



ANNUAL REPORT

2023

Performance through Professionalism!



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Performance through Professionalism!

COMMITTED TO A SUSTAINABLE FUTURE!

Committed to a sustainable future, through its proposed objectives and commitments, our company channels its efforts into achieving its main goal of increasing sustainability by associating profitability with responsibility, increasing value in the short, medium and long term and thus increasing the company's performance. Through the objectives addressed in the company's strategy and confirmed in the sustainability statement, AEROSTAR aims year after year to exceed its targets by achieving its proposed goals.

AEROSTAR'S STRATEGY INVOLVES INCREASING ITS ENGAGEMENT IN ALL ASPECTS OF SUSTAINABILITY.

The environmental, social and personnel issues, the respect of human rights, the fight against corruption and bribery are top priorities for AEROSTAR, and therefore relevant data and performance indicators are communicated in the annual and periodic reports, in line with the best practices, procedures and company policies, following the guidelines of the legislation in force.

The information on sustainability presented in this report reflects the company's commitment, values and goals set for a sustainable business and for striking a balance between shareholders' expectations, the needs and concerns of our employees, members of our community as well as of all relevant stakeholders.

The financial statements are published on an individual basis, disclosing information that is audited, balanced and reader-friendly.

We are guided by a sense of responsibility towards sustainable development, we consistently apply best practices in the field and in line with the practices of our business partners, we provide transparent information, explanations and data in these categories of financial and non-financial information.

Meeting our customers' requirements, ensuring complete safety for the users of our products and services, engaging with the local community, improving continuously and increasing our environmental performance are the principles that guide our work.

Our sustainability goals, correlated with the business environment and global developments, are incorporated in our company's overall long-term strategy.

**WE BELIEVE THAT BY ACTING RESPONSIBLY
WE WILL CONTRIBUTE TO LONG-LASTING ECONOMIC SUCCESS.
BY PURSUING SUSTAINABLE DEVELOPMENT
WE ARE HEADING TOWARDS A MORE SECURE FUTURE.**

MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS AND GENERAL DIRECTOR GRIGORE FILIP



In spite of being over 70, AEROSTAR still proves to be young.

We look optimistically to the future, determined to bring value to our customers, employees, investors and the local community.

The large number of young people interested in discovering what goes on at Aerostar combined with our achievements and the local community's progress in guiding and training them towards technical fields with application in the aviation industry, make me believe that in the future we will be able to meet the expectations of the dynamic market in which we operate.

GENERAL DIRECTOR & PRESIDENT
GRIGORE FILIP

AEROSTAR was named successively URA-1953, IRAv (Aircraft Repair Company)-1970, IAv (Aircraft Company)-1978, and AEROSTAR S.A. since 1991, when it was registered as a joint-stock company at the Bacău Trade Register.

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ANNUAL REPORT 2023

AEROSTAR's annual report was prepared in accordance with the reporting regulations in force, in order to provide additional information to all stakeholders about the company's sustainable strategy and the progress it has made in its corporate processes.

KEY FIGURES OF 2023

TOTAL INCOME
up by ~ 12%
compared to 2022

557.885 thousand Lei

TOTAL EXPENDITURE
up by ~ 15%
compared to 2022

460.929 thousand Lei

TURNOVER
up by ~9%
compared to 2022

506.294 thousand lei

AEROSTAR is a company with 7 decades of experience in the aviation and defence industry.

Over the years we have established a global footprint, focused on fulfilling our customers' mission, requirements and expectations through continuous improvement actions at all levels.

Today, thanks to our expertise, we are a national market leader and an integrated supplier in the global supply chains of the major aerospace companies.

NATIONAL MARKET LEADER AND INTEGRATED SUPPLIER IN THE GLOBAL SUPPLY CHAINS FOR THE GLOBAL AVIATION INDUSTRY.

Since its establishment in 1953, AEROSTAR has expanded nationally and internationally.

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

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

AEROSTAR is the leading independent regional provider of maintenance services and is authorized to perform MRO work on Boeing 737 300-900 series, Boeing 737 MAX, Airbus 320 family, ceo & neo and component types.

AEROSTAR is active in modernization, integration and maintenance programs for military aviation and defence systems, and is a leading supplier for the Romanian Ministry of National Defence.

The synergy of our skills and experience in the civil and military market contributes to consolidating Aerostar as a sustainable and forward-looking company.

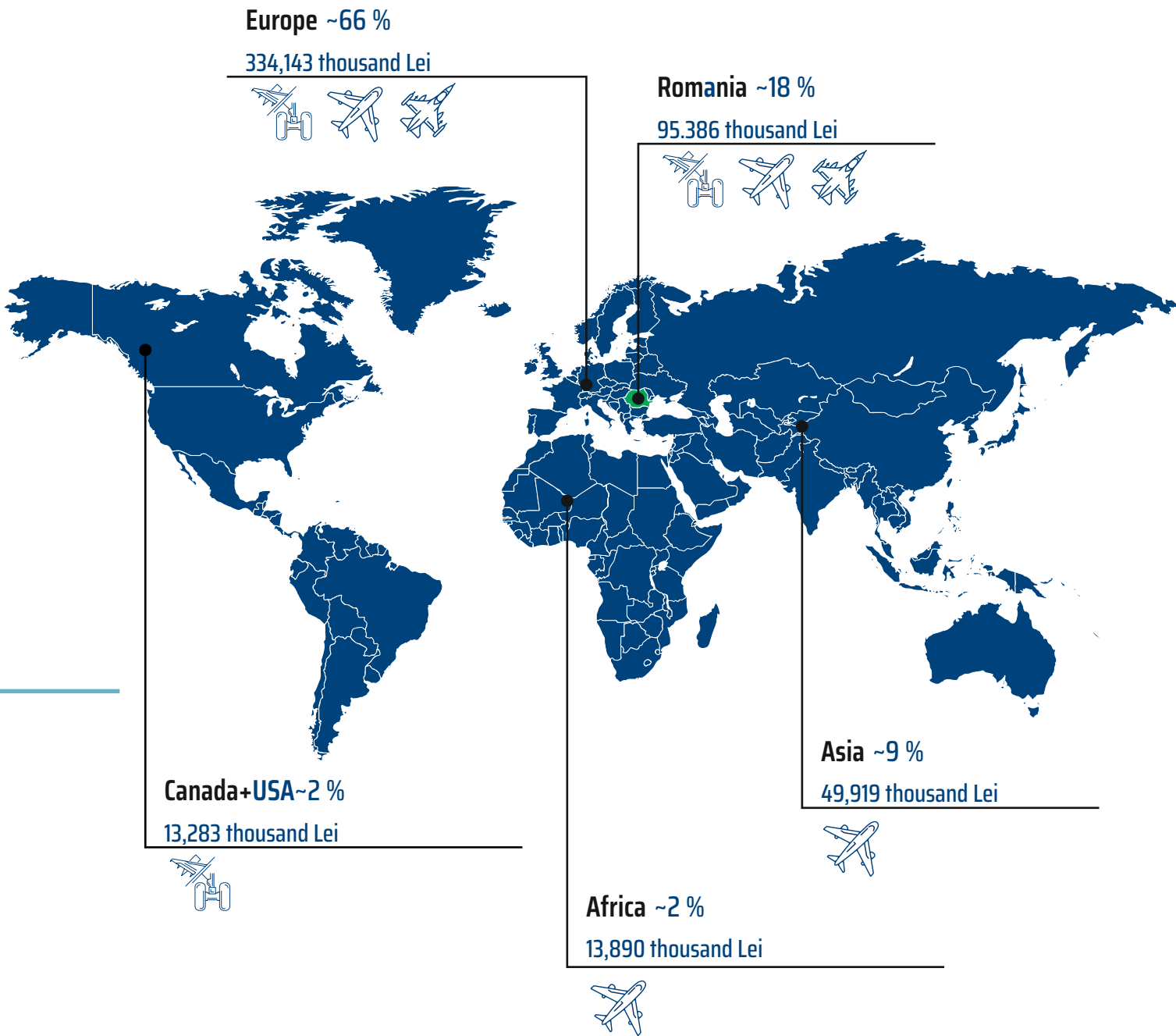
EXPORT SALES
achieved in 2023
410.908 thousand Lei
up by ~26%

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

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

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

AEROSTAR'S PRESENCE ON THE GLOBAL MARKET



 Aviation products

 Civil aviation maintenance

 Defence systems



Iași



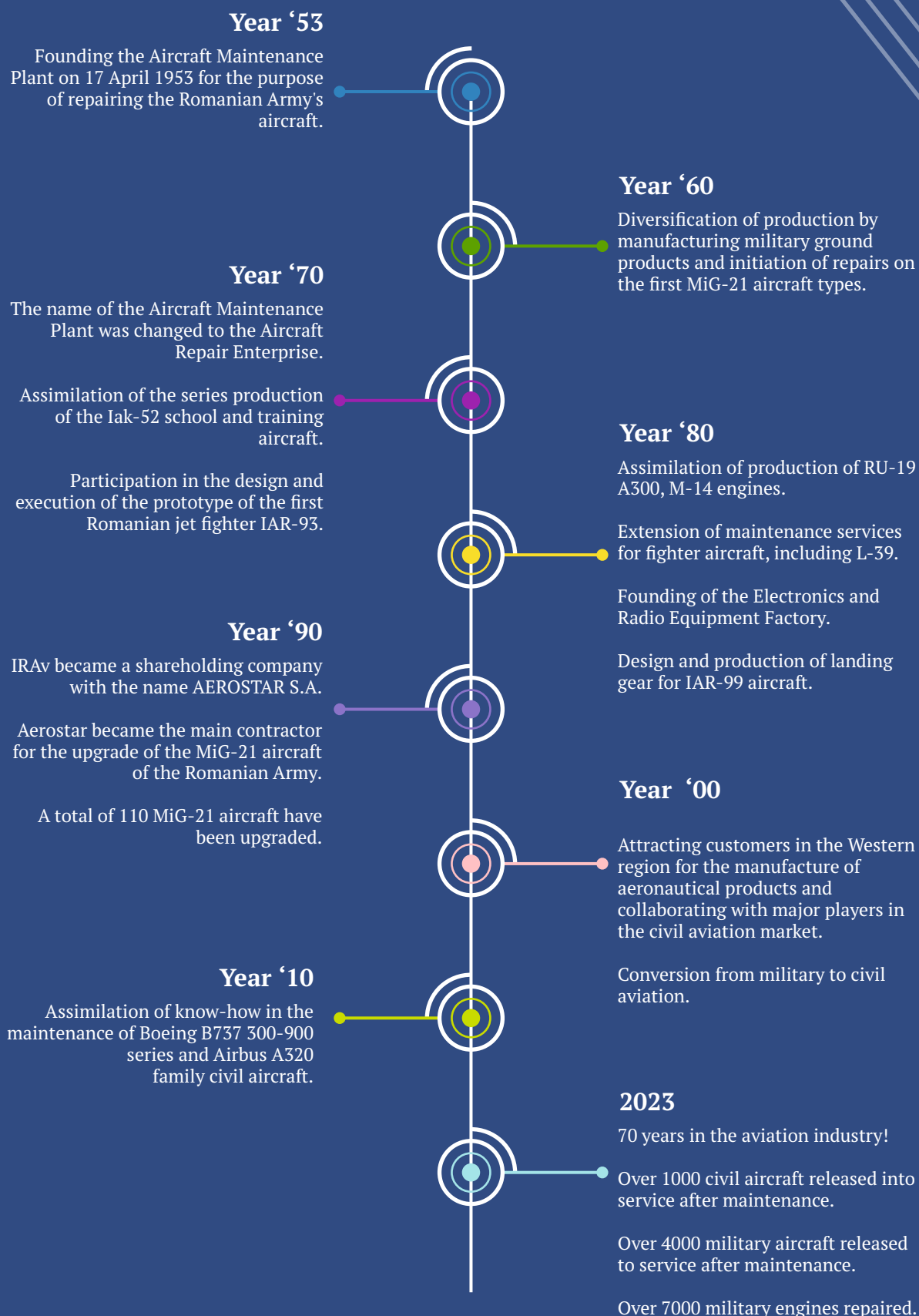
Headquarters
Bacău



Fetești



A LOOK INTO AEROSTAR HISTORY – 70 YEARS OF ACTIVITY



EVENTS OF THE YEAR 2023

24 March 2023

The annual negotiation between the AEROSTAR S.A. Management and the Employees' Committee of a new Supplementary Agreement to the Collective Labour Agreement for the period: 01.04.2023 - 31.03.2024 has been completed. As of 1 April, benefit packages and salary increases of 15% have been provided for the company's employees.

17 April 2023

AEROSTAR CELEBRATED 70 YEARS OF CONTINUOUS ACTIVITY!

28 April 2023

Information on the dividend payment arrangements was posted on the company's website www.aerostar.ro in the Investor Relations section.

17 May 2023

The mandate of the external auditor Auditeval Consulting SRL was extended for a period of 3 years.

7 June 2023

A BLOOD DONATION CAMPAIGN was organised at the headquarters of AEROSTAR with the support of our colleagues who wanted to offer a second chance at life for those in distress.

With the support of the volunteers from AEROSTAR, a BOOK DONATION CAMPAIGN was organised, and thanks to these donations, we managed to populate a mini library with over 500 books for a school in the county of Bacau.

7 June 2023

Opening of a secondary office in the municipality of Fetești, Romania.

EVENTS AFTER THE REPORTING DATE

Appointment of Mr. Alexandru Filip as DIRECTOR GENERAL as from 1 March 2024, following the retirement of Mr Grigore Filip.

Appointment of Mr. Vîrnă Daniel as DIRECTOR OF LEGAL AND HUMAN RESOURCES DEPARTMENT, with effect from 1 March 2024.

Appointment of Mr. Popa Dan Mălin as ASSISTANT DIRECTOR VOCATIONAL TRAINING with effect from 1 March 2024.

Inauguration of the BLACK HAWK S-70 HELICOPTER MAINTENNACE CENTRE on 18 January 2024, authorised by both the helicopter manufacturer - Sikorsky (part of the Lockheed Martin group) and the National Military Aviation Authority.

Further information on the Events after the reporting date can be found in Note 33.

FINANCIAL PERFORMANCE RESULTS

KEY FIGURES	UM	31.12.2023	31.12.2022
Share capital	thousand lei	48.729	48.729
Turnover	thousand lei	506.294	466.991
Export sales	thousand lei	410.908	323.559
Export share of turnover	%	81%	69%
Actual number of staff	no	1.846	1.845
Net profit	thousand lei	93.028	90.273
Cash flow	thousand lei	245.792	246.173
Overall liquidity	-	8,3	7,41
Investment expenditure	thousand lei	19.329	26.606

MAIN ECONOMIC AND FINANCIAL INDICATORS

Financial Indicators	Result 2023	Result 2022
Current liquidity indicator	8,30	7,41
Leverage ratio indicator	0	0
Debt turnover - customers	52	51
Fixed assets turnover rate	2,22	1,99
Overall solvency ratio	12,10	11,18
Financial rate of return	0,17	0,18
Net profit rate	18,37%	19,33%
Net cash position	89.796 thousand lei	78.355 thousand lei

NATIONAL CURRENCY EXCHANGE RATES FOR 2023

Monetary indicators	UM	31.12.2023	31.12.2022
Average exchange rate EURO/12 months	lei/euro	4,9465	4,9315
Average exchange rate USD/12 months	lei/USD	4,5743	4,6885
Curs average exchange rate GBP/12 months	lei/GBP	5,6869	5,7867
Inflation	%	6,6	16,4

* Sursă: www.bnr.ro/cursurivalutare

AEROSTAR prepares its individual financial statements in accordance with the International Financial Reporting Standards (IFRS).

THE COMPANY'S APPROACH TO SUSTAINABILITY - DASHBOARD

ENVIRONMENT

Mitigating climate change
Atmospheric emissions of greenhouse gases:
800 allocated GHG certificates
2983 GHG allowances surrendered

a reserve of 11931 GHG certificates

4% less CO2e emissions compared to 2022

We respect the environment, nature and resources

Pollution prevention

Waste

46% more waste recovered in 2023

Emissions of volatile organic compounds

32% fewer emissions generated in 2023.

REACH - Regulation on Registration, Evaluation and Restriction of Chemicals
AEROSTAR has adhered to the requirements of the European Reach Regulation since 2014, continuously and progressively supporting various actions to reduce environmental impact.

We manage, evaluate and monitor in a responsible and effective way the activities with environmental impacts!

Through the Environmental Management System we have clearly defined the responsibilities and actions necessary to follow up and comply with the conditions authorised under the REACH Regulation.

SOCIAL

Diversity and inclusion

1846 employees

29% women

71% men

27% women in the management structure

60,62% average degree of unionisation

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

509 selection interviews, 70% of the candidates participating in the selection interviews were employed, the percentage of women was 19,83%

We support the professional development of employees by including them in training programmes

1870 employees included in training programmes
29 training hours / employee / year

We support and campaign for quality education!

Internships at AEROSTAR in 2023

580 pupils

39 students

259 scholarships granted by Aerostar to students in dual education for the school year 2022-2023.

The value of the grants awarded for 2023 was 344.789 lei.

Budget allocated for the annual training plan.

Multiple partnerships entered into with pre-university and university institutions.

GOVERNANCE

Business conduct and ethics

We uphold the principles and values of the company honestly, fairly and with integrity, with the highest ethical standards!

We are committed to Building a Sustainable Future!

In 2023 AEROSTAR continued to invest in sustainable objectives that contribute coherently and systematically to achieving climate neutrality.

Investments made in 2023:
90% of the approved budget allocated to development investments
78% of the approved budget invested in state-of-the-art equipment

Investment expenditure in 2023 is over 19.000 thousand lei.

Implementing our climate change mitigation objectives.

Involvement in research and development projects that contribute to sustainable industrialisation through innovation.

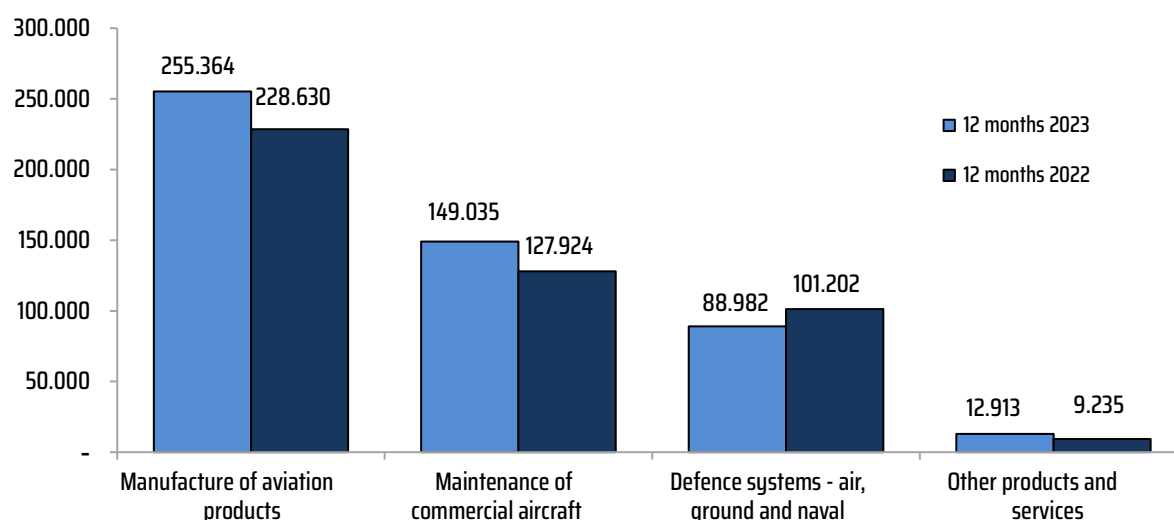
We are guided by the responsibility for sustainable development

 aerostar@aerostar.ro

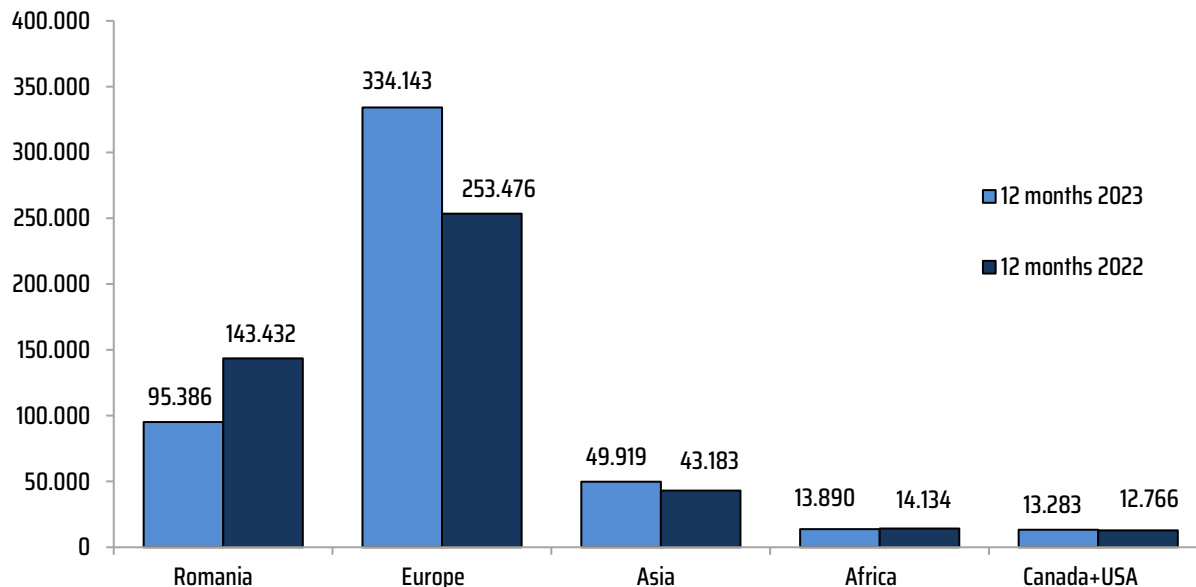
 www.aerostar.ro

2023 vs. 2022

DISTRIBUTION OF SALES BY PRODUCTS AND SERVICES REPRESENTING BUSINESS LINES



DISTRIBUTION OF SALES ON AEROSTAR'S MARKETS



From the turnover of **506.294 thousand lei**, achieved during 2023, the company sold products and services worth **95.386 thousand lei on the domestic market** and worth **410.908 thousand lei on the foreign market**.

Approximately 81% of the turnover represents export sales. Compared to 2022, the percentage of export sales has increased in Europe and Asia. In terms of demand for the products and services provided by AEROSTAR, a selective growth has been noted.

INFORMATION ABOUT THE COMPANY'S ACTIVITY

AEROSTAR's business focuses on increasing performance through continuous improvement and professional development of employees in the spirit of integrity, innovation and initiative. AEROSTAR focuses on meeting the requirements and expectations of its customers, acting for continuous improvement at all levels. AEROSTAR operates on three business lines.

In civil aviation we supply aerostructures, components and assemblies to the global aviation industry.

We hold commercial aircraft maintenance authorisations and are currently authorised to carry out Type A, B, C and D work on Boeing 737 300-900 series, Boeing 737 MAX, Airbus 320 family, ceo & neo and component types.

We are a maintenance centre for the F-16 aircraft of the Romanian Army and we are part of the national defence industry according to law 232/2016.



Manufacture of Aeronautical Products

MRO Civil Aviation



Defence Systems

MANUFACTURE OF AERONAUTICAL PRODUCTS



Sales results

2023	255.364 k lei
2022	228.630 k lei

The equipment, assemblies and parts produced by AEROSTAR are used on a large number of commercial aircraft: Airbus A320, A321, A330, A350, Boeing B737, B787, B767, Gulfstream G650, Dassault F7X, Bombardier Challenger 600 series and Global 5000/6000 series, as well as parts for the European Ariane 6 rocket. By readapting to the new market requirements regarding the new production structure, as well as the new quality and environmental protection requirements, AEROSTAR

maintains its leading position in Romania for the manufacturing of aviation products and strengthens its position in the supply chain of major global companies in the aviation and space sectors. In 2023, the production volume continued to grow with both the existing and the new customers, with the year being marked by the completion of the assimilation of a new package of individual parts and small sub-assemblies that are part of the Airbus A330 aircraft.

CIVIL AVIATION MAINTENANCE



AEROSTAR has a significant footprint in terms of business volume in the Civil Aviation MRO sector, as an independent provider of maintenance services at industrial level for commercial aircraft of the Airbus A320ceo&neo and Boeing B737 300-900 family. In 2023 AEROSTAR's EASA Part-145 approved maintenance base developed and strengthened its market position, by obtaining an extended range of approvals from the civil aviation authorities. The year 2023 was a year of growth and development, with achievements that included reaching the milestone of 100 aircraft released into service after maintenance and a cumulative total of over 1100 aircraft released into service since the creation of the business line.

Furthermore, the development, modernisation and investment programmes continued this year, at both the maintenance centre in Bacau and the one in Iasi. The investment process aims to accelerate the training and specialisation of technicians and engineers dedicated to these activities and to continue equipping the hangars with modern equipment, which implicitly leads to an increase in the maintenance capabilities and capacities and, last but not least, to an improvement in the efficiency of the operating staff. At the same time, it marked the beginning of new collaborations that resulted in extensive projects such as: cabin reconfigurations from classic to premium and integration of entertainment systems for passenger comfort.

Sales results

2023	149.960 k lei
2022	127.924 k lei

DEFENCE
SYSTEMS



In the defence systems business line, AEROSTAR is a first-tier supplier to the Romanian Ministry of National Defence. AEROSTAR is the maintenance centre for F-16 aircraft of the Romanian Army. AEROSTAR has steadily developed the capabilities needed to strengthen its position as a supplier, increasing its expertise in the field of maintenance and modernization of military aircraft, in the field of ground launch systems and radio communication systems, as part of command and control systems. During 2023, following the demonstration of capability through the completion of major modification projects on An-26 and An-30 aircraft and the assessment during audits, the

National Military Aviation Authority (AAMN) has extended the scope of authorisation of the Military Design Organisation, under certificate RO.AAMN.21J., to major modifications and repairs applicable to Romanian state aircraft. As a result of extending the scope of authorisation, the Military Design Organisation has the right to develop modification and major repair projects and approve major repair projects for large and small state aircraft within the terms of the approved scope of approval.

Sales results

2023	88.982 mii lei
2022	101.202 mii lei

AEROSTAR STRUCTURE

BOARD OF DIRECTORS

AEROSTAR's Board of Directors was elected for a period of four years at the General Meeting of Shareholders held on July 9, 2020. The election was done by secret ballot, with the new term of office of four years starting on July 11, 2020 until July 10, 2024.

In order to stay up-to-date with all essential company data, the BoD maintains constant contact with the executive management and operational management. At the same time, given the direct participation of two of the Board members in the executive management, the management has unrestricted and direct access to the company's information.

As a result, the Board receives regular ad hoc reports that focus on key areas of financial and operational issues as well as occupational health and safety, human resources, procurement, investment, research and development, community relations and philanthropic issues.

Thus, the Board considers impacts, risks and opportunities when overseeing the company's strategy and makes direct decisions on major transactions and its risk management processes. As on 31.12.2023 the Board of Directors of Aerostar had the following structure:

AEROSTAR S.A.
The Board of Directors has 5 members.

				
FILIP GRIGORE	DAMASCHIN DORU	TONCEA MIHAIL-NICOLAE	DOROȘ LIVIU-CLAUDIU	VÎRNĂ DANIEL
Aviation Engineer President	Economist Vice-president	Aviation Engineer Member	Economist Member	Legal Adviser Membru

Further information on the Board of Directors can be found in the Corporate Governance chapter on page 43.

**FILIP
GRIGORE**
General Director



**DAMASCHIN
DORU**
Financial-Accounting
Director



**FILIP
ALEXANDRU**
Deputy
General Director



**ROGOZ
VASILE LAURENȚIU**
Quality
Director



**POPA
DAN PAUL MĂLIN**
Human Resource
Director



**CRISTEA
ANDRA**
Logistics Division
Director



**BUHAI
OVIDU**
Defence Division
Director



**IOSIPESCU
ȘERBAN**
Aeronautical Products
Division Director



**VELEȘCU
IOAN-DAN**
MRO Civil Aviation
Division Director



**BRANCHE
CĂTĂLIN BOGDAN**
Utilities and
Infrastructure Division
Director



EXECUTIVE - OPERATIONAL MANAGEMENT

In relation to AEROSTAR's organisation and management system, the management structure at operational level ensures the management of activities on the basis of a divisional organisation, based on management centres for production, auxiliary activities and operational activities.

The executive management is ensured by the General Director and the Financial Director. The management structure at executive-operational level is completed by the other division and directorate managers.

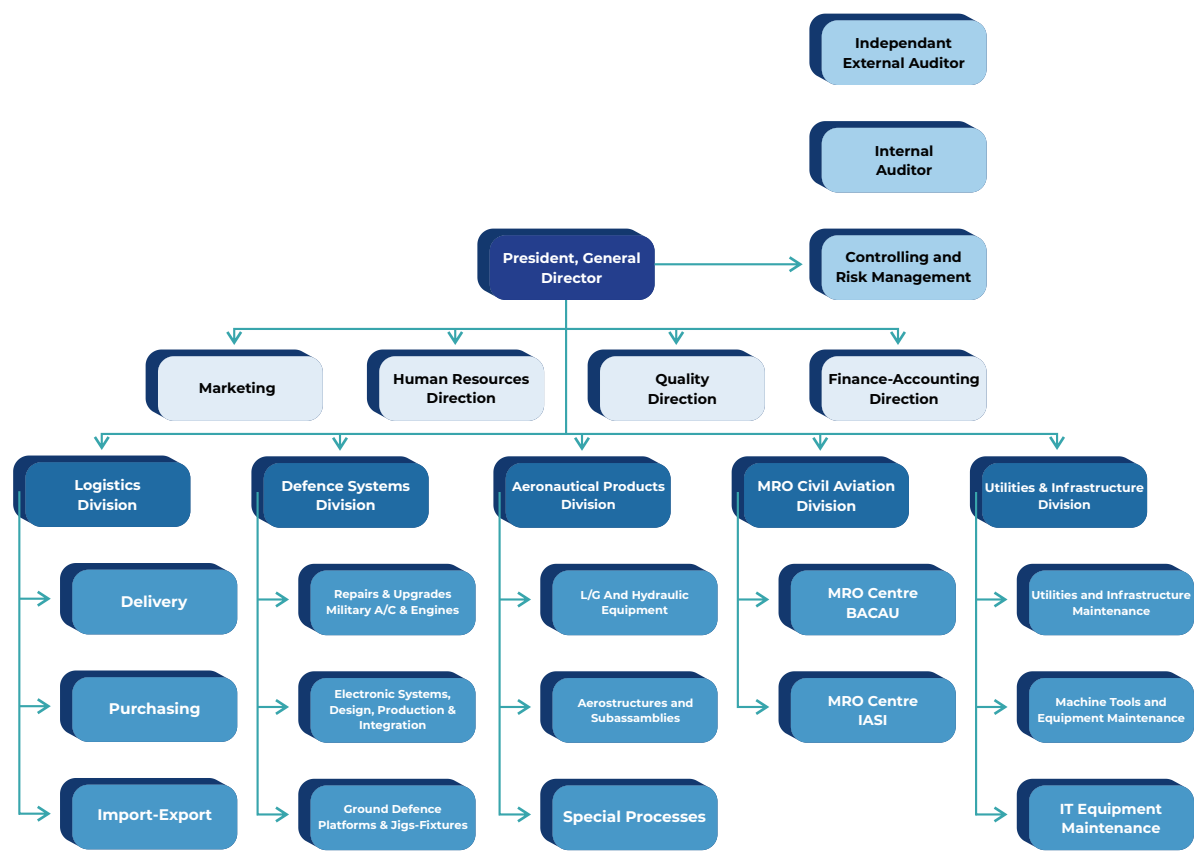
On 31.12.2023, the executive-operational management had the following structure:

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

Further information on Executive Management can be found in the Corporate Governance chapter on page 44.

COMPANY ORGANIZATION

AEROSTAR carries out its business by using the common resources of the organisation in an integrated way. The divisional structure maintains the principles of organisation and use of resources in a unified, competitive and integrated manner. This organisation has ensured the development of capabilities for the implementation of new civil aviation and defence programmes, as well as the investments required for this purpose. The company is managed as a unitary system.



AEROSTAR SHAREHOLDERS

The significant shareholders of AEROSTAR S.A. are IAROM S.A. Bucharest and EVERGENT Investments S.A. Bacau. The summary structure of the company's shareholding as of 31 December 2023 is as follows:

Shareholders	Number of shares	Percentage %
IAROM S.A.	108,866,403	71,49%
Evergent Investments S.A	23,106,135	15,17%
Other shareholders	20,304,912	13,34%
Total	152,277,450	100%

There are no disputes with the above-mentioned persons. During the current year, no subscriptions for new shares or any participation certificates, convertible bonds, options or similar rights were registered.

RELATIONS WITH SHAREHOLDERS AND THE CAPITAL MARKET

In its relations with shareholders, AEROSTAR has taken care to protect and ensure the shareholders' rights, namely:

- to participate in General Meetings directly or by proxy - by providing them with special proxies, postal ballot papers, other useful information;
- to be treated fairly, irrespective of ownership;
- to receive dividends in proportion to each shareholder's holdings.

In relation to the capital market, AEROSTAR has fulfilled all the reporting obligations arising from the legal provisions by publishing continuous and periodic reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange, on the company's website and through press releases.

In accordance with the provisions of the Corporate Governance Code, continuous and periodic information was disseminated simultaneously in both Romanian and English.

Shareholders can obtain information about AEROSTAR and the main events on the website www.aerostar.ro.

Annual and half-yearly reports for the last ten years and quarterly reports for the last five years, current reports and other useful information for shareholders can also be downloaded from the same source.

There are no changes to the shareholders' rights. There have been no major transactions entered into by the company with persons with whom it acts in concert or in which such persons have been involved during the relevant period.

ASPECTS REGARDING THE CAPITAL AND MANAGEMENT OF THE COMPANY

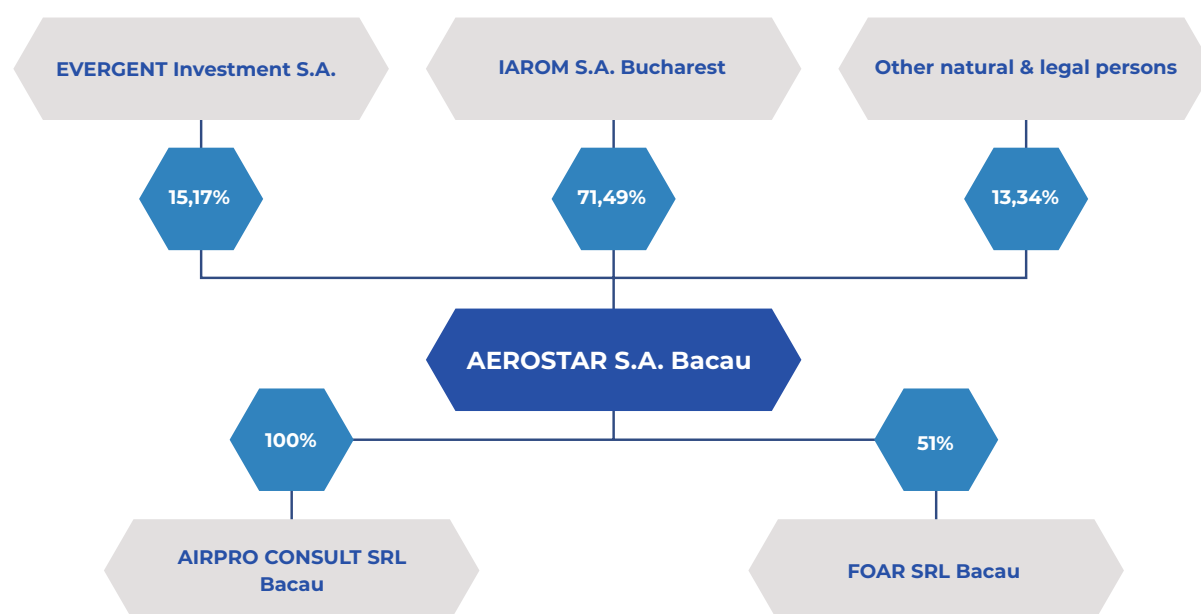
There were no changes affecting the capital and management of Aerostar S.A. The company was not unable to meet its financial obligations during this period.

AEROSTAR's relations with its parent company, other shareholders and companies in which it has equity holdings

AEROSTAR is a subsidiary of IAROM S.A. and therefore the parent company consolidating the financial statements of the group is IAROM S.A., with the unique identification code 1555301 and the registered office in Bucharest, B-dul Aerogării, no. 39. The consolidated financial statements for the financial year 2022 have been filed with the A.N.A.F. under registration number 602356101-2023/31.08.2023.

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.

AEROSTAR's relation with its parent company and the companies in which it has equity holdings:



Affiliated parties

As on 31.12.2023 AEROSTAR S.A.'s holdings in other affiliated entities are as follows:

Name of subsidiary/ affiliated company	Core business	No. of shares held by Aerostar	Voting rights	Value held by Aerostar (thousand lei)	Financial information for the last financial year (year 2022) for which the financial statements of affiliated companies have been approved		
					Sales (k lei)	Equity (k lei)	Net profit (k lei)
Airpro Consult S.R.L. Bacău	CAEN code 7820	100	100%	10	8.635	215	34
Foar S.R.L. Bacău	CAEN code 7739	408	51%	4	357	731	116
TOTAL				14	8.992	946	150

AEROSTAR holds stakes are registered in Romania. Transactions with related parties are disclosed in the Financial Statements in Note 26.

The company holds 45,412,207 shares of Evergent Investments S.A., listed on the Bucharest Stock Exchange. Aerostar accounts for the holding of shares at fair value through other comprehensive income in accordance with IFRS 9 "Financial Instruments".

TANGIBLE ASSETS

The production facilities and capacities of Aerostar S.A. are located at the company's headquarters in Bacau, Romania, where the registered office of the company is also located, at no. 9 Condorilor Street, postal code 600302, at the secondary office without juridical personality and workplace, in Iasi, at no. 25B Aeroportului Street, and at the secondary office without juridical personality, workplace, in Fetești, at no. 2 Carpați Street, ap. 7.

The company owns land totalling 48,63 hectares with access to the E85 European road. Aerostar has direct access to the runway of the "George Enescu" airport in Bacau.

In accordance with the object of activity, facilities are built at the head office and at the secondary workplaces, which are necessary for the smooth running of the production activities.

The production areas include hangars, industrial halls, technological test benches, administrative and social areas. The company also has office space for technical and economic activities.

All these spaces are maintained in good order. The built-up area of the buildings is approximately 14,54 hectares.

The assets of Aerostar S.A. comply with the provisions established in the health, safety and environmental management system, in accordance with the applicable legislation and regulations on occupational safety, as well as the rules of protection and safety of property.

On 31 December 2023, Aerostar S.A. Bacău owns tangible assets for the performance of its activity with a gross value of 376.947 thousand lei, materialized in land, buildings, special constructions, installations, technological equipment, means of transport:

Tangible assets category	Gross value (k lei)	Wear degree (%)	Estimated useful life (years)
Land	30.894	N/A	N/A
Construction	98.349	46,37%	30-50 ani
Real estate investments	12.749	42,77%	25-50 ani
Technical installations, of which:	231.120	68,24%	
technological equipment	222.056	68,20%	4-25 ani
means of transport	9.064	69,10%	4-18 ani
Other tangible assets	3.835	54,78%	2-18 ani
TOTAL	376.947	55,95%	N/A

In 2023, no risks were identified regarding the ownership of tangible assets.

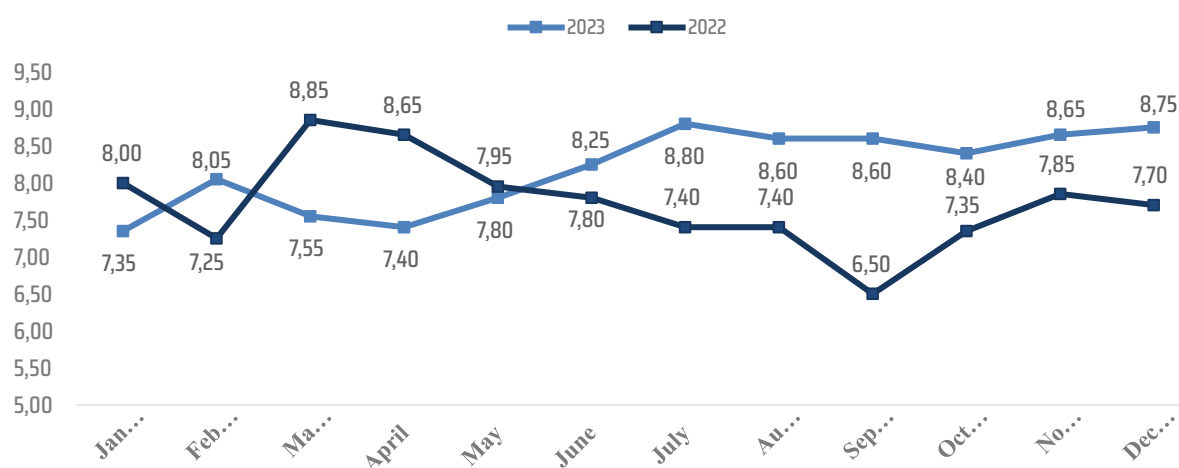
INFORMATION ABOUT THE AEROSTAR SHARES (ARS)

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

Main characteristics of the securities issued: 152,277,450 registered, ordinary, fully paid shares of equal value, issued in dematerialised form and evidenced by registration in the Register of Shareholders. This register is managed by the Central Depository S.A. Bucharest. The issuer Aerostar S.A. Bacău is registered with the following data: Unique Registration Code 950531, ISIN code ROAEROACNOR5, stock exchange symbol ARS, the issued shares being all in the Standard category.

Aerostar shares-in figures	31.12.2023	31.12.2022	31.12.2021
Number of shares	152.277.450	152.277.450	152.277.450
Nominal value per share (lei)	0,32	0,32	0,32
Price at the end of the period (lei) *)	8,75	7,70	8,25
Stock market capitalisation (lei)	1.332.427.688	1.172.536.365	1.256.288.963
Maximum price (lei)*)	9,50	9,50	9,40
Minimum price (lei) *)	7,00	6,35	4,00
Earnings per share (lei)	0,611	0,593	0,394

*) source: monthly bulletin issued by the Bucharest Stock Exchange



During 2023: Aerostar S.A. did not issue bonds or similar securities; there were no subscriptions for new shares and no participation certificates, convertible bonds, options or similar rights; there was no share buyback programme.

ENVIRONMENT AND BUSINESS MODEL

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

Committed to a sustainable future, the management has adopted an ambitious strategy and an integrated business model based on a process-systems approach and RISK-based thinking.

Production activities are carried out under commercial contracts with customers, who are integrators and/or end-users/beneficiaries in the aerospace and defence industry.

The company's management policy is focused on maintaining a solid capital base for continued development in the context of the global market and competitive advantage through quality, capabilities, high level technologies to support a sustainable and organized development and thus to achieve strategic objectives.

The company's business model has not been changed as a result of the international context, but the way of doing business has been adapted to the specific nature of the business flows.

The contextual aspects and their impact over short, medium and long time horizons, as well as the company's priorities in relation to stakeholder requirements over the same time horizons, as well as the significant risks and opportunities related to the business model, are at the core of the company's 5-year Development Strategy. All of these are subject to ongoing risk management analysis and measures, and are also subject to complex and in-depth analysis during the annual update of the Company's strategy.

AEROSTAR continues to act firmly to ensure the sustainability of its business and to keep its production capabilities unaffected and is focused on ensuring its employees' health and safety.

We fully comply with the applicable national and international legislation, acting constantly, intensively and transparently to pursue growth opportunities and to ensure access to new aviation and defence programmes.

OBJECTIVES	STRENGTHS	OUR STRATEGY	CREATING sustainable ADDED VALUE
Our sustainability objectives, linked to the business environment and global developments, are incorporated into the company's overall strategy .	<p>A SUSTAINABLE BUSINESS MODEL</p> <p>SOLID CAPITAL BASE</p>	<p>AEROSTAR's strategy involves increasing commitment in all sustainability aspects.</p> <p>Business development and increased sustainability in line with our mission and objectives.</p>	<p>CUSTOMERS</p> <p>EMPLOYEES</p>
First-tier supplier nationwide provider of maintenance, integrations and upgrades for defence systems.	<p>DIVERSIFIED BUSINESS PORTFOLIO</p> <p>MANUFACTURE OF AERONAUTICAL PRODUCTS</p>	<p>Sustaining the company's market position and increasing its performance.</p> <p>Meeting customer requirements and total safety for our employees.</p>	<p>SUPPLIERS</p>
Regional top supplier for commercial aviation MRO services.	<p>DEFENCE SYSTEMS</p> <p>MRO CIVIL AVIATION</p>	<p>Promoting the brand as a top employer, developing it and raising awareness and engagement in the community.</p>	<p>SHAREHOLDERS</p> <p>LOCAL COMMUNITY</p>
Significant supplier in globalised production chains for structural and landing gear parts and sub-assemblies.	<p>TRAINING OUR EMPLOYEES IN PROFESSIONAL DEVELOPMENT</p>	<p>Compliance with environmental requirements.</p>	

THE AEROSTAR STRATEGY

AEROSTAR's strategy is to increase commitment in all sustainability aspects.

Through the proposed objectives and commitments, the company is channelling its efforts into achieving its main goal of increasing sustainability by associating profitability with responsibility, increasing value in the short, medium and long term and thus increasing the company's performance. Through the objectives addressed in the company's strategy, AEROSTAR aims year after year to exceed its targets by achieving the proposed objectives.

Environmental, social and personnel issues, respect for human rights, fighting corruption and bribery are a priority for AEROSTAR, therefore relevant data and performance indicators are communicated in the annual and periodic reports, in line with the company's best practices, procedures and policies, following the guidelines of the legislation in force.

During 2023, we consolidated the progress of our proposed commitments!

1. IMPROVEMENT OF ENVIRONMENTAL PERFORMANCE	2. TOP EMPLOYEEER	3. COMMUNITY INVOLVEMENT AND DEVELOPMENT	4. OUR CUSTOMERS' SATISFACTION
Reducing the atmospheric emissions of greenhouse gases and VOC emissions; Reducing the environmental impact by increasing waste recovery and educating all employees to minimise waste generation in order to improve the environmental performance; We respect the environment, nature and natural resources. ¹	Training employees in professional development and supporting an inclusive culture where every employee can reach their full potential and contribute with our help, thus ensuring the evolution of tomorrow's professions; Improving the quality of life at the workplace, ensuring the employees' health and safety and maintaining a thriving social dialogue; We respect, support and guarantee equal, non-discriminatory treatment through equal opportunities for all our employees.	Developing partnerships to attract young people to internships and studies; Improving professional and social integration. Sponsorship in support of sport and culture.	Developing partnerships so that we can be a benchmark for our clients; Strengthening our position as a strategic player in the civil and military aviation industry and creating sustainable added value; We uphold the highest standard of professional ethics

These objectives are listed in the table of key performance indicators on page 49.

QUALITY AND ENVIRONMENT

The quality and environmental management system complies with all relevant regulations and standards and meets the strictest expectations. We therefore use an integrated quality and environmental management system to ensure that the quality and environmental aspects are compliant, continuously improved and standardised.

We are certified to the requirements of ISO 9001, the environmental management standard ISO 14001 and the occupational health and safety standard ISO 45001.

We are also authorised as a Part 145 Maintenance Organisation, a Part 21G Production and Design Organisation and a Part 21J Production and Design Organisation. Our partnerships associated with the defence market have led us to implement a quality management system based on NATO quality assurance requirements AQAP 2110 and AQAP 2210.

In terms of social responsibility and sustainable development, AEROSTAR has set targets in the environmental area to improve its performance in the areas of pollution prevention, sustainable use of resources and climate change mitigation, following the guidelines of the SR ISO 26000 standard on social responsibility.

The quality and environmental policy adopted by Aerostar has the following strategic objectives: meeting our customers' requirements, complying with the legal and regulatory requirements applicable to the activities carried out, increasing the environmental performance, ensuring full safety for the users of Aerostar products and services and continuously improving the competitiveness of our products and services.

Certifications, Authorisations, Accreditations in 2023

1. Maintained certification of the quality management system - based on the requirements of EN 9100/AS 9100D and SREN ISO 9001/EN ISO 9001.
2. Maintained certification of the quality management system - based on the requirements of NATO quality assurance publications AQAP 2110 and AQAP 2210.
3. Maintained the authorisations granted to Aerostar by the Romanian Civil Aviation Authority for the Maintenance Organisation.
4. Maintained the approval granted to Aerostar by the European Aviation Safety Agency for the Design Organisation.
5. Maintained the approvals granted to Aerostar by the Civil Aviation Authorities of the United Kingdom, Turkey, Morocco, USA, Bermuda.
6. Extended the scope of approval granted by the National Military Aviation Authority to Aerostar as a Military Design Organisation.

The recertification and continued validity of each of these certifications and authorisations confirms the concern and good practice established in AEROSTAR for risk management.

IMPROVED ENVIRONMENTAL PERFORMANCE

The implementation of the environmental policy and the action guidelines set for the implementation of the overall management objectives have led to improvements in the company's environmental performance.

Aerostar has a dedicated department in charge of verifying the compliance with the environmental legislation, which coordinates all specific Environmental Protection activities.

AEROSTAR has complied with the environmental legislation as well as the requirements of the Integrated Environmental Authorisation, the Water Management Authorisation and the Greenhouse Gas Emission Authorisation. The results of the controls carried out by the commissioners of the Bacau Environmental Guard confirm AEROSTAR's compliance with the applicable legal and regulatory requirements.

Environmentally impactful activities are kept under control through internal operational controls i.e. by analysing the results of monitoring and measurements carried out in accordance with the provisions of the environmental permits concerning air emissions, waste generation, noise generation, spills.

Understanding and addressing our carbon footprint is central to our mission to become a sustainable business. We aim to comply with all legal regulations so that our actions and decisions contribute to reducing our carbon footprint.

Every year we analyse our environmental impacts related to: air emissions, noise generation, spills on land, waste generation, and assess the environmental aspects by determining the significant issues. Environmental risks, impacts, opportunities and indicators are presented on pages 51-53.

SUSTAINABLE USE OF RESOURCES: WATER AND ELECTRICITY

Sustainable use of resources and energy efficiency is an area of continuous consideration in our company.

Our industrial water needs are met entirely through the exploitation of our own wells. The technological wastewater resulting from chemical and electrochemical processes is collected and treated in wastewater neutralisation plants located on the company's site. The site is not in the path of torrents and is not in a flood zone.

The total amount of water discharged to the sewer in 2023, relative to turnover, increased by 11,35% compared to 2022 and decreased by 4,77% compared to 2021.

The streamlining of the thermal agent distribution continued, as well as the increase in the energy efficiency of the buildings, so that the electricity consumed in 2023, in relation to turnover, decreased by 30% compared to 2022 and by 54% compared to 2021.

We are going through a climate emergency. Energy efficiency measures, included in AEROSTAR's policies as an objective to reduce energy consumption, have materialised in the implementation of a photovoltaic park from our own sources to benefit from green energy. This way, the company has achieved the objective of increasing sustainability, reducing the effects of global warming and achieving climate neutrality. These measures have led to a reduction of approximately 20% in purchased energy.

POLLUTION PREVENTION AND WASTE RECOVERY

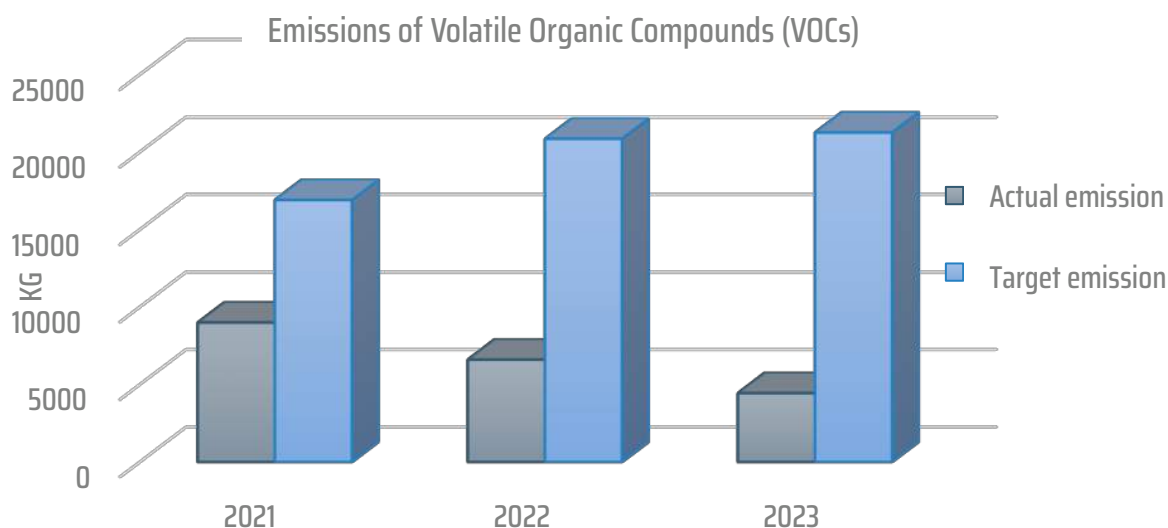
Environmentally impactful activities are kept under control through internal inspections (internal assessments of compliance with applicable environmental legal and regulatory requirements) and analysis of the results of monitoring and measurements carried out in accordance with the provisions of environmental permits, as well as through the implementation of the Environmental Monitoring and Guidance Programme.

Thus, in 2023, the monitoring actions established by the Environmental Permits that Aerostar holds were carried out, ensuring that the maximum permitted values of the indicators were met.

In order to reduce the environmental impact, the company is constantly investing in equipment to contain pollutants. For more information, see the chapter **Investments made in 2023, page 43**.

The results of the controls carried out during 2023 by the commissioners of the Bacau Environmental Guard confirm AEROSTAR's compliance with the applicable legal and regulatory requirements. The specific measures imposed by them were resolved within the required timeframe.

Emissions of volatile organic compounds decreased in 2023 by 32,7% compared to 2022 and by 50,6% compared to 2021, thus continuing the actions to replace solvent-based paints with water-based paints.



We monitor both hazardous and non-hazardous waste, recover it and transfer it through an authorised recycling company in accordance with legislation.

All categories of waste are managed in accordance with the specific legislative requirements. All waste generated from the activities carried out within the company is stored separately in suitable containers and subsequently handed over to authorised operators for collection, recovery and disposal.

In 2023 the amount of recoverable waste represented about 90% of the total amount of waste generated by the company's activities, (45,8% more waste recovered than in 2022 and 121% more waste recovered than in 2021).

All waste generated from the activities carried out within the company is stored selectively in suitable containers and then handed over to authorised operators for collection, recovery and disposal. Waste management has also been subject to inspections by the Environmental Protection Commissioners, without any violations of the legislation in this field.

The total amount of waste generated in 2023 has increased due to the sanitisation of the premises and the scrapping of obsolete work equipment.

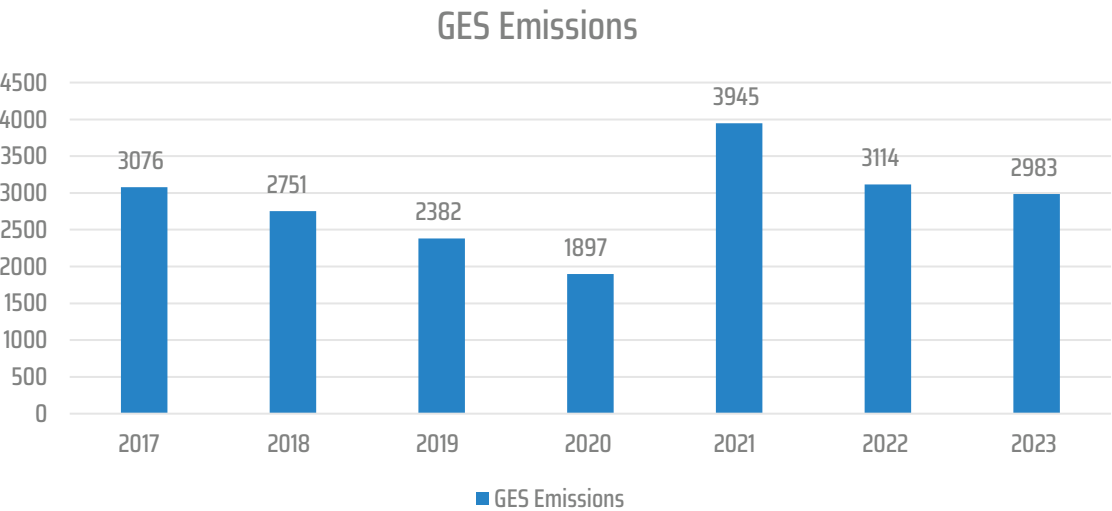


REACH compliance requirements

All hazardous chemicals and preparations used in AEROSTAR are managed in accordance with the applicable regulations in force. Hazardous chemical substances and preparations covered by the REACH Regulation are used in accordance with the conditions of the authorisations issued by the European Commission.

CLIMATE CHANGE MITIGATION

AEROSTAR has complied with all obligations under the Greenhouse Gas Permit. No non-conformities were documented as a result of the verification audit on greenhouse gas emissions management and therefore the emissions for 2022 were validated. The atmospheric emission values measured in 2023 proved to be below the maximum allowable value set out in the applicable legislation in force.



ASSESSMENT OF IMPACT ASPECTS OF THE ACTIVITY

With regard to the assessment of business impact aspects, AEROSTAR acts responsibly, efficiently and continuously to ensure compliance with the applicable legal and regulatory requirements and the contractual requirements in the relations with its customers.

Within the company, training of employees to raise their awareness of the need to comply with the environmental requirements is a constant preoccupation.

WE RESPECT THE ENVIRONMENT, NATURE AND NATURAL RESOURCES!

We see climate change as both a challenge and a threat to the environment, with social and economic impacts. It can lead to uncertainties for planning, investments and strategies. Regulations and legal requirements also evolve in an attempt to encourage green behaviour.

We believe that everyone's efforts must be consistent. We also believe that action on climate change mitigation and energy efficiency will pay off in the long run.

Respect for the environment is at the heart of sustainable behaviour. To this end, we monitor greenhouse gases and carry out comparative analyses with the previous years, set actions to reduce consumption and make investments that will be a benefit in the long term.

We remain committed to protecting the natural resource base, to using water and energy responsibly, to reducing greenhouse gas emissions, to reducing waste from operations, to reducing the use of chemicals, materials and processes that have a negative effect on the environment, and, to improving and developing company sites in ways that avoid negative environmental impacts.

We see improvements in our indicators from one year to another. This can only be achieved by honouring our commitment. We are committed to communicating our environmental policy and strategy to all stakeholders and where possible to go beyond the requirements of the applicable regulations and standards.

Comparative situation	Pollution prevention and waste recovery		Sustainable use of resources			Mitigating climate change
	Recovered waste*	Volatile organic compounds*	Amount of water discharged*	Electricity consumption*	Natural gas consumption*	Reduction of airborne emissions*
2023 vs 2022	+46%	-32%	+11,4%	- 30%	-20.42%	-4%
2023 vs 2021	+121%	-50,6%	-4,77%	- 54%	-36.67%	-21%

(*) in relation to turnover

Table 1.5 A comparative overview of environmental indicators

AEROSTAR, A TOP EMPLOYER

Since people are the key to transformation, evolution and progress, AEROSTAR attaches particular importance to the integration of young people and the continuous professional development of its employees.

In order to encourage young people to take part in internships and studies and subsequently to get hired, AEROSTAR invests in the creation of long-term partnerships to strengthen ties with the regional and national educational institutions. Among AEROSTAR's main priorities are the implementation of agreements with both vocational and technical pre-university institutions and higher education institutions, with a view to setting up classes and/or groups in specialisations of interest for the company.

To help attract the most talented people, AEROSTAR promotes its employer brand in educational institutions and on social media and strengthens its position as a top employer by meeting its strategic objectives.

To this end, we advocate for an inclusive culture in which everyone can realise their potential and contribute their individual perspectives. We are convinced that the diversity of our workforce and our organisational culture have a positive impact on business success and the evolution of our company.

We are committed to strengthening our culture and the diversity of our workforce by recruiting, retaining and professionally developing our employees, and by developing partnerships to attract young people to internships and studies.

We take action against all forms of discrimination, build teams with a balanced age structure and a diverse base of educational backgrounds and experience, and create a balanced work environment. Our competency model shows how managers and employees can establish a suitable environment through open collaboration and support.

We are fully committed to ensuring business continuity while protecting the health and safety of our colleagues.

During 2023 a total of **3.895 people** (including pupils, students, employees and their families) visited AEROSTAR.

SOCIAL AND PERSONNEL ASPECTS

We are committed to supporting employees, their professional development, recruitment and retention in the organisation through the preoccupations included in the development and performance appraisal strategy.

Through the human resources policies adopted, we ensure equal opportunities for all employees, without discrimination, in terms of professional career or any other component of the work relationships.

The principle of equal treatment of all employees applies in the framework of employment relations in the company, and any direct or indirect discrimination against an employee aimed at denying, restricting or eliminating recognition of the use or exercise of rights provided for by labour law and the Collective Labour Agreement, based on sex, sexual orientation, age, race, ethnicity, religion, political option, social origin, disability, family situation or responsibility, trade union membership or activity is prohibited.

On 31.12.2023, AEROSTAR had a workforce of 1846 employees.
168 employees are in management positions.

Recognizing the importance of employment in stable conditions for employees and equally for the local community, AEROSTAR continuously seeks to improve professional and social integration, currently having 87% of individual employment contracts concluded for an indefinite period, 94 employees through temporary employment agent Airpro Consult S.R.L. The cumulative staff turnover (voluntary departures from AEROSTAR and Airpro Consult S.R.L.) for 2023 was 12.73%, down from the previous year.

EMPLOYEE BENEFITS

For the year 2023, the Collective Bargaining Agreement for the period **01.04.2022 - 31.03.2024** included a benefits package covering the dynamic needs and requirements of employees and wage increases of **15,5%**.

The levels of remuneration, by professional category, are established during the process of negotiation of the Collective Labour Agreement through pay scales.

The level of remuneration is also determined through the process of negotiating individual basic salaries, depending on the professional category to which the employee belongs according to the pay scales, as well as on the specific nature of the work he/she carries out, the complexity, difficulty, importance, responsibility and category of work he/she performs.

EMPLOYEES' HEALTH AND SAFETY, AN ORGANISATIONAL CULTURE

During the reporting period, no fatal accidents at work were recorded in AEROSTAR. Aerostar acts consistently to reduce the risks of accidents and illnesses and applies internal rules and regulations in its work that ensure compliance with legal requirements. During 2023 there were no employees with occupational diseases and no dangerous incidents.

Periodically, all the organisation's employees are trained in occupational health and safety, reminding them of the risks of occupational injury and illness, the rules of occupational health and safety and the measures to be taken to avoid the occurrence of events.

In order to identify non-conformities and deficiencies generating risk for the occupational safety and health of employees, audits and internal controls are regularly carried out.

Our Occupational Health and Safety Management System is certified according to SR ISO 45001:2018. The Occupational Health and Safety Management System is applicable to the entire company's own workforce as well as to the non-employees.

DIVERSITY AND INCLUSION

Fully aware that diversity and inclusion are powerful drivers of stability, creativity and performance AEROSTAR through its policy promotes equal opportunities and fights all forms of discrimination.

The percentage of women in the management structure is 27 %.
The percentage of women newly hired in 2023 is 19,83%.

The ratio between the average basic wage negotiated for male employees and the average basic wage negotiated per company was **1,029** while the ratio between the average basic wage negotiated for female employees and the average basic wage negotiated per company was **0,930**.

GENDER AND AGE DIVERSITY

In terms of gender distribution, given AEROSTAR's object of activity, 29% of the staff are women. 45% are employees between 31 and 50 years old, 21% are employees under 20 years old and 34% are employees over 50 years old.

SOCIAL DIALOGUE

The Collective Labour Agreement 2022 - 2024, concluded between the company's management and the social partners, includes the Code of Conduct and Ethics which stipulates the general guidelines for conducting the company's business in accordance with the highest standards of business ethics.

As a voluntary process involving negotiation, consultation and information between the social partners (with a view to establishing agreements of common interest, social dialogue, based on mutual trust, promptness, and transparency) is regulated in the Collective Labour Agreement.

There is an ongoing consultation process with the workers' representatives and the representative trade union on the actual and potential impacts on their workforce.

We recognise the importance of social dialogue and always respect the employees' right to join trade unions and to benefit from collective bargaining. The average degree of unionisation in the company in 2023 is 60,62%, slightly down compared to 2021.

Aerostar has regulated by Internal Rules the procedure for dealing with requests, proposals, complaints or individual complaints from its employees. The Collective Labour Agreement contains regulations on the protection of persons submitting requests, complaints or claims, including workers' representatives, against reprisals.

PREPARING OUR EMPLOYEES FOR THE FUTURE! TRAINING, EDUCATION AND PROFESSIONAL DEVELOPMENT

Knowledge transfer and competency development are strategic objectives that support our company's evolution. Incentivising employees, participation in training at all levels as well as strategic training contribute to day-to-day operational excellence.

We are committed to supporting our employees and their professional development, as well as to recruiting and retaining them in our organisation through the preoccupations included in our development strategy and performance evaluation.

To this end, we are constantly concerned with increasing the level of training and professional development of our employees, regardless of the starting level of our new employees: recent graduates of educational institutions or employees with extensive experience, but who need further training to keep up with the latest technologies.

Aerostar has a budgeted Annual Professional Training Plan. During 2023, a total of 1.870 employees benefited from continuous training.

In order to reduce the number of unskilled workers, Aerostar has started the process of setting up the **Centre for Assessment and Certification of Professional Skills** obtained through non-formal channels. Three target trades of major interest to the company have been chosen and candidates who go through the assessment process will acquire certificates of professional competence in the chosen trades. This Assessment and Certification Centre will also enable other candidates in the local community to acquire certificates of competence.

PRINCIPLES AND VALUES, HUMAN RIGHTS, FIGHTING CORRUPTION AND BRIBERY

Aerostar's activities are conducted in accordance with the highest international standards of business, honesty and integrity.

AEROSTAR S.A. respects and guarantees equal and non-discriminatory treatment in the relationship with its employees, partners, collaborators and customers. The company's staff behaves professionally, transparently and impartially ensures diversity and equal opportunities in relation to all stakeholders, avoiding any action that could be interpreted as an act of discrimination. AEROSTAR respects the Universal Declaration of Human Rights.

In AEROSTAR there are no incidents of work-related discrimination based on gender, race or ethnic origin, nationality, religion, disability, age, sexual orientation or other relevant forms of discrimination or incidents of harassment.

Table 1.1

	EMPLOYEES	GENDER DIVERSITY				AGE DIVERSITY		
		Percentage of women in Aerostar	Percentage of men in Aerostar	Percentage of women in the management structure of the company	Percentage of women newly employed	Employees under 30 years	Employees between 31 and 50 years	Employee over 51 years
2023	1846	29%	71%	27%	19.83	21%	45%	34%
2022	1845	29%	71%	25.7%	28%	17%	44%	40%

Table 1.2

	Average degree of unionisation	Employee fluctuation	Permanent employees	Employees hired through the temporary employment agent
2023	60.62%	12,73%	1605	94
2022	62.17%	13.03%	1571	104

Table 1.3

	Employees included in professional training programmes	Number of training hours/employee	Traineeship students	Students in internships
2023	1870	29	580	39
2022	1831	34	594	102

Table 1.4

	Number of fatal accidents	OHS checks carried out by the internal team
2023	0	443
2022	0	162



A RESPONSIBLE RELATIONSHIP WITH THE VALUE CHAIN

We are an open system organisation, whose functions are influenced by the context in which we operate, so that strategy, objectives, as well as the estimated outcomes, are determined by analysing the contextual aspects - external or internal to the organisation - as well as the stated requirements or the expectations identified in relation to the stakeholders.

Our company has included in its Organisational and Operational Rules both the relevant organisational context aspects and the stakeholders' requirements and expectations, identified in relation to the common interests: customers, investors, suppliers, employees, authorities, certification bodies, technical and regulatory authorities, local community.

The information on the stakeholders is systematically monitored and analysed and the results of the analyses serve as the basis for the annual update of the company's 5-year Development Strategy. The priority objectives for the immediate future, derived from the updated strategy and set at the highest management level, lie at the basis of the preparation of the annual business plans by business areas: development-investment, quality-environment, training, marketing, occupational health and safety, production. Thus, both the strategy and the annual activity plans are dynamic and, depending on the context, adapt to the stakeholders' requirements and expectations.

SUPPLY/PROCUREMENT CHAIN

Through its policies, Aerostar ensures that it aligns to internationally recognised instruments relevant to the workers in the value chain, including the United Nations (UN) Guiding Principles on Business and Human Rights.

AEROSTAR requests its suppliers, through contractual requirements, to comply with the labour laws applicable in the country of origin.

AEROSTAR works with suppliers from countries that are members of the International Labour Organisation (ILO), a United Nations organisation that sets international labour standards, develops labour policies and promotes decent working conditions for all workers.

The Supplier Code of Conduct represents the expectations we have from our suppliers to ensure a healthy business relationship in accordance with our values, principles and ethical standards.

If the expectations of this code are not met, the business relationship may be reviewed and Aerostar may propose corrective action to the terms of the contract(s).

Suppliers are encouraged to implement, in writing, their own Codes of Conduct and to cascade them to their main suppliers of goods and services.

Supplier performance monitoring is carried out by using the measurement of performance indicators, which have also been communicated to suppliers.

Aerostar has also defined in its General Purchasing Conditions some specific requirements for the suppliers regarding ethics and compliance with the labour legislation.

No social criteria were used for the selection of suppliers and no negative social impact was generated in the supply chain.

CONSUMERS AND END-USERS

Full safety for the users of our products and services is one of AEROSTAR's strategic objectives.

Aerostar aims to have a diversified portfolio of final programmes in which it is a supplier with a well distributed range of products and geographical markets.

Given the production concentration in the large global aviation supply chains, a continuous growth of the customer and programme portfolio, as well as of the product portfolio, is the guarantee of a solid market position.

Aerostar's actions are therefore aimed at continuously adapting the management system to respond effectively to the changing global market, allocating responsibilities and roles appropriately in relation to these changes, and ensuring an inclusive organisational culture for adherence to the necessary measures.

In terms of product and service safety, there have been no reported events as a result of AEROSTAR's activity in relevant areas such as maintenance of civil and military aircraft, production of parts and sub-assemblies for civil aviation, production of radio-electronic equipment.

Products and services are executed in full compliance with customer and user requirements and legal and regulatory requirements in order to respect the health and safety of users. Furthermore, we are authorised based on the audits carried out by the certification/accreditation bodies and our customers.

Where chemical substances and preparations are restricted for use, we only use chemical substances and preparations under the conditions permitted by the REACH Regulation.

In terms of product and service safety, no events occurred in 2023 as a result of AEROSTAR's activities.

OUR CUSTOMERS' SATISFACTION

Our customers' trust and satisfaction depend on our commitments to offer quality products and services, competitive cost and on-time delivery.

We adhere to the highest standard of professional ethics, honesty and integrity. We also ensure transparency and access to information by regularly publishing relevant financial and operational information, press releases and general information on the company's website. We continually strive to develop our partnership relationships so that we can be a benchmark for our clients and anticipate their expectations.

LOCAL COMMUNITY

The local community together with our customers, investors, suppliers, employees, authorities, certification bodies, technical and regulatory authorities are stakeholders for whom our company has identified the following relevant requirements or expectations:

- Partnership on public interest projects;
- Sponsorship and support for public events.

Also, given their particular importance in providing the most important resource - human resources - educational institutions are considered distinct stakeholders, in fact assimilated to communities, namely: the pupil community, the student community, the teaching community and the scientific community. For these, the company has identified the following relevant requirements or expectations:

- recruitment commitments;
- internships;
- sponsorships for the educational process;
- partnerships on research and development projects.

Given the management system adopted, based on the process-systemic approach and risk-based thinking, our company did not experience any negative impacts on communities in 2023. In the light of our previous positive experiences, the know-how acquired and developed in the company, we will continue to improve our methods and tools in order to closely and systematically monitor the results of our work, to detect risks early on, to assess impacts and to identify and implement the necessary corrections and improvement measures in a timely manner.

The most significant impact of our company on society and communities is represented by the safe local employment opportunities we offer as an employer with high economic potential and the tax revenues we contribute, which have a decisive effect in improving the living standards of community members.

However, through our policies we aim to do more than that, we strive to influence our communities in a positive way by getting involved and returning benefits to them such as: engaging in public interest partnerships with the local authorities; contributing to the education and training process, collaborating with the educational institutions and engaging in joint projects for the development and adaptation of young people to the current demands of the economic agents and business environment; sponsoring various events or public initiatives etc.

In the spirit of our vision to positively influence the communities by getting involved and giving them back some of our results, we collaborate with the local authorities, industrial employers' organisations, associations, foundations and other non-profit organisations, secondary schools, colleges and universities, cultural and sports institutions.

At the same time, we support the community of small entrepreneurs by supporting the activities carried out by the County Patronage of SMEs (PJIMM) Bacău, where we disseminate our positive experiences for the purpose of shared interests.

We also maintain dialogue with other communities relevant to the company, such as the aviation business community.

We collaborate with non-profit organizations in the interest of knowledge and promotion of cultural, historical and educational values, of strengthening the professional prestige of workers in the aviation industry, of reinforcing the spirit of belonging to the group of elite manufacturers in the leading fields of industry in Romania and elsewhere in the world.

Aware of the benefits of culture and sport in the educational process, as well as of the positive impact of cultural and sporting events in the community, we sponsor the "Aerostar Bacău Cultural and Educational Association" - a non-profit organization with its own legal personality, as well as the Aerostar Sports Association, under which a professional football club and a model airplane club operate. The Aerostar football club, as well as the aeromodelling club, are open to any talented children or young people from the community.

Our company is involved in humanitarian or charitable activities, either directly or by encouraging and supporting donations from our employees for such purposes. Thus, in 2023 the following initiatives were carried out with our involvement:

- The campaign "Donate and save a life!" - a blood donation campaign with the support of the Blood Transfusion Centre Bacău team. The campaign brought together a number of 40 employees from the company as donors, with the help of which approximately 16 liters of blood were donated, so much needed for people in distress;
- The campaign "Donate a book!" - a campaign to donate books for disadvantaged children. With the dedicated support of the company's employee volunteers, more than 500 books were collected, which ended up in the library of the primary school in Soci village, Pâncești Commune, Bacău.

In the same spirit of meeting the expectations of the local communities, our company is authorized to organize qualification courses in four trades specific to the aviation industry.

RESEARCH/DEVELOPMENT PARTNERSHIPS

During 2023 AEROSTAR and INCAS have set up a partnership to develop an aircraft for the General Aviation.

The aircraft will be named IAR 835 in terms of the IAR family of aircraft and is intended to be a light, economical, 1200kg maximum take-off weight (MTOW), four-seat, single-engine, high-wing aircraft designed to perform both self-flight and school and training flights, air taxi, business, tourism, airmail and mapping, and can be operated both day and night in instrument flight rules (IFR) conditions.

INCAS carries out the conceptual design, aerodynamics and testing activities and AEROSTAR covers the process design activities and the necessary toolings and fixtures (SDV) and produces the test specimens and the prototype.

INVESTMENTS MADE IN 2023

With a responsibility to employees and the community to build a sustainable future, AEROSTAR invests for sustainable goals. The quality of the products delivered is essential and also dependent on the human factor and on the technical equipment.

As a result, in 2023 we continued to invest in equipment needed both in civil aviation maintenance, military aviation, manufacturing and for increasing our laboratory capabilities through the acquisition of modern, high-precision equipment.

At the same time, the policy of improving the working conditions for our employees and the technological processes was continued, by upgrading the fume suction line in the Electroplating Workshop and by installing an air cooling system in both the painting booths and the work areas in the Paint Shop. This investment was also aimed at reducing the emission of atmospheric pollutants, thereby resulting in an improved air quality.

Furthermore, the upgrading of the wastewater neutralisation plant in the same workshop was continued.

In 2023, AEROSTAR S.A. made investments amounting to 19.329 thousand lei. The summary of the investment expenditure is shown in the table below:

Category	Realised in 2023- thousand lei
Development expenditure	17.371
Replacement Expenses	1.958
Total	19.329

	Realised in 2023- thousand lei
Equipment	12.835
Constructions	2.460
Measuring and control equipment and installations	1.865
Means of transport	520
Intangible	1.641
Furniture, appliances, office equipment	8.3
Total	19.329

Category of capital expenditure	Realised in 2023- thousand lei
Pollution prevention and treatment	~3.390



AEROSTAR's investment policies are aimed at ensuring sustainable development as well as sustainable use of resources and reduction of the environmental footprint, supporting professional excellence, assuring efficiency and optimising workflows.

CORPORATE GOVERNANCE INFORMATION

As a company listed on the Bucharest Stock Exchange, AEROSTAR S.A. aims to comply with the principles and recommendations set out in the Corporate Governance Code of the Bucharest Stock Exchange adopted on 11 September 2015.

At the same time, AEROSTAR's Corporate Governance System is in accordance with the provisions of the company's articles of association and complies with the provisions of Laws no. 31/1990 and 24/2017, Regulation no. 5/2018 of the Financial Supervisory Authority.

The implementation of corporate governance rules ensures a transparent decision-making process, based on clear and objective rules designed to increase shareholders' confidence in the company. AEROSTAR S.A. pays particular attention to corporate governance, analysing the level of compliance with the provisions of the Corporate Governance Code issued by the Bucharest Stock Exchange, which came into force on 4 January 2016.

CORPORATE GOVERNANCE STRUCTURES

The corporate governance structures are as follows:

Shareholders - General Meeting of Shareholders

Board of Directors

Audit Committee

Executive and operational management

General meeting of shareholders

The procedure for organising and holding general meetings of shareholders is published on the website [www.aerostar.ro/Investor relations/Reference documents](http://www.aerostar.ro/Investor%20relations/Reference%20documents).

To ensure equal treatment and the full and fair exercise of the shareholders' rights, the Company makes available to them all relevant information on the OGM and the decisions taken, both through the regulated means of communication (national newspaper, reports to the FSA and the BVB) and in the special "Investor Relations" section open on its own website, easily identifiable and accessible.

AEROSTAR uses its best efforts, in compliance with the requirements of the relevant legislation, to facilitate the participation of shareholders in the work of the General Meetings and the full exercise of their rights. Shareholders may attend and vote in person at the General Meeting, but they may also vote by proxy or by post.

The General Meetings of Shareholders were held in full compliance with the provisions of Law 31/1990 on companies, Law 24/2018 on the capital market and the applicable regulations issued by the Financial Services Authority (FSA), as well as any other applicable legal rules.

In recent years, the company has distributed dividends to shareholders and has consolidated a dividend policy that ensures shareholder satisfaction, as well as resources for the company's development.

In accordance with the applicable legal provisions, the request for payment of dividends approved by the General Meeting of Shareholders ceases to have effect after the expiry of a period of three years from the "date of payment" of dividends for each financial year.

Board of Directors

In AEROSTAR S.A., the Board of Directors determines the strategic orientation and ensures its implementation. At the same time, the Board of Directors is also responsible for ensuring compliance with all applicable legal provisions, its own internal regulations and for the proper management and control of risks.

The Board of Directors of AEROSTAR S.A. was elected for a period of four years at the General Meeting of Shareholders held on July 9, 2020. The election was done by secret ballot, with a new term of office of 4 years starting from July 11, 2020 until July 10, 2024.

On 31.12.2023 the structure of the AEROSTAR Board of Directors was as follows:

FILIP GRIGORE – President of the Board of Directors and General Director

DAMASCHIN DORU – Vice President of the BOD and Financial Director

TONCEA MIHAIL NICOLAE – Member

DOROȘ LIVIU CLAUDIU – Member

VÎRNĂ DANIEL – Member

Thus, during 2023, AEROSTAR's Board of Directors was composed of 5 directors, two of whom held executive positions in the Company and three of whom were non-executive members.

Responsibilities of the Board of Directors

The Board of Directors conducts its business in accordance with the Constitutive Deed and the Internal Regulations of the Board of Directors. The Board meets at least once every 3 months or whenever circumstances so require. The agenda of the meetings respects the role and duties of the Board in accordance with the law and the Constitutive Deed.

The Board of Directors is responsible for setting the company's major operations and development directions, including those related to sustainability matters. It approves the Sustainability Report and delegates to the executive management the achievement of sustainability objectives and targets and closely monitors this activity.

The Board is also responsible for the accounting and financial management system and the income and expenditure budget, and adopts the financial plan for the current year.

Remuneration policy for members of the Board of Directors

The remuneration policy for the Board members is based on the following key principles:

- (a) To contribute to the successful implementation of Aerostar S.A.'s strategy in the short, medium and long term;
- (b) To ensure appropriate shareholder involvement in setting the remuneration policy and monitoring its implementation;
- (c) To contribute to promoting the mission and values of Aerostar S.A.;
- (d) To prevent situations of conflicts of interest;
- (e) To provide the necessary and flexible tools to remunerate the directors commensurately with their responsibilities, skills and performance;
- (f) To ensure compliance with the applicable legal requirements.

For the work carried out within the Board of Directors, each Director is entitled to a fixed monthly remuneration, the net amount of which is approved by the OGMS upon appointment and subsequently, annually, with the approval of the income and expenditure budget.

There are no incentive schemes or remuneration policies related to aspects of sustainability in place for the Board members.

The Remuneration Policy is published on the Aerostar S.A. website (www.aerostar.ro) and will remain available to the general public for the duration of the Remuneration Policy.

Eleven meetings of the Board of Directors were held in 2023.

There is no agreement, understanding or family relationship in relation to the appointment of directors of the company. There have been no acts of resignation or dismissal among the members of the Board of Directors or the auditor.

There is no dispute between the company and the directors regarding their activity. None of the directors has been involved in a dispute or other administrative procedure with AEROSTAR in the last 5 years.

Executive - operational management

AEROSTAR is managed on a unitary basis, with delegation of the executive management of the company to the General Director and the Financial Director.

In relation to the organisation and management system of AEROSTAR S.A., the management structure at operational level ensures the management of activities on the basis of a divisional organisation, based on management centres for production, auxiliary activities and functional activities.

Executive management is exercised by the General Manager and the Financial Director. The management structure at executive-operational level is completed by the other division and directorate directors.

The direct participation of the executive management in the company's share capital is less than 1%. There are no disputes with the above-mentioned persons.

Audit Committee

Based on the provisions of the Corporate Governance Code in conjunction with the provisions of Law no. 162/2017, an independent audit committee consisting of three members appointed by the General Meeting of Shareholders on 13 August 2020 was established.

The duties of the Independent Audit Committee are those set out in its own Operating Rules, approved by the Board of Directors, supplemented by the provisions of Law no. 162/2017 and EU Regulation no. 537/2014, which can also be found on [www.aerostar.com/Investor Relations/Reference Documents](http://www.aerostar.com/InvestorRelations/ReferenceDocuments).

The Audit Committee meets on a regular basis, at least four times a year, as well as on an exceptional basis if necessary.

The independent auditor: The shareholders of AEROSTAR S.A. approved by unanimous valid votes (secret ballot) the appointment of Auditeval Consulting S.R.L. as financial auditor and the entering into a financial audit contract for a minimum period of 1 (one) year. On 17.05.2023, the contract was extended for a period of 3 years.

Internal control system

AEROSTAR's internal control system comprises the following components:

Management control

Budgetary control

Controlling

Internal audit

Management accounting and control

AEROSTAR has a department that carries out the tasks of management accounting and control. It ensures the inventory of all assets, liabilities and equity items on the company's books. The inventory activity has been carried out throughout this period in compliance with legal provisions and regulations. The results of the inventories were recorded in the company's accounts. There were no significant differences from the bookkeeping records.

Budgetary control

Budgetary control is carried out by budget officers. In terms of budgets, the company is organised into:

- profit centres
- cost centres

Budgets are defined in the company based on activity programmes corresponding to the company's functions.

Budget control ensures:

- that each budgeted indicator is within the planned values
- substantiation of any corrective actions

On a quarterly basis, both the profit and the cost centres report to the executive management on their compliance with the budgetary provisions and on the required, timely, efficient, effective and legal nature of the expenses the company incurs.

Controlling

In AEROSTAR the concept of controlling has been implemented and is continually developed as a superior stage of budgetary control. Controlling also ensures alignment with the company's mission and strategic objectives.

Internal audit

The company has an Internal Audit Department with members registered with the Chamber of Financial Auditors of Romania. AEROSTAR has organized the internal audit activity according to the law, in a separate department in the organizational structure, according to the organizational chart.

The internal audit department reports directly to the Board of Directors and is an independent and objective assurance and consulting activity designed to evaluate and improve the company's operations.

The internal audit activity is carried out on the basis of the Annual Activity Programme approved by the Board of Directors.

The internal audit missions have confirmed the positive impact of the internal audit activity on AEROSTAR's business.

The Internal Audit Department regularly submits internal audit reports at the meetings of the Board of Directors and to the Audit Committee.

CODE OF PROFESSIONAL CONDUCT AND ETHICS IN AEROSTAR

AEROSTAR upholds the company's principles and values honestly, fairly and with integrity and consistently pursues the highest standards of business ethics, voluntarily adopting the AEROSTAR Code of Business Conduct and Ethics for many years.

This code is posted on the company's website www.aerostar.ro and is part of the provisions of the collective labour agreement.

Insofar as this Code requires a higher standard than that required by trade practice or applicable laws, rules or regulations, we adhere to those higher standards.

This Code is binding on our directors and employees and is adopted in all matters concerning our employees as well as our investors, customers, suppliers, local community representatives and other business partners.

The Board of Directors pays special attention to the observance of corporate governance principles in order to ensure:

- achievement of performance against the background of sustainable development of the company;
- accuracy and transparency of the company's decision-making process;
- respect for the shareholders' rights and fair treatment by protecting and enforcing their prerogatives;
- transparency and access to information through regular publication of relevant financial and operational information.

Details on the compliance with the principles and recommendations set out in the Corporate Governance Code of the Bucharest Stock Exchange are presented as an integral part of this report.

POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

Aerostar has not made any political donations and has not implemented any lobbying actions. At the same time, none of the members of the Board of Directors or the management and supervisory bodies held a comparable position in public administration (including the regulatory authorities) during 2023.

FIGHTING CORRUPTION AND BRIBERY

In 2023, there were no reported concerns or requests for counseling regarding unethical or illegal behavior and organizational integrity in our company, no incidents of corruption, no employees dismissed or sanctioned for acts of corruption, and no incidents of corruption leading to the termination or refusal to renew contracts with business partners.

MANAGEMENT OF CONFLICTS OF INTEREST

In terms of accounting regulations, AEROSTAR is a subsidiary of IAROM S.A. AEROSTAR has disclosed the shareholding structure of the company and its affiliated parties in accordance with the applicable regulations.

AEROSTAR also complies strictly with the requirements of Law 129/2019 in relation to beneficial owners. In relation to the materiality thresholds set out in the specific capital market legislation, no data is available on the cross board membership or shares held by suppliers and other stakeholders in AEROSTAR's shareholding structure. The performance evaluation of the members of the Board of Directors is carried out in accordance with the provisions of the Internal Regulations of the Board of Directors.

Following the assessment carried out, based on these statements, it was found that:

- no member of the Council is an independent member;
- no member is in conflict of interest with the position held on the Board of Directors;
- no measures or changes in the Board of Directors are required.

Corporate Governance Code Compliance Table 2023

Code provisions	Complies	Does not comply or partially complies	Reason for non-compliance
A.1	x		
A.2	x		
A.3	x		
A.4		x	Three out of five board members are non-executive. The Board of Directors does not have an independent member and is voted in this structure by the General Meeting of Shareholders.
A.5	x		
A.6	x		
A.7	x		
A.8	x		
A.9	x		During 2023 a total of 11 meetings were held of which: - 8 meetings were attended by all the members of the Board; - At 3 meetings 3 members were present and the other 2 were absent;
B.1	x		The company has set up an independent audit committee in accordance with Article 65 of Law no. 162/2017.
B.2	x		The members of the Audit Committee are independent persons elected by the OGMS. and have competence in accounting and statutory audit.
B.3	x		
B.4	x		
B.5	x		
B.6	x		
B.7	x		
B.8	x		
B.9	x		
B.10	x		
B.11	x		
B.12	x		
C.1	x		All OGMS decisions on remuneration of the members of the Board of Directors have been published. There is now a separate section in the BoD Rules.
D.1	x		
D.1.1	x		
D.1.2		x	The information in this section is available on request but is not published on the company's website.
D.1.3	x		
D.1.4	x		
D.1.5	x		
D.1.6	x		
D.1.7	x		
D.2	x		
D.3	x		
D.4	x		
D.5	x		
D.6	x		
D.7	x		
D.8	x		
D.9	x		
D.10	x		

Performance indicators

We continuously monitor the progress of the proposed commitments!

1.CLIMATE CHANGE MITIGATION	2023	2022
Reducing atmospheric greenhouse gas emissions	Down by 4%	Down by 21%
Reducing emissions of volatile organic compounds	Down by 32%	Down by 26,5%
Increasing the percentage of waste recovery	Down by 46%	Down by 51%
Reducing electricity consumption / producing electricity from renewable sources	Down by 24%	Down by 19%
Total amount of water discharged to sewerage	Up by 11,4%	Down by 14,5%

1.TOP EMPLOYER	2023	2022
Professional development training for employees (number of internal and external training hours/employee per year)	29 hours of training / employee/year.	34 hours of training / employee/year.
Ensuring employees' health and safety (number of accidents per 100,000 hours worked)	3	0
Diversity and Inclusion/Percentage of women in Aerostar	29,0%	29,2%
Percentage of women in the management structure	27,0%	25,7%

1.COMMUNITY INVOLVEMENT AND DEVELOPMENT	2023	2022
Developing partnerships to attract young people in internships and studies	17	17
Individual employment contracts concluded for an indefinite period	86,94%	91,38 %

Performance indicators in line with the strategic objectives presented on page 25.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

In Aerostar, risk, impact and opportunity management is a continuous process that is carried out to assess risks and address them, to identify new risks that have not previously occurred, to reassess persistent risks and to evaluate opportunities for growth and expansion.

Within the company resources are allocated as necessary for risk management, authorities and responsibilities are established for the relevant functions and levels. The overall framework for dealing with risks is based on an understanding of the needs and expectations of the stakeholders in achieving the organisation's forecasted results.

The contextual issues and their impact over time horizons - short, medium and long, as well as the company's priorities in relation to stakeholder requirements over the same time horizons, as well as the significant risks and opportunities related to the business model, lie at the heart of the company's 5-year Development Strategy. All of these are subject to ongoing risk management analysis and measures, as well as to a complex and in-depth analysis during the annual update of the Company's strategy.

The analysis of contextual issues involves an assessment of impacts by levels of relevance (extreme/medium/low), and a correlation with the analysis of the stakeholders' requirements, arranged by levels of priority (extreme/medium/low). From among the requirements relevant to stakeholders as well as to the local community, the company strategy considers the following ones with "extreme" priority level:

- local workforce prioritised - used;
- protected environment;
- business ethics and respect;
- job stability and retention.

The company's strategy is one of sustainable development and selective growth, with turnover as the main objective.

Failure to achieve the forecasted turnover could represent an impactful risk in case of materialisation, affecting all stakeholders, including the communities within the company's sphere of activity. If the forecasted turnover is not achieved, the risk of restricted activity or even failure to ensure the continuity of the business would become very likely and would result in impactful phenomena such as: loss of jobs, decrease in tax contribution, decrease in investment funds, decrease or absence of sponsorship funds.

To manage this major risk, the company continuously gathers feedback from the organisation, the environment and its stakeholders and adjusts its processes accordingly. The result is an annual update of the Strategy so that it always covers a 5-year horizon.

In order to manage the major risk of failure to achieve the forecasted turnover, the company constantly takes actions based on the generic cycle Plan - Do - Check - Update, covering both the general framework of the strategy and the current activities. The production activity dashboard is the tool through which the company's top management monitors the results against the approved budget and planned targets, detects and analyses in real time the risks of non-realisation of production and sales and can identify timely and effective remedial measures.

Other tools used are Management Reports. The management report analyses turnover, productivity and value-added rates, resource management, quality and environmental aspects, commitments made and related risks, resulting in measures to correct or improve organisational performance.

Improvement is planned, with recommendations and measures set out in specific action plans. Improvement actions are stepped up through appropriate information and communication and overall monitoring is exercised through the internal control system with the following components: management accounting and control, budgetary control, managerial control, internal audit.

Other significant risks are also identified which contribute to the adaptation of the strategy according to changes in the contextual aspects and the assessment of impacts, risks and new opportunities, such as: for example, the decline in profitability and image depreciation, which are detailed in the operational plan, among others, in the following risks:

- risk of environmental damage;
- risk of lack of resources, in particular lack of qualified human resources;
- risk of increased security, safety and mobility of the workforce.

In the hypothetical situation of materialisation of the risk of environmental damage through the company's activity, this would induce a negative entail a negative impact on the people living or working around the company's headquarters, factories and workplaces. In this regard, the company has adopted a robust policy in the field of quality and environment, and it has implemented and maintains an Environmental Management System, which complies with the requirements of the SREN ISO 14001 standard, being certified in accordance with this standard. Making sure that the environmental policy and objectives are consistent with the company's context and strategic direction is one of the specific actions leading to ensuring the effectiveness of the environmental management system and its improvement.

In order to manage the risk of environmental damage, we continuously strive to maintain the SREN ISO 14001 Environmental Management System certification implemented in the company. This is integrated with the Quality Management System, so from a management perspective we ensure that we have a positive impact on society, communities and the environment, our objectives in this regard being:

- to achieve products and services that provide complete safety for their users;
- to increase the environmental performance.

This system is continuously monitored by the certifying authority through surveillance audits, during which any non-conformities are identified and recommendations are made, which are closed with root-cause analyses, followed by corrective action and improvement plans, where appropriate. The company monitors the status of their achievement through the Quality-Environment Scoreboard, which is drawn up and reviewed weekly.

The risk identified in the company of not having a skilled human resource and the risk related to security, safety and increased mobility of the workforce, actually generate opportunities and a positive impact for the local and regional community, as it is expected that the workforce is primarily sought in these communities. At the same time, these risks also lead to varying degrees of dependence on communities, in particular the pupil community, the student community and the teaching community. The necessary human resource, estimated for a 5-year horizon, is an important component of the Strategy and an integral part of it.

In order to manage and take advantage of the opportunity to provide the community with secure and well-paid jobs, the company is constantly working to popularize its activities and values, to strengthen and promote its image as a top employer, to identify and implement specific HR marketing methods and means to create solid recruitment pools in the local community and in the immediate vicinity from which to select new employees.

At the same time, after hiring, the company carries out intensive training activities for both new and existing employees, which are actions to mitigate the company's risk of not having an adequately qualified human resource.

We systematically monitor HR issues through the HR Report, which is submitted monthly and reviewed by the company's top management. The training activity and the budget allocated are also subject to the Management Report, similar to profit centre management reports.

Looking ahead, the company's management aims to secure medium and long-term sustainability and to mitigate the uncertainty associated with its strategic objectives, and focuses on mitigating the consequences in terms of economic and financial imbalances.

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

WE ARE COMMITTED TO BUILDING A SUSTAINABLE FUTURE!

We fully comply with the national and international standards and regulations, applicable to the environmental, social and personnel aspects, human rights, fighting corruption and bribery, promoting diversity.

The current global context has not altered our commitment and has not impacted on the company's compliance with its responsibilities.

In our company, the Board of Directors determines the strategic direction and ensures its implementation and the Executive Operational Management closely coordinates the work of the departments responsible for economic, environmental and social issues accordingly.

In our company:

The responsibilities for quality and environmental aspects, as well as Risk Management, are assigned/delegated to the Quality and Environmental Manager.

The responsibilities for social aspects, personnel, occupational health and safety, anti-discrimination and promoting diversity are assigned/delegated to the Human Resources Director; as an area of interference, these responsibilities relate to:

The responsibilities for legal compliance, human rights, anti-corruption and anti-bribery issues are assigned/delegated to the Legal Office.

The responsibilities for sustainable resource use issues, reduction of natural resource consumption are assigned/delegated to the Director of Infrastructure and Utilities Division.

The responsibilities for compliance measures in relation to the avoidance of money laundering are assigned to the Director of Finance and Accounting.

The responsibilities related to corporate governance are assigned to the company's General Secretariat.

The regulatory framework established by AEROSTAR for compliance is based on:

* AEROSTAR's Management System, Quality and Environmental Management System and Occupational Health and Safety Management System respectively, certified in AEROSTAR according to the requirements of ISO 9001, ISO 14001, AS EN 9100, AQAP 2110 and ISO 45001:2018 standards respectively.

* The AEROSTAR customers' requirements

* The guidelines described in the international standard ISO 26000

* The regulatory framework provided by Romanian legislation

* The environmental legislation, the requirements of the Integrated Environmental Authorisation, the Water Management Authorisation and the Greenhouse Gas Emissions Authorisation.

The Annual Report for the period 1 January - 31 December 2023 is prepared in accordance with the framework set out in Law 24//2017, ASF Regulation No. 5/2018 on issuers of financial instruments and market operations- Annex 15, applicable reporting requirements and the Guidelines described in the European Commission Communication. The Annual Report is accompanied by the Statement on non-financial reporting issues, the "Apply or explain" statement of compliance with the Corporate Governance Code of the Bucharest Stock Exchange and the Individual Financial Statements of Aerostar.

SUMMARY OF FINANCIAL STATEMENTS 2023

Financial performance	UM	31.12.2023	31.12.2022
Total income	thousand lei	557.885	499.052
Total expenditure	thousand lei	460.929	399.381
Gross profit	thousand lei	96.956	99.671

Financial position	UM	31.12.2023	31.12.2022
Fixed assets (net values)	thousand lei	248.385	252.380
Current assets	thousand lei	498.060	461.382
Share capital	thousand lei	48.729	48.729
Equity	thousand lei	551.957	493.709
Total debts	thousand lei	91.914	90.259

COMPLIANCE WITH NON-FINANCIAL REPORTING REQUIREMENTS

Section in the Annual Report	Non-financial reporting requirements	Pag
General requirements	Business model	24
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Risk and opportunity management	Risk and opportunity management	50-52

Identification data and field of activity

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

The activities are carried out at the company's head office, located at 9, Condorilor Street, Bacău, postal code 600302.

Since January 2018, AEROSTAR has registered a secondary office and workplace in the perimeter of the International Airport Iasi;

In 2023 a new workplace and secondary office was opened in the municipality of Fetești;

The company's unique European identification code (EUID) is ROONRC.J04/1137/1991, and the LEI code identifying it as a legal entity is 315700G9KRN3B7XDBB73;



The company's core business is manufacturing. The company's core activity is 'Manufacture of aircraft and spacecraft' - CAEN code 3030;

Telephone/fax number:

004-0234 575070/
004-0234 572023;

Subscribed and paid-up share capital: 48.728.784 RON;

Web/e-mail:

 www.aerostar.ro
 aerostar@aerostar.ro

Applicable accounting standards: The company financial statements are prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) adopted by the European Union, the Accounting Law no. 82/1991, republished, as amended and supplemented, and are presented in accordance with the requirements of IAS1, Order 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

The bases of preparation and presentation of the financial statements are presented in Note 3;

Reporting period:

1 Ianuarie
31 Decembrie 2023

The individual financial statements prepared for the Year 2023 are accompanied by the independent financial auditor's report;

AEROSTAR S.A. is listed on the **Bucharest Stock Exchange under the code ARS**, and the record of shares and shareholders is kept, in accordance with the law, by S.C. Depozitarul Central S.A. București.

AEROSTAR S.A. BACĂU

INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2023

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

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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
Revenue related to stocks of finished products and production in progress	19	22.386	3.334
Income from the production of assets	19	877	451
Income from operating subsidies	19	611	169
Total operating income		533.062	473.783
Operating costs			
Material expenses	20	(219.820)	(172.076)
Expenses on employee benefits	20	(172.440)	(147.930)
Depreciation expenses of assets	5;6;20	(25.946)	(24.105)
Net income (expenses) from adjustments on current assets	20	(14.760)	(11.678)
Net income (expenses) from adjustments to provisions	20	27.240	2.054
Expenditure on external benefits	20	(40.454)	(29.829)
Other 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
Current and deferred income tax	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
and Financial Director,

Doru Damaschin

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL 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

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

COMPANY STATEMENT OF CASH FLOWS (DIRECT METHOD)
FOR 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

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	Results 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;

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;

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023

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

NOTE 1 - DESCRIPTION OF THE COMPANY

AEROSTAR was established in 1953 and operates in accordance with the Romanian law. AEROSTAR S.A. performs its activity at its registered head office located in Bacau, 9, Condorilor Street, code 600302. In accordance with the Resolution no. 2/14.12.2017 of the Board of Directors, 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.

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.

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.

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.

✓ 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.

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 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.

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:

- o it is expected to be settled in the normal course of the Company's operating cycle, or
- o o 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.

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.

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

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.

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 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.

NOTA 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 lei
1 USD (American Dollar)	4,4958 lei	4,5743 lei	4,6346 lei	4,6885 lei
1 GBP (British pound)	5,7225 lei	5,6869 lei	5,5878 lei	5,7867 lei

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

Considering that 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

YEAR 2022	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.

NOTE 5 - INTANGIBLE ASSETS: reporting period 31 December 2023

	Values as on 31 Decembrie 2023			Values as on 01 Ianuarie 2023		
	Gross amount	Cumulative depreciation	Net value	Gross value	Cumulative 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

Valoarea contabilă netă

	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

COMPARATIVE FIGURES - INTANGIBLE ASSETS: reporting period 31 December 2022

	Values on 31 December 2022			Values on 1 January 2022		
	Gross amount	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Licences	6.872	(6.034)	838	6.217	(5.606)	611
Other intangible assets (software)	497	(476)	21	417	(340)	77
Total	7.369	(6.510)	859	6.634	(5.946)	688

Net 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	668	817	(646)	859

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:

1.643 thousand lei

- development of production management IT system - version 3 697 thousand lei
- purchase of software licences 946 mii 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.

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

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
	359.095	(186.405)	172.690	334.180	(163.871)	170.309
Total						

	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
	170.309	38.118	(12.318)	(23.419)	172.690
Total					

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.

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</u> MBR-Market to book ratio	<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:

• commissioning of technical equipment, hardware equipment, measuring and control equipment	<u>51.446 k lei</u> 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:

• transfer of property, plant and equipment as a result of the commissioning thereof	<u>32.867 k lei</u> 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

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.

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:

Name of the issuer Registered office	CAEN code	No. of shares	Symbol	Value price / share at 31.12.2022 (k lei)	Portfolio value at market price (k lei)
Evergent Investments S.A. 94C Pictor Aman, Bacău	- main activity according to CAEN code 6499	45.412.207	EVER	1,2700	57.674

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.

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.

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, <i>of which</i> :	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.

NOTE 10 - INVENTORIES

	31 December 2023	31 December 2022
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)	228.341	182.517

AJUSTĂRI PENTRU DEPRECIEREA STOCURILOR

	31 December 2023	Increases/ Setups	Decreases/ Reruns	31 December 2022
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.

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.

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..

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:

- o 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;
- o An increase by 27.924 thousand lei on account of the distribution of the profit made in 2023 for reserves from fiscal facilities;
- o A decrease by 3.839 thousand lei due to the revaluation at fair value of the equity instruments through other comprehensive income;
- o 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;
- o 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:

- o 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;
- o An increase by 222 thousand lei on account of the deferred income tax recognised on equity;
- o An increase by 801 thousand lei representing the net gain from the sale of equity instruments recognised through other comprehensive income;
- o 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:

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

NOTE 13 – PROVISIONS

	31 December 2022	Increases/ Set-up/ Reclassification of provisions	Reductions/ Reruns/ Reclassifications of provisions	Differences from reevaluation	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%.

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.

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. 51M/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.

NOTE 15 – COMMERCIAL DEBTS

	31 December 2023	31 December 2022
Prepaid amounts collected on customers' account, <i>of which</i> :	12.540	10.991
Lending customers from Romania	19	47
Lending customers from outside Romania	12.521	10.944
Suppliers, <i>of which</i> :	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.

NOTE 16 – OTHER LIABILITIES

	31 December 2023	31 December 2022
Other current liabilities, <i>of which</i> :	11.878	13.297
· Liabilities related to manpower and similar accounts	3.656	3.668
· Liabilities related to social security budget and state budget,	5.215	6.827
<i>of which</i> :		
– 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
· Other liabilities, <i>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.

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

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.

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 31.12.2023	Adjustments for depreciation	Gross value 31.12.2022	Adjustments for depreciation
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.

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

		Accounting	Contractual			
	Liabilities	value	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)

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.

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.

NOTE 20 – OPERATING EXPENSES

	31 December 2023	31 December 2022
Expenses on employee benefits, <i>of which</i> :	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	194.046	144.579
Energy, water and gas	12.924	14.663
Other material expenses, <i>of which</i> :	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, <i>of which</i> :	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
Total operating expenses:	453.271	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.

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

	31 December 2023	31 December 2022
Adjustments on provisions		
Increases/setups	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.

	31 December 2023	31 December 2022
Adjustments for impairment of current assets		
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.

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.

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.

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).

	31 December 2023	31 December 2022
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	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		Tax reductions, from which:	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		Tax reductions, of which:	6.161	+6.161
	-	· Related to investments made acc. to Art. 22 Fiscal Code	1.273	+1.273
		· Sponsorship	3.290	+3.290
		· 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.

NOTE 24 - RESULT PER SHARE

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

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

IN LEI	31.12.2023	31.12.2022
Profit attributable to ordinary shareholders	93.027.905	90.272.999
Number of ordinary shares	152.277.450	152.277.450
Profit per share	0,611	0,593

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.

NOTE 26 – TRANSACTIONS WITH AFFILIATED PARTIES

Acquisitions of goods and services	Year 2023	Year 2022
Airpro Consult SRL Bacău	9.799	7.087
Foar SRL Bacău	388	424
TOTAL	10.187	7.511

Sales of goods and services	Year 2023	Year 2022
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	2	7
TOTAL	2	7

Liabilities	Balance on 31.12. 2023	Balance on 31.12. 2022
Airpro Consult SRL Bacău	728	690
Foar SRL Bacău	24	34
TOTAL	752	724

Dividends received by Aerostar	Year 2023	Year 2022
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).

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;
- 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.

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 decembrie 2023	31 decembrie 2022
· Liabilities:		
o guarantees granted to partners as letters of bank guarantee and letters of credit	3.480	186
o guarantees received from partners – as letters of bank guarantee and letters of credit	45.350	84.353
· Goods, of which:		
o inventories of other material released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	45.970	42.240
o materials received in custody	2.237	2.239
o finished products received in custody	48	65
o materials – customers	75	157
o tangible and intangible assets – obtained or purchased as a result of co-financed activity	554	573
o materials received for processing/repairs	26.235	29.328
o supporting assets related to concession agreements- Hangar Iasi	2.490	2.477
o fixed assets proposed for disposal	315	446
· Other off-balance values, of which:		
o material guarantees established for the managers' liability for the management of assets	239	201
o 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
o debtors removed from accounts, monitored further on	159	127
o 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.

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.

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).

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.

NOTE 31 – PREPAID EXPENSES AND INCOME

	31 December 2023	31 December 2022
Prepaid expenses (short-term)	789	617
Prepaid income (short-term)	2.916	1876

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).

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

Valoarea contabilă netă

	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
Activ aferent dreptului de utilizare teren Hangar MRO Iași	1.753	12	21	(40)	1.746
Total	1.753	12	21	(40)	1.746

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	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.907	(154)	1.753	1.888	(115)	1.773
Total	1.907	(154)	1.753	1.888	(115)	1.773

Valoarea contabilă netă

	Net amount on 01 January 2022	Revaluations in year 2022	Update provision for cost of dismantling /removal/ restoration of underlying assets	Depreciation during the period	Net value at 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.

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



Auditeval Consulting s.r.l. **SIMTEX-OC**
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Nr. Înregistrare Registrul Comerțului J04/1836/2008 CUI: RO 24600940 Capital social: 200 lei
Intesa Sanpaolo România sucursala Bacău RO64 WBAN 0204 1V03 7508 R001
TREZORERIA BACĂU RO64 TREZ 0615 069X XX00 5679

INDEPENDENT AUDITOR'S REPORT
on the financial statements as at
December 31st, 2023
by
AEROSTAR SA

*Note: This is the English translation of the Romanian version of the auditor's report.
In case of any discrepancies, the Romanian version will prevail.*

INDEPENDENT AUDITOR'S REPORT

To,
Shareholders of AEROSTAR S.A. Bacău
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of AEROSTAR S.A. Bacău (the "Company"), with the registered office in Bacău, no. 9, Condorilor Street, identified at the Trade Register with J04/1137/1991 and identified by the unique tax registration code RO950531, which includes the statement of financial position as at December 31st, 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year ended on the same day and the notes to the financial statements, including a summary of significant accounting policies.

The individual financial statements as at December 31st, 2023, are identified as follows:

Net assets/Total Equity:	551.957 thousand RON,
Net profit for the year:	93.028 thousand RON.

In our opinion, the accompanying financial statements of the company AEROSTAR S.A. Bacău faithfully present, in all material respects, the financial position of the Company as at December 31st, 2023 as well as its financial performance and cash flows for the financial year ended on this date, in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EUs and with the accounting policies described in the notes to the financial statements.

Basis for our opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA"). EU Regulation no. 537 of the European Parliament and of the Council (hereinafter called "Regulation") and Law no. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent from the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit aspects

The key audit aspects are those aspects that, based on our professional judgment, were of the greatest importance for auditing the financial statements for the current period. These aspects have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on these key aspects.

Key audit aspects	Audit procedures performed to address the key audit matter:
1. Provisions	
<p>The provision recognition policy is presented in Note 3-Accounting and valuation principles/3.2 - "Applied accounting policies-accounting policies regarding provisions" and Note 13-"Provisions".</p> <p>As presented in Note 13 to the Financial Statements, the Company registered on December 31, 2023 provisions in the total amount of 102.574 thousand lei.</p> <p>The estimation of a provision involves significant professional judgments on the part of the Company Management regarding the likely results of the relevant events and the quantification of the related probable obligations.</p> <p>Due to the importance of the amounts reported in the Provisions statement and to the fact that, by their nature, provisions imply a significant degree of professional judgment, we consider that they represent a key aspect for the audit of the financial statements concluded on 31 December, 2023.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">- We analysed the current obligations of the Company on the basis of which the provisions were recognized;- We analysed the professional reasoning used by the Company Management in determining the probable results of the events and quantifying the potential obligations;- We identified the recognition criteria as they were detailed in the calculation made by the company during the audited period. <p>The recognition criteria in the financial statements are logical and prudent approaches of the company regarding the risks in the conditions of an economy affected by the post-pandemic and geopolitical crisis.</p> <ul style="list-style-type: none">- We obtained from the legal department of the company, where it was the case, a point of view regarding the settlement of the current litigations, as well as the best estimate of the consideration needed to settle the obligations arising from these litigations;- We analysed the maturity of the obligations that were the basis for the setting up the provisions and their short-term and long-term classification.

	We identified the exhaustiveness and accuracy of the provisions as a significant risk in terms of the audit, we reviewed the procedures performed and discussed the recognition criteria with the management of the company.
2. Production in progress	
Due to the specificity of the activity, there is a risk that the over- or under-valuation and reporting of the ongoing production will influence the result of the current exercise of the company activity and implicitly the continuity of its activity.	<ul style="list-style-type: none"> - We addressed the recognition in the audited period of the production cost and we checked the criteria used by the company for its evaluation and recognition in the financial statements (IAS-2), finding that they are adequate. - We checked these recognition criteria as they are detailed in the determination of the ongoing production by the company, we reviewed the applied procedures and we found that they cannot have significant misstatements. <p>The evaluation of the ongoing production was carried out at the production cost, which is lower than the net achievable value under normal conditions of the company activity.</p>

Other Information – Administrators' Report

6. The Administrators are responsible for compiling and presenting the Other Information. The Other Information includes the Administrators' Report, which also includes the non-financial statement, as well as the Remuneration Report, but does not include the financial statements and the auditor's report on it.

The Other Information includes the Administrators' Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this Other Information and, except for the case where it is explicitly mentioned in our report, we do not express any kind of assurance conclusion regarding them.

In connection with the audit of the financial statements for the financial year ended December 31, 2023, it is our responsibility to read such other information and, in doing so, to assess whether the Other Information is materially inconsistent with the financial statements, or with the knowledge that we have obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators' Report, which also includes the non-financial statement, we have read and reported whether it was drawn up, in all significant aspects, in accordance with OMFP 2844/2016, points 15-18, respectively 39-42, of the Accounting Regulations compliant with International Financial Reporting Standards.

Regarding the Administrators' Report, which also includes the non-financial statement, we have read and reported whether it was drawn up, in all significant aspects, in accordance with OMFP 2844/2016, points 15-18, respectively 39-42, of the Accounting Regulations compliant with International Financial Reporting Standards.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Administrators' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- b) The Administrators' Report, which also includes the non-financial statement, was drawn up, in all significant aspects, in accordance with the information required by OMFP 2844/2016, points 15-19, respectively 39-42, of the Regulations accounting compliant with International Financial Reporting Standards.
- c) The remuneration report has been prepared, in all significant aspects, in accordance with the provisions of Law no. 24/2017, articles no. 106-107.

Moreover, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2023, we are required to report whether we have identified material misstatements in the Administrators' Report. We have nothing to report on this matter.

Responsibilities of management and those responsible for the governance for the Financial Statements.

7. The Company's management is responsible for preparing the financial statements that provide a true and fair view in accordance with OMFP 2844/2016 and for such internal control as the management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity based on the going concern principle, for the presentation, if necessary, of the aspects related to the continuity of the activity and the adequacy of the use of the accounting principle of the continuity of the activity, only if the management does not intend to liquidate the Company or stop its operations, or has no other realistic alternative apart from them.

The company does not intend and there are currently no reasons to reduce or stop its activity. There are no commercial or other disputes affecting the continuity of the activity, and the financing resources, the working capital and the workforce necessary for the further development of an efficient activity are ensured.

9. Those responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities in an Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

11. As part of an ISA-compliant audit, we exercise professional judgment and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and circumvention of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We formulate a conclusion regarding the adequacy of management's use of accounting based on business continuity and we determine, based on the audit evidence obtained, whether there is significant uncertainty' about events or conditions that could raise significant doubts about the Company's ability, to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, we must change our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease operations on a going concern basis.

We evaluate the overall presentation, structure and content of the financial statements, including the presentation of information, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a faithful presentation.

12. We communicate to those responsible for governance, among other things, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

13. We also provide those charged with governance with a statement of our compliance with the ethical independence requirements and disclose to them all relationships and other matters that could reasonably be considered to affect our independence and, where appropriate, any related protective measures.

14. Among the issues we have communicated to those charged with governance, we identify those issues that were most important in the audit of the current financial statements and are therefore key audit issues. We describe these aspects in our audit report, unless the applicable legislation or regulation prevents the public disclosure of the matter in question or unless, in extremely rare circumstances, we believe that a matter should not be disclosed in our report because the benefits to the public interest are reasonably expected to be outweighed by the negative consequences of such disclosure.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission (Regulatory Technical Standard on the Single European Electronic Reporting Format or "ESEF")

15. In accordance with Law no. 162/2017 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and the amendment of some normative acts, we are asked to express an opinion regarding the conformity of the financial statements included in the annual report of the financial year ended on December 31, 2023, with the requirements Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards regarding the specification of a single electronic reporting format ("RTS requirements with regarding the ESEF").

We performed a reasonable assurance commitment on the compliance of the individual financial statements presented in XHTML format of AERO STAR SA (the Company) for the financial year ended on December 31, 2023, with the requirements of Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 for completion of Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards regarding the specification of a single electronic reporting format ("ESEF Regulation") as presented in the digital files.

These procedures refer to the testing of the format and the consistency of the electronic format of the individual financial statements (XHTML) with the audited individual financial statements and the expression of an opinion on the conformity of the electronic format of the Company's financial statements for the financial year ended on December 31, 2023 with the requirements of the ESEF Regulation.

Management's Responsibility

16. The Company's management is responsible for the preparation of financial statements in digital format that comply with RTS (Regulatory Technical Standards) requirements regarding ESEF. This responsibility includes the preparation of financial statements in the applicable XHTML format, including ensuring consistency between digital financial statements and signed financial statements and the design, implementation and maintenance of internal controls relevant to the application of RTS requirements with respect to ESEF.

This responsibility includes:

- design, implementation and maintenance of internal control relevant for the application of RTS (Regulatory Technical Standards);
- ensuring compliance between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

The persons in charge of governance have the responsibility of supervising the financial reporting process regarding the preparation of individual financial statements, including the application of the ESEF Regulation.

Auditor's Responsibilities

17. We have the responsibility to express a conclusion on the extent to which the financial statements included in the annual financial report are in accordance with with RTS requirements regarding ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS requirements regarding ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions provided in the ESEF, caused either by fraud or error. A reasonable assurance engagement includes:

- acquiring an understanding of the Digital Files preparation process in accordance with ESEF, including the relevant internal controls;
- the reconciliation of the Digital Files with the Company's audited financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments;
- evaluating whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

Opinion

18. In our opinion, the financial statements for the fiscal year ended on December 31, 2023 included in the annual financial report and presented in the Digital Files comply, in all significant aspects, with the requirements of RTS requirements with respect to ESEF.

In this section, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the Company's financial statements for the financial year ended December 31, 2023 is included in the Report on financial statements section above.

Other aspects

19. This independent report is addressed exclusively to the Company's shareholders, as a whole. Our audit was carried out in order to be able to report to the Company's shareholders those aspects that we must report in a financial audit report, and not for other purposes. To the extent permitted by law, we accept and assume responsibility only towards the Company and its shareholders, as a whole, for our audit, for this report or opinion.

Report on other legal and regulatory provisions

20. We were appointed auditors of the Company by the General Shareholders' Meeting of dated June 16, 2022 to audit the financial statements of AEROSTAR SA for the financial year ended on December 31, 2022. On May 17, 2023 our appointment was extended for a period of 3 years, for the years ending December 31, 2023, December 31, 2024 and December 31, 2025. The total uninterrupted duration of our commitment is 2 years covering the financial year ended on December 31, 2022 and December 31, 2023.

We confirm that:

- Our audit opinion on the individual financial statements expressed in this report is in accordance with the additional report presented to the Company's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity;
- We have not provided for the Company the prohibited non-audit services referred to in Article 5 (1) of EU Regulation No 537/2014.

in the name of AUDITEVAL CONSULTING SRL

Registered with the Public Supervisory Authority of the Statutory Audit Activity (ASPAAS) in the electronic Public Register of financial auditors and audit firms with number FA865

through

Audit partner: financial auditor Maricel Dascalu



Registered with the Public Supervisory Authority of the Statutory Audit Activity (ASPAAS) in the electronic Public Register of financial auditors and audit firms with number AF2229

Bacău. 12.03.2024



The undersigned GRIGORE FILIP, as President of the Board of Directors and General Director of AEROSTAR S.A. and DORU DAMASCHIN, as Vice-president of the Board of Directors and Financial Director of AEROSTAR S.A., hereby undertake the responsibility for the preparation of the individual financial statements as on 31.12.2023, and we confirm hereby that:

- a) The accounting-financial statement for 2023 that was prepared in accordance with the applicable accounting standards provides a fair image, compliant with the reality of the assets, obligations, financial position, of the profit and loss account of the company Aerostar S.A. Bacău;
- b) The report of the Board of Directors on the financial year 2023, prepared in accordance with the provisions of Regulation no. 5/2018 issued by the Financial Supervisory Authority – Annex no. 15 contains a correct review of the company's development and performance, as well as a description of the main risks and uncertainties specific to the activity of Aerostar S.A. Bacău.

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

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

DISTRIBUTION OF THE NET PROFIT REALISED IN 2023

Net profit for the period ended 31.12.2023	93.027.904,84 lei
-Distribution to legal reserves of profits reinvested in the business (fiscal facilities)	27.924.488,53 lei
-Distribution to retained earnings	33.125.151,81 lei
-Dividend distribution (gross dividend per share: 0,21 lei)	31.978.264,50 lei

Chairman of the Board of Directors and Chief Executive Officer
GRIGORE FILIP

Vice-chairman of the Board of Directors and Chief Financial Officer
DORU DAMASCHIN



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