in the accounts as deferred income and reversed to the profit and loss account as the expenses they compensate are incurred.

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

The organisation of Aerostar SA's management accounting is based on the applicable legal provisions and the manual of work procedures and instructions specific to management accounting, adapted to the specific activity of the Company.

The object of management accounting consists in:

- the collection of direct, indirect and ancillary costs according to their nature;
- the allocation of indirect costs;
- settlement of direct and indirect costs.

The main purpose of management accounting is to establish the result by production or service order and by organisational structure.

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

- a) losses of materials, labour or other production costs relating to scrap and sub-activity costs;
- (b) general administrative expense.

The calculation method used in Aerostar SA is the job order method.

This method is suitable for individual and series production. The object of recording and calculating costs under this method is the order placed for a given quantity (batch) of products.

Production costs are collected for each individual order directly (direct orders) or by allocation (indirect orders).

The actual cost per unit of product is calculated upon completion of the order by dividing the production costs collected on the related order by the quantity of products manufactured on that order.

Orders are released at the planned price, as appropriate.

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

In the application of accounting policies, the Company issues work procedures, orders and instructions, approved by the executive management.

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NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCIES

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

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

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

Currency	31.12.2023	AVERAGE EXCHANGE RATE YEAR 2023	31.12.2022	AVERAGE EXCHANGE RATE YEAR 2022
1 EUR (Euro)	4,9746 lei	4,9465 lei	4,9474 lei	4,9315
1 USD (American Dollar)	4,4958 lei	4,5743 lei	4,6346 lei	4,6885
1 GBP (British pound)	5,7225 lei	5,6869 lei	5,5878 lei	5,7867

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

Considering that 81% of the turnover registered in the reporting period is denominated in USD and EUR, while a significant part of the operating costs is denominated in LEI, the foreign exchange rate variations will affect both its net income and its financial position as expressed in the functional currency.

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

YEAR 2023	K EUR	K USD	K GBP
Collected from financial assets	28.832	58.380	-
Payments of financial liabilities	(13.993)	(32.692)	(1.414)
Foreign exchange net exposure	14.839	25.688	(1.414)

In 2023, the appreciation of the LEU against the USD by 1,30% and by 0,02% against the EUR resulted in a financial loss from unfavourable exchange rate differences of 1.100 thousand LEI.

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NOTE 5 - INTANGIBLE ASSETS: reporting period 31 December 2023

	Values on 31 December 2023			Values on 1 January 2023		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated depreciation	Net value
Licences	7.754	(6.527)	1.227	6.872	(6.034)	838
Other intangible assets (software)	1.194	(613)	581	497	(476)	21
Total	8.948	(7.140)	1.808	7.369	(6.510)	859

Net accounting value

	Net value on 1 January 2023	Entries at gross value	Depreciation during the period	Net value on 31 December 2023
Licences	838	946	(557)	1.227
Other intangible assets	21	697	(137)	581
Total	859	1.643	(694)	1.808

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COMPARATIVE FIGURES - INTANGIBLE ASSETS: reporting period 31 December 2022

	Values on 31 December 2022			Values on 1 January 2022		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated 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 accounting value

	Net value on 1 January 2022	Entries at gross value	Depreciation during the 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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The category of intangible assets includes the following classes of assets of similar nature and use:

- Licences
- Other intangible assets

The software programmes are registered under other intangible assets.

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

Depreciation expenses are recognised in the income statement using the linear method of calculation.

The intangible assets in the balance sheet account as on 31.12.2023 are not depreciated and no adjustments were made for the depreciation thereof.

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

The value of the completely amortized software licenses on 31 December 2023 and which are still in use is 5.880 mii lei.

All the intangible assets in balance on 31 December 2023 are owned by Aerostar S.A..

The entries of intangible assets were made by:

	<u>1.643 thousand lei</u>
• development of production management IT system - version 3	697 thousand lei
• purchase of software licences	946 thousand lei

During the reporting period there were no licence entries 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 2023

	Values on 31 December 2023			Values on 1 January 2023		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Land	30.894	-	30.894	29.534	-	29.534
Constructions	98.349	(45.607)	52.742	96.634	(39.428)	57.206
Technological equipment and vehicles	231.120	(157.716)	73.404	202.640	(140.423)	62.217
Other equipment and office equipment	3.835	(2.115)	1.720	3.833	(1.793)	2.040
Investment property	12.749	(5.453)	7.296	11.275	(4.761)	6.514
Property, plant and equipment under construction	727	-	727	15.179	-	15.179
Total	377.674	(210.891)	166.783	359.095	(186.405)	172.690

	Net value on 1 January 2023	Gross value inputs	Gross value outputs	Amortization during the period	Net value on 31 December 2023
Land	29.534	1.360	-	-	30.894
Constructions	57.206	1.715	-	(6.179)	52.742
Technological equipment and vehicles	62.217	29.203	(723)	(17.293)	73.404
Other equipment and office equipment	2.040	8	(6)	(322)	1.720
Investment property	6.514	1.474	-	(692)	7.296
Property, plant and equipment under construction	15.179	17.686	(32.138)	-	727
Total	172.690	51.446	(32.867)	(24.486)	166.783

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COMPARATIVE FIGURES: PROPERTY, PLANT AND EQUIPMENT: reporting period 31 December 2022

	Values on 31 December 2022			Values on 1 January 2022		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Land	29.534	-	29.534	29.266	0	29.266
Constructions	96.634	(39.428)	57.206	95.193	(33.277)	61.916
Technological equipment and vehicles	202.640	(140.423)	62.217	193.970	(124.975)	68.995
Other equipment and 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 under construction	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 value inputs	Gross value outputs	Amortization during the period	Net value on 31 December 2022
Land	29.266	268	-	-	29.534
Constructions	61.916	1.698	(249)	(6.159)	57.206
Technological equipment and vehicles	68.995	9.555	(9)	(16.324)	62.217
Other equipment and office equipment	2.285	71	-	(316)	2.040
Investment property	6.395	739	-	(620)	6.514
Property, plant and equipment under construction	1.452	25.787	(12.060)	-	15.179
Total	170.309	38.118	(12.318)	(23.419)	172.690

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Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation and impairment losses.

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

Amortization expenses are recognized in the profit and loss statement.

The following useful lifetimes are assumed:

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

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

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

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

The value of rental income for this category of fixed assets was 2.621 thousand lei.

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

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

The amortization of an asset begins when the asset is available for use and ends on the day when the asset is reclassified in another category or when it is derecognized.

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

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

The land has an unlimited useful life and therefore does not depreciate.

The value of land owned by Aerostar SA is presented at acquisition cost, i.e. the assumed cost that was recorded at the date of transition to IFRS.

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

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Internal sources of information:

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

External source of information:

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

<u>indicator MBR-Market to book ratio</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
Stock exchange capitalization/ company equity	2,4	2,4

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

Tangible fixed assets outstanding on 31.12.2023 are not impaired and no significant impairment indicators have been identified.

The gross accounting value of the fully amortized property, plant and equipment still in operation on 31 Decembrie 2023 is 96.035 thousand lei.

The revalued value of the buildings of Aerostar SA, for the purpose of establishing the tax on buildings, on 31.12.2023 is 149.978 thousand lei.

On 31.12.2023 no mortgages were set on the fixed assets owned by Aerostar S.A.

Entries of property, plant and equipment, achieved by:	<u>51.446 k lei</u>
• commissioning of technical equipment, hardware equipment, measuring and control equipment	32.400 k lei
• land purchase	1.360 k lei
• property, plant and equipment under construction in 2023	17.686 k lei
 Outflows of property, plant and equipment, achieved by:	 <u>32.867 k lei</u>
• transfer of property, plant and equipment as a result of the commissioning thereof	32.138 k lei
• derecognition of property, plant and equipment because the Company no longer expects future economic benefits from their use	729 k lei

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NOTE 7- FIXED FINANCIAL ASSETS

	Shares held in affiliated entities	Other immobilized securities - shares	Other immobilized securities – contributions to company assets	Other immobilized receivables – supplier guarantees	Total
On 1 January 2023	14	58.975	2	38	59.029
Increases/Decreases	-	(1.301)	-	4	(1.297)
On 31 December 2023	14	57.674	2	42	57.732

A) Investments in affiliated entities registered under cost:

Subsidiary name/ Registered head office	CAEN Code	No. of shares/ shares issued	Voting rights (%)	Value of shares held by (k lei)	Financial information related to the year 2022				
					Company's share capital (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 Street	- main activity according to CAEN code 7820	100	100%	10	10	171	34	0,10	2,2
Foar SRL Bacău 9, Condorilor Street	- main activity according to CAEN code 7739	408	51%	4	8	607	116	0,01	1,8
TOTAL	x	x	x	14	x	x	x	x	x

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

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On 31.12.2023, the company recorded no modifications i.e. no increases/decreases as to the shareholding percentage, maintaining the same influence as in 2022 on the remaining companies in the equity portfolio.

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

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

Issuer's name	CAEN code	No. of shares	Symbol	Value of price /share on 31.12.2023 (lei)	Value of portfolio at market price (k lei)
Registered head office					
Evergent Investments S.A.	- main activity according to CAEN code 6499	45.412.207	EVER	1,2700	57.674
Str. Pictor Aman 94C, Bacău					

The company holds 45.412.207 shares of the company Evergent Investments S.A, listed at the Bucharest Stock Exchange. Aerostar records the shares held at fair value through other comprehensive income, in accordance with IFRS 9 "Financial Instruments". The Company has used the irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains on their sale and not for trading. The gain or loss on these equity instruments is recognised in other comprehensive income, except for the dividend income.

C) Cash contribution to the establishment of the initial patrimony of the association "Cluster of education for sustainable development C-EDD "

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

The purpose of the Association is to develop and implement effective mechanisms for public-private dialogue in the field of education, to act as a space for dialogue and collaboration between the main actors involved in education, to elevate the quality of educational processes and to connect lifelong learning with the economic environment in order to provide it with qualified human resources for sustainable development. The value of AEROSTAR's contribution to the assets of the "Cluster of Education for Sustainable Development C-EDD" is 2.500 lei.

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NOTE 8 - TRADE RECEIVABLES

	31 December 2023	31 December 2022
TRADE RECEIVABLES, of which:		
Customers:	76.785	74.311
Domestic customers	6.694	17.378
Foreign customers	70.091	56.933
Uncertain customers	445	1.871
Adjustments for impairment of receivables – customers	(267)	(954)
Suppliers – debtors	7.926	5.453
TOTAL TRADE RECEIVABLES	84.889	80.681

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

- 50% of the value of the receivables not collected on time if the due date is between 30 days and 180 days. On 31 December 2023, the company registered adjustments for depreciation of this nature in the amount of 179 thousand lei;
- 100% of the amount of the receivables not collected on time, if the delay is more than 180 days. On 31 December 2023, the company registered adjustments for depreciation of this kind in the amount of 88 thousand lei.

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

Debtors-suppliers have a discount limit:

- in 2024: 7.926 thousand lei

The receivables were evaluated at the market exchange rate communicated by the National Bank of Romania available for the end of December 2023.

The favourable and unfavourable exchange rate differences between the exchange market rate, for which are accounted the receivables in currency, and the market exchange rate communicated by the National Bank of Romania available for the end of December 2023 were recorded in the related income or expense account.

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NOTE 9 – OTHER RECEIVABLES

	31 December 2023	31 December 2022
Receivables related to manpower and similar accounts	88	16
Receivables related to the budget of social insurance and the state budget, of which:	3.484	1.436
– VAT to recover	1.206	-
– Non-exigible VAT	163	172
– Amounts to recover from the National Health System (allowances on medical leaves)	1.993	654
– Amounts in the form of subsidies	69	75
– Excise duties to recover for the fuel used	-	509
– Other receivables in relation to the local budget	39	10
– Other receivables in relation to the social security and state budget	14	16
Interest to receive from bank deposits	1.487	1.814
Sundry debtors	745	574
Impairment adjustments for receivables - sundry debtors	(518)	(539)
TOTAL OTHER RECEIVABLES	5.286	3.301

Note:

- Other receivables in relation to the local budget represent the countervalue of the sanitation tax refund resulting from the corrective statements for 2023;
- Other receivables from the social security and state budget represent amounts resulting from the submission of the corrective statements on social security contributions, income tax and the nominal register of the insured persons.

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NOTE 10 - INVENTORIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
of which:		
Raw material *	72.098	52.381
Consumables **	71.738	63.093
Other materials	68	129
Semi-finished products	32	471
Packaging	45	56
Finished products	27.768	23.828
Products and services in progress	56.592	42.559
Gross value of the inventory (unadjusted)	<u>228.341</u>	<u>182.517</u>

ADJUSTMENTS FOR IMPAIRMENT OF INVENTORIES

	<u>31 December 2023</u>	<u>Increases/ Setups</u>	<u>Decreases/ Reruns</u>	<u>31 December 2022</u>
Total adjustments	67.299	23.245	7.853	51.907
Adjustments for impairment of raw material	35.555	8.636	(3.869)	23.050
Adjustments for impairment of consumables	27.461	10.406	10.089	27.144
Adjustments for impairment of semi-finished products	32	36	475	471
Adjustments for impairment of finished products	2.162	1.488	2	676
Adjustments for impairment of production in progress	2.089	2.679	1.156	566

Notes:

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

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

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

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

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

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

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

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

The total value of inventories recognized as an expense during the period is 219.820 thousand lei, which consists of:

- 205.533 thousand lei representing the value of expenditure on stocks of materials;
- 12.924 thousand lei representing the value of expenditure relating to the consumption of water, gas and electricity;
- 1.363 thousand lei representing the value of expenditure on non-stocked materials.

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

Aerostar S.A. has no pledged stocks.

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NOTE 11 – CASH AND CASH EQUIVALENTS

The cash contains:

- cash available at the AEROSTAR cash desk;
- sight deposits held at banks (current accounts at banks).

The cash equivalents consist in:

- term deposits held at banks;
- cheques and commercial papers (promissory notes) deposited at banks for collection.

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

	31.12.2023	31.12.2022
Cash at the cash desk	36	63
Sight deposits held at banks	34.053	20.269
Time deposits held at banks	211.703	225.833
Cheques and commercial papers receivable	-	8
Cash and cash equivalents	245.792	246.173

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

The value of the Line of Credit usable as an overdraft, available for the future operating activity, is 2.500 THOUSAND USD (the equivalent of 11.240 thousand LEI).

The Line of Credit was not used during the reporting period..

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NOTE 12 – COMPANY EQUITY

The company equity on 31 December 2023 is 551.957 thousand lei. The net increase of the company equity in 2023 compared to the end of the year 2022 amounted to 58.248 thousand lei.

Main equity elements in the period January-December 2023 compared to the year 2022:

- **The share capital remained unchanged:**

On 31 December 2023, the share capital of AEROSTAR SA Bacau is 48.728.784 lei, divided into 152.277.450 shares having a nominal value of 0,32 lei.

- **The reserves increased by 78.644 thousand lei:**

- An increase by 54.902 thousand lei as a result of the distribution of the profit made in 2022 to the destinations decided by the shareholders in the OGMS meeting of 20 April 2023;
- An increase by 27.924 thousand lei on account of the distribution of the profit made in 2023 for reserves from fiscal facilities;
- A decrease by 3.839 thousand lei due to the revaluation at fair value of the equity instruments through other comprehensive income;
- A decrease of 727 thousand lei arising from the transfer to retained earnings of the revaluation differences at fair value of the equity instruments recognised through other comprehensive income following the sale;
- an increase by 384 thousand lei due to the transfer to reserves of the retained earnings representing the surplus made from the revaluation reserves.

- **Other equity elements decreased by the amount of 3.827 thousand lei** on account of the deferred income tax recognized in the company equity.

- **The result carried forward increased by 639 thousand lei as follows:**

- Following the resolution of OGMS dated 20 April 2023, the profit made in the financial year 2022 taken over from the retained earnings, representing the undistributed profit, was fully distributed to the destinations decided by the shareholders;
- An increase by 222 thousand lei on account of the deferred income tax recognised on equity;
- An increase by 801 thousand lei representing the net gain from the sale of equity instruments recognised through other comprehensive income;
- A decrease by 384 thousand lei due to the transfer to reserves of the retained earnings representing the surplus made from revaluation reserves.

- The balance of the retained earnings account on 31 December 2023 is 51.577 thousand lei, consisting of:

- Retained earnings arising from the use, at the date of transition to IFRS, of the fair value as presumed cost = 26.478 thousand lei;
- Retained earnings representing the gain from revaluation reserves, capitalised against the depreciation of tangible fixed assets = RON 24.298 thousand;

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- Net realised gain on the sale of equity instruments recognised through other comprehensive income = 801 thousand lei.
- **The result for the period was a profit in the amount of 93.028 thousand lei.**

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NOTE 13 - PROVISIONS

	31 December 2022	Increases/ Set-up/ Reclassification of provisions	Reductions/ Reruns/ Reclassifica- tions of provisions	Differences from re- evaluation	31 December 2023
Total provisions	129.794	37.371	64.355	(235)	102.574
Provisions for bonds granted to customers	47.844	23.865	23.808	(533)	47.368
Provisions for decommissioning property, plant and equipment	16.426	21	-	-	16.447
Provisions for the employees' benefits	7.784	8.252	7.784	-	8.252
Provisions for litigation	-	224	-	-	224
Other provisions	57.740	5.009	32.763	297	30.283
Long-term provisions	95.271	5.142	45.051	150	55.511
Provisions for bonds granted to customers	25.888	5.121	17.098	(121)	13.790
Provisions for decommissioning property, plant and equipment	16.426	21	-	-	16.447
Other provisions	52.957	-	27.953	270	25.274
Short-term provisions	34.523	32.229	19.304	(385)	47.063
Provisions for bonds granted to customers	21.956	18.744	6.710	(412)	33.578
Provisions for customer's benefits	7.784	8.252	7.784	-	8.252
Provisions for litigation	-	224	-	-	224
Other provisions	4.783	5.009	4.810	27	5.009

Provisions for customer warranties

Provisions for customer warranties are set up to cover the risk of non-conformity during the warranty period of products sold and services rendered, in accordance with contractual provisions. The warranty period is usually 24 months.

Provisions for decommissioning of property, plant and equipment

Provisions for the decommissioning of property, plant and equipment, mainly buildings, are established to cover the costs of dismantling, removing items and restoring the sites where they are located and are included in their cost. The value has been estimated using an annual discount rate of 6,5%.

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Provisions for employee benefits

Provisions for employee benefits are set up for bonuses granted in accordance with the terms of the applicable Collective Labour Agreement (end of financial year bonuses, performance bonuses) and for holiday leaves not taken by employees in the previous year.

Provisions for litigation

In December 2023, a provision for the payment of compensation equal to the indexed, increased and updated salaries and other rights that a former employee would have benefited from, from the date of dismissal until the date of delivering the court decision, was set up based on the Civil Decision no. 928/29.12.2023 delivered by the Court of Appeal of Bacau in the case no. 2601/110/2021.

Other provisions

The category Other provisions contains the provisions set up for:

- covering risks specific to the aviation industry, such as: risk of hidden defects, risk of detecting 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 certain risks related to the application by customers of delayed payment penalties and damages associated with the production of aeronautical products;
- in December 2023, as a result of the closure of a programme for the production of some components, the provision set up to cover risks in the amount of 22.386 thousand lei was cancelled.

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NOTE 14 - SUBSIDIES FOR INVESTMENTS IN ASSETS

AEROSTAR recognizes as deferred income the subsidies related to assets.

	31.12.2023	31.12.2022
Balance on 1 January, of which:	3.028	4.192
Short-term	1.020	1.167
Long-term	2.008	3.025
Subsidies received	381	-
Subsidies recorded in revenue corresponding to the calculated depreciation	(1.029)	(1.164)
Balance on 31 December, of which:	2.380	3.028
Short-term	830	1.020
Long-term	1.550	2.008

The balance recorded on 31 December 2023 represents subsidies related to investments in fixed assets to be recorded in income as the calculated depreciation is charged to cost.

In 2023 AEROSTAR S.A. received subsidies to finance assets under the non-reimbursable financing contract no. 10/28.02.2023 concluded with the Ministry of Economy, for the purpose of equipping the AEROSTAR Testing Laboratory with NDT testing equipment, the value of the contract being 800 thousand lei, of which 381 thousand lei non-reimbursable financing, with 373 thousand lei remaining to be recorded as income.

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

1. Agreement no. 210304/22.04.2010: "Expansion of the manufacturing and assembly capacities for aerostructures destined for civil aviation", executed in the period April 2010 - October 2012, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 5.468 thousand lei, with 720 thousand lei remaining to be recorded as revenue;
2. Agreement no. 229226/14.06.2012: " Setting up a new manufacturing capacity for diversification of production and export growth", executed 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, while the amount of 60 thousand lei remains to be recorded as revenue;
3. Agreement no. 5IM/013/24.03.2015: "Consolidation and sustainable development of the machining and painting sectors through high performance investments", executed between March and December 2015, the value of the subsidy received from the Ministry of European Funds (MFE) being 8.299 thousand lei, with 1.214 thousand lei to be recorded as revenue.

All investment projects in fixed assets were implemented and completed according to the contractual provisions assumed.

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NOTE 15 – COMMERCIAL DEBTS

	31 December 2023	31 December 2022
Prepaid amounts collected on customers' account, of which:	12.540	10.991
Lending customers from Romania	19	47
Lending customers from outside Romania	12.521	10.944
Suppliers, of which:	35.519	37.619
Suppliers of materials and services from Romania	11.364	9.878
Suppliers of materials and services from outside Romania	19.125	21.162
Suppliers – invoices not arrived	3.846	2.576
Suppliers of non-current assets	1.184	4.003
Total commercial debts	48.059	48.610

Prepayments received from external customers are for aircraft maintenance and repair work (99,65 %) and other services provided (0,35 %).

No mortgages were set up for the recorded debts.

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

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NOTE 16 - OTHER LIABILITIES

	31 December 2023	31 December 2022
Other current liabilities, of which:	11.878	13.297
• <i>Liabilities related to manpower and similar accounts</i>	3.656	3.668
• <i>Liabilities related to social security budget and state budget, of which:</i>	5.215	6.827
– VAT payable	185	1.859
– social insurance	3.711	3.678
– labour insurance contribution	235	234
– tax on income in the form of salaries	719	722
– contribution for unemployed people with disabilities	186	150
– other taxes	133	137
– other social liabilities	46	47
• <i>Other liabilities, of which:</i>	3.007	2.802
– dividends	2.735	2.502
– diverse creditors	229	257
– bonds received	43	43
Other long-term liabilities	1.490	1.503

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

The dividends in balance on 31 December 2023, in the amount of 2.735 thousand lei represent the amounts remained in balance for the shareholders who did not show up at the offices of the paying agent CEC Bank S.A. (the paying agent designated by AEROSTAR) and which were not time-barred.

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

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NOTE 17 – DEFERRED PROFIT TAX

The deferred tax is determined for the temporary differences occurring 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 immobilized assets (resulting from differences between accounting and fiscal values, different useful lifetimes, etc.) and reserves, and it recognized receivables regarding the deferred tax related to immobilized securities (assets), inventories and trade receivables that were adjusted for depreciation, provisions for customer bonds, provisions for benefits granted to the employees and other provisions.

Structure of the deferred income tax registered on 31.12.2023:

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	1.134
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Liabilities on deferred tax related to reserves from the fiscal facility	22.010
4. Deferred tax liabilities related to carry-forward representing a surplus from re-evaluation reserves	61
5. Liabilities on deferred tax related to non-current assets-securities	427
Total liabilities on deferred tax	25.191

Receivables on deferred tax

1. Receivables on deferred tax related to other provisions	515
2. Receivables on deferred tax related to provisions for bonds granted to customers	7.579
3. Receivables on deferred tax related to provisions for employee benefits	1.320
4. Receivables on deferred tax related to adjustments for depreciation of inventories	10.768
5. Receivables on deferred tax related to adjustments for depreciation of trade receivables	134
Total receivables on deferred tax	20.316

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

In the period 1 January 2023 – 31 December 2023, the company registered income from the tax on deferred profit in the amount of 7.736 mii lei and expenses with the tax on deferred profit in the amount of 5.379 thousand lei.

The tax on deferred profit recognized on the account of equity in the amount of 23.481 thousand lei consists of liabilities on deferred tax in the amount of 23.996 thousand lei and receivables on deferred tax in the amount of 515 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:

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

The financial assets of AEROSTAR S.A. include:

- sight and term deposits held at banks;
- trade receivables;
- Evergent Investments S.A. shares (stock symbol: EVER);
- immobilized receivables (collaterals deposited at third parties).

The financial liabilities of AEROSTAR S.A. include:

- trade liabilities.

On the reporting date, AEROSTAR does not have any financial debts related to 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 and term deposits held with banks
- trade receivables;

Sight and term deposits are held only in first-tier banking institutions with the lowest risk ratings.

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

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

Exposure to credit risk

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

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

	31.12.2023	31.12.2022
Sight and term deposits held at banks	245.756	246.102
Trade receivables, net of adjustments for depreciation	67.924	66.941
Evergent Investments S.A. shares	57.674	58.975
Non-current receivables	42	38
Total	371.396	372.056

The maximum exposure to credit risk by geographical area for trade receivables net of impairment adjustments is shown in the table below:

	31.12.2023	31.12.2022
Domestic market	6.706	17.379
Euro zone countries	29.502	21.810
U.K.	23.431	14.939
Other European countries	2.912	2.176
Other regions	5.372	10.637
Total	67.924	66.941

Depreciation adjustments

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

	Gross value	Adjustments for depreciation 31.12.2023	Gross value	Adjustments for depreciation 31.12.2022
In due time	67.746		65.400	
Past due, total of which:	445		2.495	
31-60 days	343	172	1.568	632
61-90 days	-	-	567	127
91-120 days	14	7	63	32
Over 120 days	88	88	286	152
Over 1 year	-	-	11	11
Total	68.191	267	67.895	954

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

	31.12.2023	31.12.2022
Balance on 1 January	954	1.332
Adjustments set up for depreciation	2.990	1.967
Adjustments for depreciations resumed as revenues	(3.677)	(2.345)
Balance on 31 December	267	954

On 31.12.2023, 99% of the balance of trade receivables are related to customers with a good payment record.

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b) Liquidity risk

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

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

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

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

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

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

	Liabilities	Accounting value	Contractual cash flows	0-30 days	31-60 days	over 60 days
31.12.2023	Trade liabilities	31.672	(31.672)	(27.813)	(3.664)	(195)
31.12.2022	Trade liabilities	34.472	(34.472)	(28.638)	(4.922)	(912)

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

On 31.12.2023 AEROSTAR has no records of overdue financial liabilities.

c) Foreign currency risk

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

Exposure to the foreign currency risk

AEROSTAR is exposed to the foreign currency risks, as 81% 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 amounts denominated in foreign currency recorded at the end of the reporting period:

31.12.2023	thousand EUR	thousand USD	thousand GBP
Sight and term deposits held at banks	2.680	3.901	35
Trade receivables	3.732	9.487	-
Trade liabilities	(1.474)	(3.265)	(70)
Net exposure in original currency	4.938	10.123	(35)

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Sensitivity analysis

In view of the net exposure calculated in the above table, Aerostar can be considered to be mainly exposed to the currency risk generated by changes in the USD/USD and EUR/USD exchange rate. Taking into consideration the evolution of USD/LEU and EUR/LEU exchange rate in the previous years, a relatively high volatility (+/-5%) 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 +/-5% for of the USD/LEU foreign exchange rate and +/-2% for the EUR/LEU foreign exchange rate may be taken into account at the end of the reporting period.

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

31.12.2023	EUR/LEU	USD/LEU
Net exposure, in the currency of origin	4.938 k EUR	10.123 k USD
Currency exchange rate	4,9746	4,4958
Net exposure in functional currency	24.565 k LEI	45.511 k LEI
Possible reasonable variation of exchange rate	+/- 2%	+/- 5%
Effect of variation on the financial result	+/- 491 k LEI	+/- 2.276 k LEI

d) Interest rate risk

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

- 1) Product A: in 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 to issue instruments to guarantee the performance of the commercial contractual obligations by issuing bank letters of guarantee and import letters of credit.

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

As Product A was not used in the reporting period, income and cash flows are independent of changes in bank market interest rates.

On 31.12.2023, the level of guarantees granted under commercial agreements through the issuance of bank letters of guarantee and import letters of credit amounts to 15.371 k LEI (equivalent to 3.419 k USD).

On 31.12.2023 no mortgages are set up on real estate assets owned by AEROSTAR.

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NOTE 19 - OPERATING INCOME

	31 December 2023	31 December 2022
Sales revenue, of which:	506.294	466.991
Revenue from product sales	298.870	238.706
Revenue from services provided	203.633	224.979
Revenue from selling goods	376	20
Revenue from rental	2.786	2.750
Trade discounts granted	-	-
Revenue from other activities	629	536
Revenue related to inventories of products finished and in progress	22.386	3.334
Revenue from the production of fixed assets	877	451
Revenue from operating subsidies	611	169
Revenue from subsidies for investments	1.026	1.164
Other revenue from operations	1.868	1.674
Total operating income	533.062	473.783

In 2023, the Company recorded income from operating subsidies in the amount of 611 thousand lei. Most of the amounts were granted for the employment, for an indefinite period, of graduates of educational institutions in accordance with Law No. 76/2002 on the unemployment insurance system and stimulation of employment.

Other operating income in the amount of 1.868 thousand lei is represented, among others, by income from the recovery of debts from former employees (tuition fees and other debts), income from recovered damages and fees and income from compensation of purchases from protected entities.

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NOTE 20 – OPERATING EXPENSES

	31 December 2023	31 December 2022
Expenses on employee benefits, of which:	172.440	147.930
Salaries and allowances	151.816	132.579
Expenses on meal tickets granted to employees	11.202	7.608
Expenses on social security	9.422	7.743
Expenses on raw material and material Energy, water and gas	194.046	144.579
Other material expenses, of which:	12.850	12.834
Expenses on non-stock materials	1.363	1.219
Expenses on goods	314	14
Expenses on packaging	793	619
Expenses on other material	10.380	10.982
Expenses on external services, of which:	40.454	29.829
Repairs	14.310	11.187
Transport costs	8.718	3.801
Commissions and fees	3.630	4.021
Travels, deployments	1.682	1.475
Renting expenses	911	739
Other expenses on services supplied by third parties	11.203	8.606
Trade discounts received	(107)	(94)
Amortizations	25.946	24.105
Net expenses (revenues) from adjustments on provisions	(27.240)	(2.054)
Net expenses (revenues) from adjustments on current assets	14.760	11.678
Other operational expenses	7.198	6.934
<hr/> Total operating expenses:	<hr/> 453.271	<hr/> 390.404

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

In 2023, the company offered its employees meal vouchers worth 10.430 thousand lei and holiday vouchers worth 772 thousand lei.

Other operating expenses amounting to 7.198 thousand lei include, among others: local taxes and fees, sponsorships, environmental protection expenses.

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In 2023, AEROSTAR registered increased/set up and decreased/resumed adjustments, as follows:

Adjustments on provisions	31 December 2023	31 December 2022
Increases/setup	32.106	27.825
Decreases/reruns	(59.346)	(29.879)
Net expenses (revenues) from adjustments on provisions	(27.240)	(2.054)

During 2023, the impact of the adjustments on provisions is a decrease in the operating expenses of 27.240 thousand lei.

Adjustments for impairment of current assets	31 December 2023	31 December 2022
Increased/set up adjustments		
Adjustments for impairment of investments	23.245	19.187
Adjustments for impairment of receivables	3.102	2.286
Losses from receivables and various debtors	76	63
Total increased/set up adjustments	26.423	21.536
Decreased/resumed adjustments		
Adjustments for impairment of inventories	(7.853)	(7.466)
Adjustments for impairment of receivables	(3.810)	(2.392)
Total decreased/resumed adjustments	(11.663)	(9.858)
Net expenses (revenues) from adjustments on the impairment of current assets	14.760	11.678

In 2023, the impact of the adjustments for the impairment of current assets is an increase in the operating expenses of 14.760 thousand lei.

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NOTE 21 - FINANCIAL INCOME

	31 December 2023	31 December 2022
Income from foreign currency exchange differences	6.527	11.100
Interest income	14.181	11.183
Income from shares held in subsidiaries	153	311
Income on financial assets measured at fair value	3.962	2.675
Total financial income	24.823	25.269

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

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

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NOTE 22 – FINANCIAL EXPENSES

	31 December 2023	31 December 2022
Expenses from exchange rate differences	7.628	8.947
Expenses on interest related to leasing contracts	30	30
Total financial expenses	7.658	8.977

In 2023 the company registered in the financial expenses category:

- expenses from unfavourable exchange rate differences;
- expenses on interests related to the right to use the land under concession for the Maintenance Hangar in Iași.

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NOTE 23 - 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 31.12.2023 was 16% (the same rate was applied for the financial year 2022).

	<u>31 December 2023</u>	<u>31 December 2022</u>
Gross accounting profit	96.956	99.671
Expenses with current tax on profit	6.285	11.721
Income tax on gains from the sale of securities held	153	-

Reconciliation of accounting profit with the fiscal profit for 31 December 2023				Differences
Accounting revenues	557.885	Fiscal income	484.098	-73.787
Accounting expenses	460.929	Fiscal expenses	397.690	-63.239
Gross accounting profit, restated	96.956	Fiscal profit	86.408	-10.548
Accounting tax (16%)	15.513	Fiscal tax (16%)	13.825	-1.688
Tax reductions	-	<i>Tax reductions, from which:</i>	7.387	+7.387
		• Related to investments made acc. to Art. 22 Fiscal Code	4.468	+4.468
		• Sponsorship	1.871	+1.871
		• 14% bonus according to GEO 153/2020	1.048	+1.048
Tax on final profit	15.513	Tax on final profit	6.438	-9.075
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		6,64 %		

Comparative key figures

31 December 2022

Gross accounting profit	99.671
Expenses with current tax on profit	11.721

Reconciliation of accounting profit with the fiscal profit				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, of which:</i>	6.161	+6.161
		• Related to investments made acc. to Art. 22 Fiscal Code	1.273	+1.273
		• Sponsorship	3.290	+3.290

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		• 12% bonus according to GEO 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%	Applicable legal rate	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.*

The main factors that affected the actual tax rate:

- expenses not deductible for tax purposes, of which: expenses related to the setting up or increase of provisions (32.106 thousand lei), value adjustments on current assets not deductible for tax purposes, expenses related to book depreciation not deductible for tax purposes, etc.;
- tax facilities representing the corporate income tax exemption on investments made under the Art.22 of the Tax Code (4.468 thousand lei), sponsorships, 14% bonus according to GEO 153/2020 on the establishment of tax measures to stimulate the maintenance/growth of own capital;
- non-taxable income obtained as a result of the recovery of non-deductible expenses, of which 59.347 thousand lei represents income from the resumption of provisions.

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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	<u>31.12.2023</u>	<u>31.12.2022</u>
Profit attributable to ordinary shareholders	93.027.905	90.272.999
Number of ordinary shares	152.277.450	152.277.450
Profit per share	<u>0,611</u>	<u>0,593</u>

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NOTE 25 - AVERAGE NUMBER OF EMPLOYEES

Average number of employees	12 months 2023	12 months 2022
Own employees	1.679	1.602

Total number of employees	31.12.2023	31.12.2022
Own employees	1.752	1.741

As on 31 December 2023, the total number of employees in the Company is 1.846, of which 1.752 are own employees and 94 persons represent labour force hired through a temporary employment agent.

As on 31 December 2022, the total headcount was 1.845 employees, of which 1.741 were own employees and 104 persons represent labour force hired through a temporary employment agent.

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NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES

<u>Acquisitions of goods and services</u>	<u>Year 2023</u>	<u>Year 2022</u>
Airpro Consult SRL Bacău	9.799	7.087
Foar SRL Bacău	388	424
TOTAL	10.187	7.511
<u>Sales of goods and services</u>	<u>Year 2023</u>	<u>Year 2022</u>
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	2	7
TOTAL	2	7
<u>Liabilities</u>	<u>Balance on 31.12.2023</u>	<u>Balance on 31.12.2023</u>
Airpro Consult SRL Bacău	728	690
Foar SRL Bacău	24	34
TOTAL	752	724
<u>Dividends received by Aerostar</u>	<u>Year 2023</u>	<u>Year 2022</u>
Airpro Consult SRL Bacău	-	68
Foar SRL Bacău	153	242
TOTAL	153	310

The transactions with the affiliated parties in the period 01.01.2023-31.12.2023 consisted in:

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

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NOTE 27 - INFORMATION REGARDING THE CASH FLOW

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

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

In the context of preparing 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 at banks (available in the current accounts).
- the cash equivalents comprise the term deposits held at banks.

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

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

The operating activity is AEROSTAR S.A.'s main cash-generating activity.

Thus:

- the amounts collected from customers were worth 527.562 thousand LEI;
- the amounts collected from the State Budget were worth 4.468 thousand LEI, of which 3.851 thousand LEI represent VAT and excise duty recoveries and 617 thousand LEI are receipts in the form of operating subsidies;
- the payments to suppliers and employees amounted to 416.908 thousand LEI, of which 310.714 thousand LEI were payments to suppliers and 106.194 thousand LEI to employees;
- the tax payments to the State Budget amounted to 81.418 thousand LEI, of which 67.729 thousand LEI in payroll taxes, 4.907 thousand LEI in VAT, 6.969 thousand LEI in corporate income tax, 1.813 thousand LEI in other taxes.

The operating activity generated a net cash of 33.704 thousand LEI, a decrease of 29.722 thousand LEI compared to 2022, mainly due to the increase in the volume of purchases of raw materials and implicitly the increase in the level of payments to suppliers by 55.473 thousand LEI.

The investment activity included:

- bank interest receipts amounting to 14.508 thousand LEI from the bank deposits set up.
- dividends received from Evergent Investments S.A. in the amount of 3.645 thousand LEI;
- proceeds from the sale of Evergent shares (stock symbol: EVER) in the amount of 8.283 thousand LEI.
- the purchased shares are held for the collection of dividends as well as for gains from their sale.

The sale of shares generated a gross gain of 953 thousand LEI.

- dividend receipts from affiliated entities (FOAR S.R.L.) in the amount of 153 thousand LEI;
- receipt of non-reimbursable funds from the Ministry of Economy in the amount of 381 thousand LEI, funds used for the purchase of NDT testing equipment.
- payments for the purchase of tangible and intangible fixed assets in the amount of 22.833 thousand LEI;

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- payments for the purchase of financial fixed assets in the amount of 10.653 thousand LEI, representing purchases of Evergent Investment S.A. shares (stock symbol: EVER), traded on the Bucharest Stock Exchange;

The amount of cash flow allocated so as to increase the operating capacity represents 4% of the aggregate amount of cash used in operating, investing and financing activities.

As part of the financing activity, an amount of 26.370 thousand LEI was paid, representing dividends due to AEROSTAR shareholders.

The level of cash and cash equivalents recorded as at 31.12.2023 is 245.792 thousand LEI, down by 381 thousand LEI compared to the beginning of the year.

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NOTE 28 - LIABILITIES AND OTHER OFF-BALANCE ITEMS

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

	31 December 2023	31 December 2022
• Liabilities:		
○ guarantees granted to partners as letters of bank guarantee and letters of credit	3.480	186
○ guarantees received from partners – as letters of bank guarantee and letters of credit	45.350	84.353
• Goods, of which:		
○ inventories of other material released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	45.970	42.240
○ materials received in custody	2.237	2.239
○ finished products received in custody	48	65
○ materials - customers	75	157
○ tangible and intangible assets – obtained or purchased as a result of co-financed activity	554	573
○ materials received for processing/repairs	26.235	29.328
○ supporting assets related to concession agreements- Hangar Iasi	2.490	2.477
○ fixed assets proposed for disposal	315	446
• Other off-balance values, of which:		
○ material guarantees established for the managers' liability for the management of assets	239	201
○ liabilities for covering certain future obligations to A.J.O.F.M. based on 9624/12.12.2011 regarding the defence industry	3.218	3.777
○ debtors removed from accounts, monitored further on	159	127
○ creditors	20	25
• Greenhouse Gas Emission Certificates	4.585	5.701

On 31 December 2023, AEROSTAR S.A. held a total of 11.931 greenhouse gas emission certificates.

The market value on the last trading day of a GHG certificate was 77,25 euro, according to the European Energy Exchange website (in December 2022: 80,90 euro), at a re-evaluation exchange rate of 4,9746 lei/euro.

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NOTE 29 – DIRECTORS’ REMUNERATION

Board of Directors of AEROSTAR S.A. on 31.12.2023:

	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 2023, 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 14 December 2023, the shareholders of Aerostar agreed to freeze, at the level decided by the Ordinary General Meeting of Shareholders on 9 July 2020, the directors' remuneration for the financial year 2023, appointed by AGM Resolution no. 26/09.07.2020, respectively:

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

The gross indemnities granted to the members of the Board of Directors in the period January-December 2023, by virtue of their responsibilities amounted to 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 could 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.

Risk management processes are in place to ensure that risks are identified, analysed, assessed and managed so as to minimise their effects to an agreed level.

However, there may be risks and uncertainties in addition to those described below, which are not currently known or are considered insignificant, but which in the future may affect the lines of business run by AEROSTAR.

Operational Risk

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

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

Considering the global political turmoil, in the future we may face new types of risks, which is why AEROSTAR closely monitors the main areas of conflict.

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 legal or contractual dispositions or regulations, as well as due to the fact that the rights and contractual obligations of AEROSTAR and/or of its 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, AEROSTAR aims to have at its disposal own funds to cover the risks to which it is exposed, by setting up provisions for risks and related expenses.

Furthermore, in order to mitigate the operational risk, AEROSTAR renews each year a civil liability insurance contract with leading insurance and reinsurance companies for its main lines of business (manufacture of aviation products and maintenance of 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 sight and term bank deposits with banks and trade receivables.

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

The credit risk, including the country risk 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 to a single partner and does not have a significant concentration of turnover in a single geographical area.

However, there is exposure to the global market for Airbus programmes, as a large share of the company's products are integrated on Airbus aircraft.

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

Liquidity risk is the risk that AEROSTAR will encounter difficulties in meeting its liability obligations as they fall due.

For liquidity risk management purposes, cash flows are monitored and analysed on a weekly, monthly, quarterly and annual basis to determine the estimated level of net changes in liquidity. These analyses provide the basis for funding decisions and capital commitments.

In order to mitigate liquidity risk, AEROSTAR maintains an annual liquidity reserve in the form of a Credit Line available for use in the form of bank overdrafts in the amount of 2.500 thousand USD. During the reporting period AEROSTAR did not use the Credit Line, as all the Company's activities were financed from its own sources.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The market risk comprises the price risk, the currency risk and the interest rate risk.

AEROSTAR is mainly exposed to the price risk caused by fluctuations in the price of raw materials and materials used in the production processes due to exceptional events, the imposition of international sanctions with consequences on the limitation of the possibility to supply parts and materials, the increase in the costs of specific taxes for import/export of metal products to and from the USA.

This risk is managed by:

- diversifying the supplier portfolio, which can provide increased negotiating leverage in the event that the price of raw materials increases with some suppliers.
- concluding long-term contracts with fixed price clauses.

AEROSTAR is exposed to the exchange rate risk because 81% 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 variations is detailed in Note 18 (Financial Instruments) to the Financial Statements.

As far as the interest rate is concerned, due to the fact that AEROSTAR did not use the contracted Credit Line in the reporting 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 2023	31 December 2022
Prepaid expenses (short-term)	789	617
Prepaid income (short-term)	2.916	1.876

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

The category of **prepaid expenses on the books** on 31 December 2023 includes amounts to resume within a period of up to one year representing, inter alia, fees and taxes, subscriptions, insurance policies, commissions, participation in fairs and conferences, on-line services, maintenance of IT systems.

As on December 31, 2023, Aerostar did not recognize any **long-term prepaid income**. The category **short-term prepaid income** includes amounts relating to the delivery of goods and services rendered, where the income recognition conditions of IFRS 15 are not met (the customers have not yet taken control of the goods/services).

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NOTE 32 - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 31 December 2023

	Values on 31 December 2023			Values on 01 January 2023		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the MRO Hangar in Iași	1.940	(194)	1.746	1.907	(154)	1.753
Total	1.940	(194)	1.746	1.907	(154)	1.753

Net accounting value

	Net amount on 01 January 2023	Revaluations in year 2023	Update provision for cost of dismantling/removal/restoration of underlying assets	Depreciation during the period	Net value at 31 December 2023
Asset related to the right to use the land for the MRO Hangar in Iași	1.753	12	21	(40)	1.746
Total	1.753	12	21	(40)	1.746

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

	Values on 31 December 2022			Values on 01 January 2022		
	Gross amount	Accumulated 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 accounting value

	Net value on 1 January 2022	Revaluations in 2022	Update provision for cost of dismantling/removal/restoration of underlying assets	Depreciation over the period	Net value on 31 December 2022
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.773	-	20	(40)	1.753
Total	1.773	-	20	(40)	1.753

The right to use the land for the Hangar Mentenanță Iași was revalued at the exchange rate communicated by the National Bank of Romania on the last banking day of each reporting period.

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NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

The Extraordinary General Meeting of Shareholders held on 22 February 2024 takes note of the retirement of Mr. Grigore Filip from the position of General Director, as of 1 March 2024, and appoints Mr. Alexandru FILIP as General Director of AEROSTAR S.A., as of 1 March 2024, until 10 July 2024. Mr Grigore Filip will continue to exercise the duties arising from his position as President of the Board of Directors.

On 18 January 2024, the maintenance centre for Black Hawk S-70 helicopters was inaugurated, authorised by both the helicopter manufacturer (the Sikorsky company, part of the Lockheed Martin group) and the National Military Aviation Authority.

These company financial statements that comprise the statement of financial position, statement of profit or loss, other comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes to the financial statements were approved by the Board of Directors on 14.03.2024 and signed on its behalf by:

Grigore FILIP,
President of the Board of Directors

Doru DAMASCHIN,
Vice-president of the Board of Directors & Financial Director