

BOARD OF DIRECTORS

REPORT

1ST SEMESTER 2024



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The Board of Directors' Report was drawn up in accordance with the provisions of Law 24/2017 on the issuers of financial instruments and market operations and the Regulation of the Financial Supervisory Authority A.S.F. no. 5/2018 on the issuers of financial instruments and market operations, namely Annex 14, the applicable reporting requirements and the Guidelines described in the Communication of the European Commission.

FIRST SEMESTER REPORT 2024

The purpose of this report is to inform the investors about the changes in the company's position and performance that occurred during the reporting period January-June 2024, as well as about the foreseeable developments in the aviation and defence industry market and the company's development opportunities.

DESPRE AEROSTAR

AEROSTAR is a company with over 70 years of experience in the aviation and defence industry. Over the years we have established a global footprint, while focusing on fulfilling our mission and meeting our customers' requirements and expectations through continuous improvement actions at all levels.

AEROSTAR ACTS AS AN INDEPENDENT COMPANY IN THE GLOBAL MARKET FOR PRODUCTS AND SERVICES IN THE AEROSPACE AND DEFENSE INDUSTRY.

We are currently a national market leader and an integrated supplier in the global supply chains of the major aerospace companies.

AEROSTAR S.A. shareholders can find information about AEROSTAR S.A. and its main events on our website www.aerostar.ro.

BUSINESS LINES

Aerostar operates on three segments, materialized in business lines that reflect the organizational and management structure according to the services we provide:

Aerostar is a significant supplier of aerostructures, components, assemblies and hydraulic systems for global manufacturing programs. 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.

AEROSTAR is an important provider of maintenance services at industrial level (basic and complex maintenance works, structural modifications, avionics systems upgrades) for Airbus A320 family and Boeing B737 300-900 series commercial airplanes.

AEROSTAR is active in upgrading, integration and maintenance programs of military aviation and defence systems, being a first-tier supplier for the Romanian Ministry of National Defence and an authorized economic operator registered in the Unique Register of economic operators and production capacities and/or defence services for the national defence industry.

THE AEROSTAR STRATEGY

We are guided by the responsibility for sustainable development, we are consistent in applying the best practices in the field and in line with the practices of our business partners, we transparently provide information, explanations and data in these categories of financial and non-financial information.

Our sustainability objectives correlated with the business environment and global developments are embedded in the company's overall long-term strategy.

AEROSTAR's strategy involves increased commitment to all aspects of sustainability.

Through the proposed objectives and commitments, the company channels its efforts into achieving its main goal of increasing sustainability by linking 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 aspects, respect for human rights, fight against corruption and bribery are priorities for AEROSTAR, thus, in the annual and periodical reports, relevant data and performance indicators are communicated, in line with the best practices, the company's procedures and policies, following the guidelines of the legislation in force.

WE BELIEVE THAT BY ACTING RESPONSIBLY, WE WILL CONTRIBUTE TO LASTING ECONOMIC SUCCESS.

BY PURSUING SUSTAINABLE DEVELOPMENT, WE ARE MOVING TOWARDS A SAFER FUTURE.

BUSINESS MODEL

The production activities are carried out based on commercial contracts with the customers, who are integrators and/or end-users/beneficiaries in the aerospace and defence industry. Committed to a sustainable future, our management has adopted an ambitious strategy and an integrated business model based on the process-systems approach and RISK-based thinking.

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

The company's business model has not been modified in the conditions of instability caused by the international context, but the way of conducting the company's activities has been adapted to the specific nature of the flows of activities.

IMPORTANT EVENTS DURING THE REPORTING PERIOD

From January 1 to June 30 2024 the following main events took place:

18 January

Inauguration of the BLACK HAWK S-70 HELICOPTER MINTENANCE CENTER authorized by both the helicopter manufacturer - Sikorsky Company (part of Lockheed Martin Group) and the National Military Aviation Authority.

1 March

Appointment of Mr. Alexandru Filip as CEO following the retirement of Mr. Grigore Filip.

Appointment of Mr. Daniel Vîrnă as DIRECTOR OF THE LEGAL AND HUMAN RESOURCES DIRECTORATE.

20 March

On this date the annual negotiations between the Management of AEROSTAR S.A. and the Employees' Commission were finalized. Within the collective labour agreement for the year 2024-2025, the following benefit packages for employees were adopted:

- ☐ 14% increases in the salary package;
- ☐ Increase in the value of vacation vouchers;
- ☐ End of financial year, end of production year and performance bonuses;
- ☐ Partial reimbursement of inter-city transportation expenses incurred for employee travel;
- ☐ Annual leave between 23 and 28 working days depending on seniority.

The provisions of the Collective Labour Agreement have been applied starting with the salary rights for April 2024.

17 April

AEROSTAR S.A. celebrated 71 years of Continuous Activity!

20 April

The notice of meeting, agenda, draft resolutions, materials submitted for the approval of the OGM and the forms requested by AEROSTAR have been posted on the company's website www.aerostar.ro under the Investor Relations section.

At the Ordinary General Meeting, AEROSTAR's shareholders unanimously approved the following by valid votes cast

- ☐ the Financial Statements for the year 2023 and the discharge of management the Board of Directors and the Executive Management for the activity performed until December 31, 2023.
- ☐ setting a gross dividend per share for the year 2023 of 0,21 lei

- ☐ Allocation of the net result for the financial year 2023 (profit), i.e. the amount of 93.027.904,84 lei **as follows:**

allocated to the legal reserve from reinvested profits	27.924.488,53 lei
allocations to reserves	33.125.151,81 le
distribution as dividends	31.978.264,50 lei

The dividend payment date for the financial year 2023 is **May 30, 2024**.

EVENTS SUBSEQUENT TO THE REPORTING DATE

4 July

During the Ordinary General Meeting, AEROSTAR's shareholders unanimously approved by valid votes cast the following:

- ☐ Election of the Board of Directors of the Company, consisting of five (5) members, for a 4-year term of office, starting July 11, 2024 and until July 10, 2028, with the following structure:

1. Grigore FILIP;
2. Doru DAMASCHIN;
3. Alexandru FILIP;
4. Radu-Tudor TONCEA;
5. Liviu-Claudiu DOROS;

- ☐ Appointment of the members of the Audit Committee, in accordance with the requirements of Law 167/2017 on the statutory audit of the annual financial statements and consolidated annual financial statements, to serve from 11.07.2024 to 10.07.2028, as follows:

1. Daniel BOTEZ - PhD in Accounting, University Lecturer, Vasile Alecsandri University of Bacau;
2. Florin RADU-Doctor in Accounting, University Lecturer, George Bacovia University of Bacau.

SEMESTER I 2024 ON A RISING TREND
S1 2024 vs S1 2023

THE TURNOVER ACHIEVED IN THE FIRST SEMESTRE OF 2024 AMOUNTED TO **292.833** THOUSAND
LEI UP BY 19% COMPARED TO THE SAME PERIOD OF LAST YEAR.

1. The value of sales revenues increased in S1 2024 by 19% compared to S1 2023, the increase being influenced by a higher volume of orders in the civil airplane maintenance and aeronautical parts manufacturing line;
2. Turnover up by 19% compared to S1 2023;
3. Investments in S1/24 up by 76% compared to S1 /23;
4. Growing sales in the European, Asian and Romanian markets;
5. Profit before tax in S1/24 higher than S1 2023 by 6%;
6. Cash flow from the operating activity increased in S1 2024 by 27.69.% compared to S1 2023;
7. In the Aeronautical Products Manufacturing business line, sales increased in value by 5% compared to S1 2023 and decreased in percentage relative to turnover;
8. On the MRO Civil Aviation business line sales increased in value by 32% compared to S1 2023;
9. In the Defence Systems business line, sales increased in value by 31% compared to S1 2023.

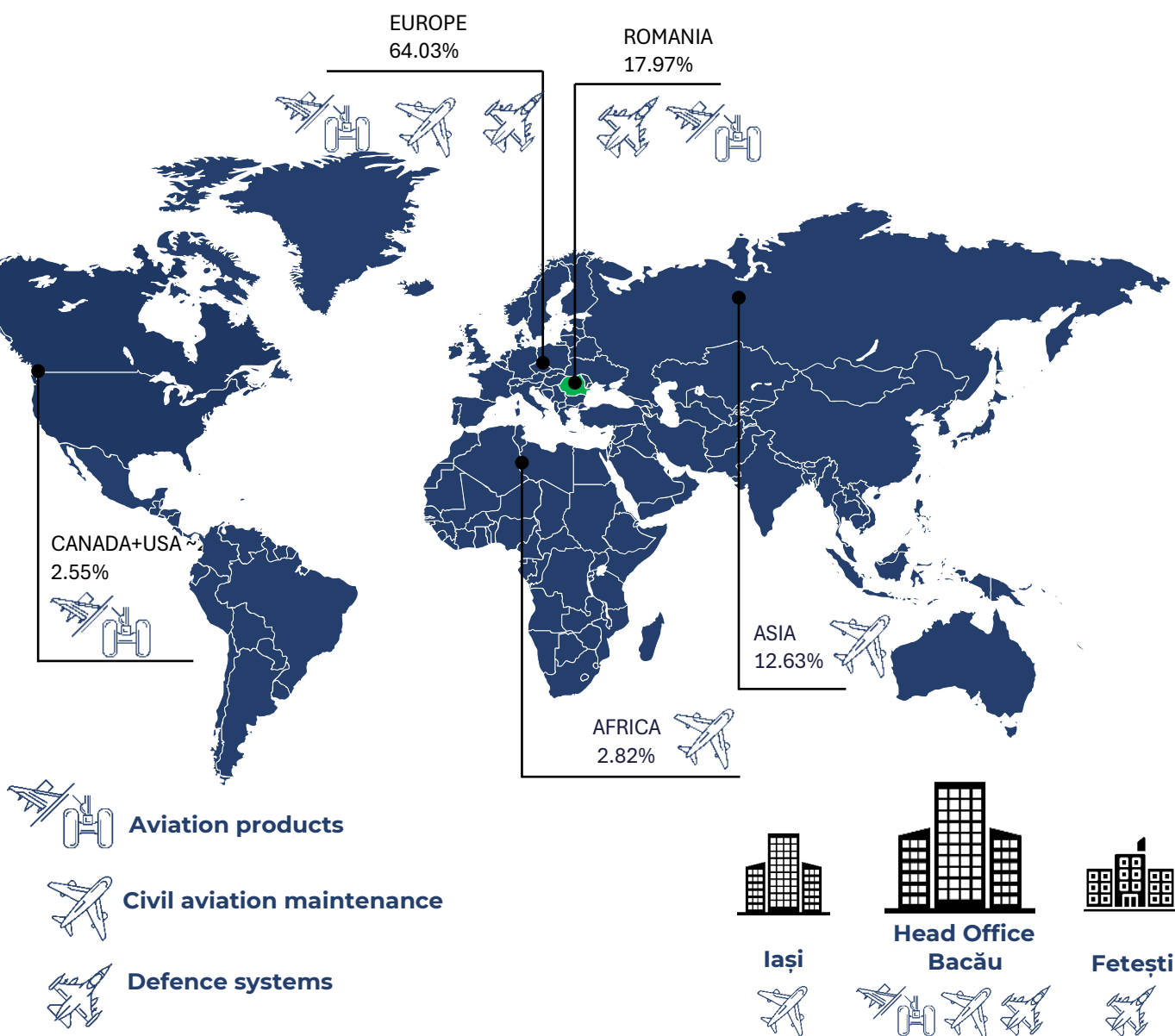
GENERAL ELEMENTS

The AEROSTAR customers are located in Europe, Asia, Africa, USA and Canada

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

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

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



S1 2024 vs S1 2023, IN RESILIENT RESULTS

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

Main Economic and Financial Indicators

KEY figures

	UM	30.06.2024	30.06.2023
Share capital	K lei	48.729	48.729
Turnover	K lei	292.833	245.426
Export sales	K lei	240.227	203.685
Share of exports in turnover	%	82%	83%
Actual headcount	no.	1.844	1.824
Net profit	K lei	47.357	46,825
Cash flow	K lei	237.170	235.625
Investment expenses	K lei	12.557	7.138

Economic-financial indicators	30.06.2024	30.06.2023
Current liquidity indicator	8,73	8,61
Leverage ratio indicator	0	0
Receivable turnover rate	48	50
Fixed assets turnover rate	1,28	1,08
General solvency ratio	12,64	12,80
Financial rate of return	0,08	0,09
Net profit rate	16,17%	19,08%
Net treasury	78.698 k lei	64.770 k lei

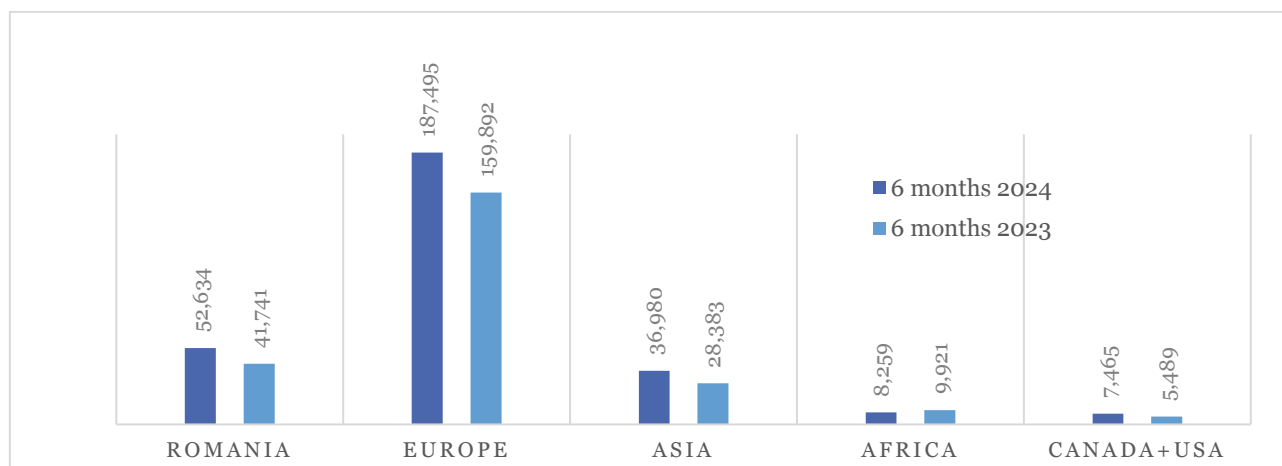
National currency exchange rates for 2024

Monetary indicators	UM	30.06.2024	30.06.2023
Average exchange rate EUR/6 months	lei/EUR	4,9743	4,9335
Average exchange rate USD/6 months	lei/USD	4,6008	4,5637
Average exchange rate GBP/6 months	lei/GBP	5,8218	5,6286
Inflation (vs. December previous year)	%	2,57	4,19
Inflation (vs. same month of previous year)	%	4,94	10,25

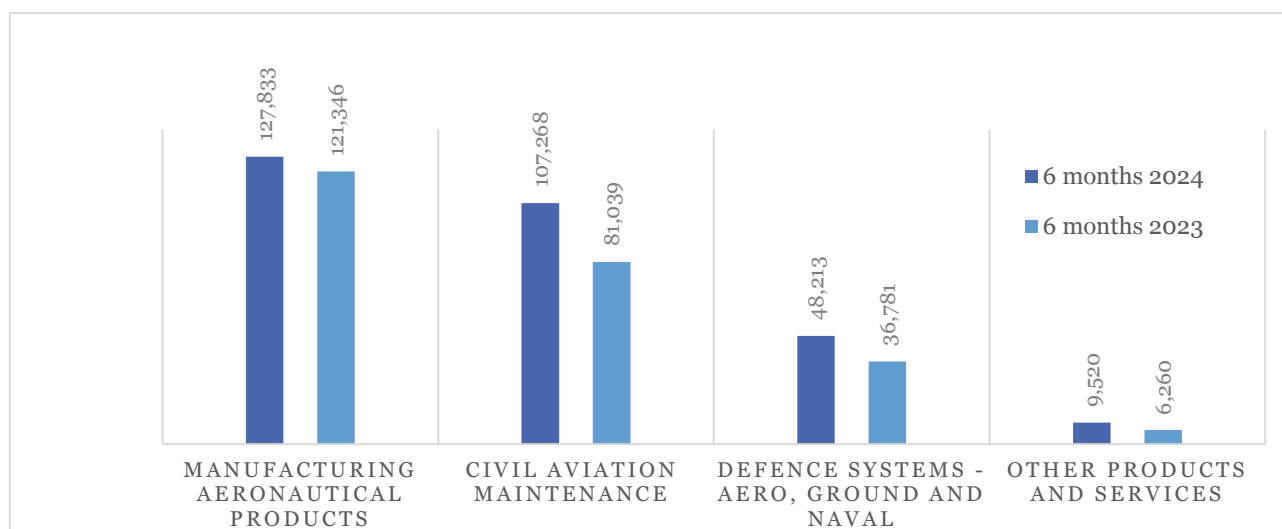
* Source: www.bnr.ro/cursurivalutare

COMPARATIVE EVOLUTION OF SALES

From the turnover of 292.833 thousand lei realized in the first semester of 2024, the company sold products and services worth 52.606 thousand lei on the domestic market and the equivalent of 240.227 thousand lei on the foreign market.



Comparative evolution of sales on the sales markets (K lei)



Comparative evolution of sales by business lines (K lei)

In the period from January 1 to June 30, 2024, the upward trend for civil aircraft maintenance continued as a result of the growing demand for the 2 types of aircraft for which Aerostar holds authorizations. In terms of the comparative evolution of sales on the markets, Aerostar recorded an upward trend in exports to Europe.

GOALS	STRENGTHS	OUR STRATEGY	CREATING SUSTAINABLE added value
Our goals for sustainability, correlated with the business environment and global developments, are embedded in the overall company strategy	A SUSTENABIL BUSINESS MODEL	AEROSTAR's strategy involves increasing its commitment to all aspects of sustainability	CUSTOMERS
Tier 1 Supplier nationwide maintenance, integration and modernization of defence systems.	SOLID CAPITAL BASE	Business development and increased sustainability in line with our mission and objectives.	EMPLOYEES
Top regional supplier for commercial aviation MRO services.	DIVERSIFIED BUSINESS PORTFOLIO	Sustain our market position and increase company performance	SUPPLIERS
Significant supplier in globalized production chains for structural and landing gear system parts and subassemblies.	MANUFACTURE OF AERONAUTICAL PRODUCTS	Meeting our customers' requirements and full safety for our employees	SHAREHOLDERS
	DEFENCE SYSTEMS	Promoting the brand as a top employer, developing it and increasing its notoriety and community involvement,	LOCAL COMMUNITY
	CIVIL AVIATION MRO	Environmental compliance	
	TRAINING OUR EMPLOYEES IN PROFESSIONAL DEVELOPMENT		

OUR EMPLOYEES

Human resources are an important factor in the company's performance, effectiveness, evolution and development.

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

We support the professional development of our employees by including them in relevant training programs.

Thanks to the human resources policies adopted, equal opportunities are guaranteed to all employees, without discrimination, in terms of professional career or any other work practice.

In the first semester of 2024, AEROSTAR had a total of 1.844 employees. 123 persons are employed through temporary employment agency, with 91,34% of individual employment contracts concluded for an indefinite period and an employee turnover rate of 5,64%.

	No. of employees	Share of women in Aerostar	Share of men in Aerostar	Share of women in the management structure	Employees under 30 years	Employees between 31 and 50 years	Employees over 51 years
S1 2024	1844	30%	70%	27%	20%	44%	36%
S1 2023	1824	30%	70%	25%	19%	44%	37%

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

AEROSTAR respects and guarantees equal and non-discriminatory treatment in relations with its employees, partners, collaborators, suppliers and customers. The principle of equal treatment of all employees is applied in the company's employment relations, and any direct or indirect discrimination against an employee, which is aimed at denying, restricting or removing the recognition of the use or exercise of the rights provided for by the labour legislation and the Collective Labour Agreement, based on gender, sexual orientation, age, race, ethnicity, religion, political option, social origin, disability, family situation or responsibility, trade union membership or activity, is prohibited.

The company maintains at all times transparent relations with its social dialog partner (the representative trade union), the Collective Labour Agreement concluded with it also ensures compliance with the human resources policies.

	Average degree of unionization	Employee turnover rate	Work-related fatalities
S12024	61%	5,64%.	0
S12023	61%	5,95%	0

AEROSTAR is committed to supporting employees, their professional development, recruitment and retention in the organization through the pursuits included in the development strategy and performance evaluation.

We have continued to invest in the training of our staff, by offering opportunities for development and career advancement, thus every employee has benefited from training programs designed to contribute to their professional development.

By 30.06.2024 various professional training courses have been organized for the AEROSTAR employees, prioritizing the coverage of training needs in the areas of interest for the production activities.

	Employees included in professional training programs	Number of training hours/employee	Pupils in traineeships	Students in various stages of traineeships
S1 2024	1022	10	476	24
S1 2023	1430	28	482	37

IN TERMS OF OUR EMPLOYEE BENEFITS, ON APRIL 1, 2024, A BENEFITS PACKAGE CAME INTO EFFECT WHICH INCLUDES, AMONG OTHER THINGS, A 14% INCREASE IN THE SALARY PACKAGE;

EXECUTIVE - OPERATIONAL MANAGEMENT

The executive management is provided by the Chief Executive Officer and the Financial Director. The management structure at executive-operational level is completed by the other division and directorate directors.

The Executive Management is composed of:	
Name	Position
Filip Alexandru	Chief Executive Officer (CEO)
Damaschin Doru	Financial-Accounting Director
Rogoz Vasile Laurențiu	Quality Director
Daniel Virna	Director of Legal and Human Resources Directorate
Cristea Andra	Logistics Division Director
Buhai Ovidiu	Defense Systems Division Director
Iosipescu Șerban	Aeronautical Products Division Director
Veleşcu Ioan - Dan	Civil Aviation MRO Division Director
Branche Cătălin Bogdan	Utilities and Infrastructure Division Director

BOARD OF DIRECTORS

The Board of Directors of AEROSTAR S.A. was elected for a period of four years at the General Meeting of Shareholders on July 9, 2020. The election was made by secret ballot, with the mandate valid until 10.07.2024.

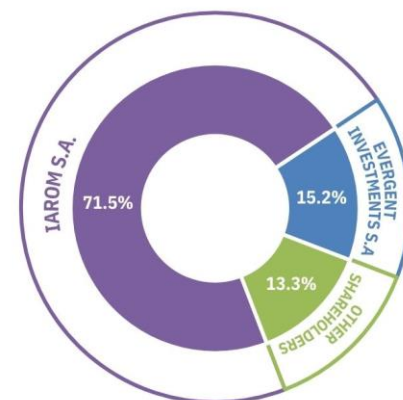
The Board of Directors is composed of	
Name	Position
Filip Grigore	President
Damaschin Doru	Vice-president
Toncea Mihail-Nicolae	Member
Doroș Liviu- Claudiu	Member
Vîrnă Daniel	Member

As of July 11, 2024, the Company's Board of Directors has the composition shown in the Events after the reporting date, page 6.

AEROSTAR SHAREHOLDERS

The significant shareholders of AEROSTAR S.A. are IAROM S.A. Bucharest and EVERGENT Investments S.A. Bacău. The synthetic structure of the company's shareholding on June 30, 2024 is as follows:

Shareholders	Number of shares
IAROM S.A.	108,866,403
Evergent Investments S.A	23,106,135
Other shareholders	20,304,912
Total	152,277,450



The shareholders can obtain information about AEROSTAR S.A. and its main events on the website www.aerostar.ro.

RELATION WITH THE SHAREHOLDERS AND THE CAPITAL MARKET

In **its relation with the shareholders**, Aerostar has sought to protect and secure the shareholders' rights, namely:

- ☐ to participate in General Meetings directly or by proxy - by providing them with special proxies, mail-in ballots, other useful information;
- ☐ to enjoy fair treatment regardless of shareholdings;
- ☐ to receive dividends in proportion to the holdings of each shareholder.

In relation to the capital market, Aerostar has met all the reporting obligations arising from the legal provisions by publishing the mandatory periodic and interim 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, the periodic and interim information was disseminated simultaneously in both Romanian and English.

The shareholders can obtain information about Aerostar and its main events on the website www.aerostar.ro.

Annual and semestrial reports corresponding to the last ten years and quarterly reports corresponding to the last five years, current reports and other information useful for the shareholders can also be downloaded.

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

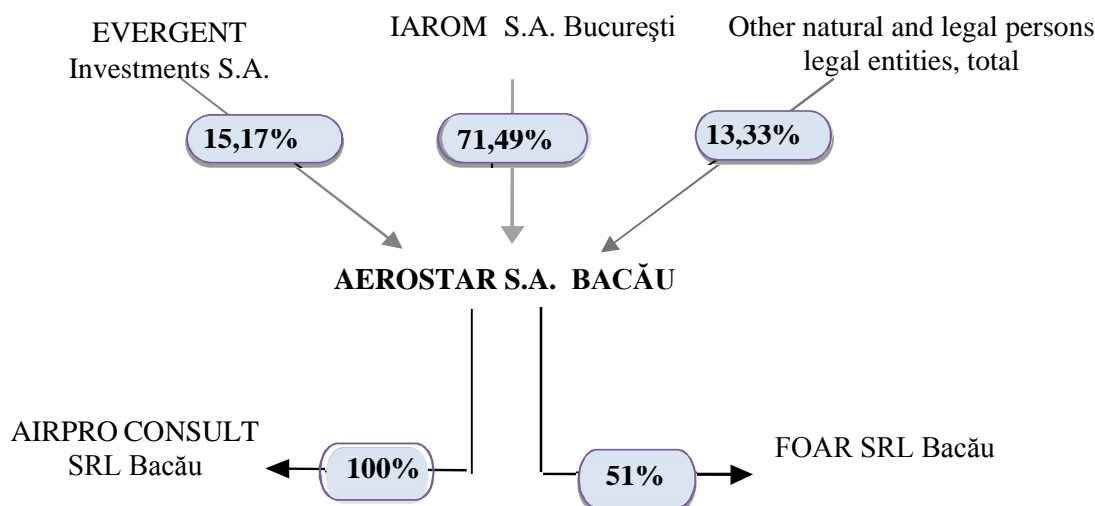
Aspects concerning the company's capital and administration

There were no changes affecting the capital and management of Aerostar S.A. The Company was not in default of its financial obligations during the period.

AEROSTAR's relation with the parent company, other shareholders and with companies where it has shareholdings

Aerostar is a subsidiary of the company 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 39. The consolidated financial statements for the financial year 2022 have been filed with ANAF under registration no. 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 December 31, 2023.



AEROSTAR SHARE

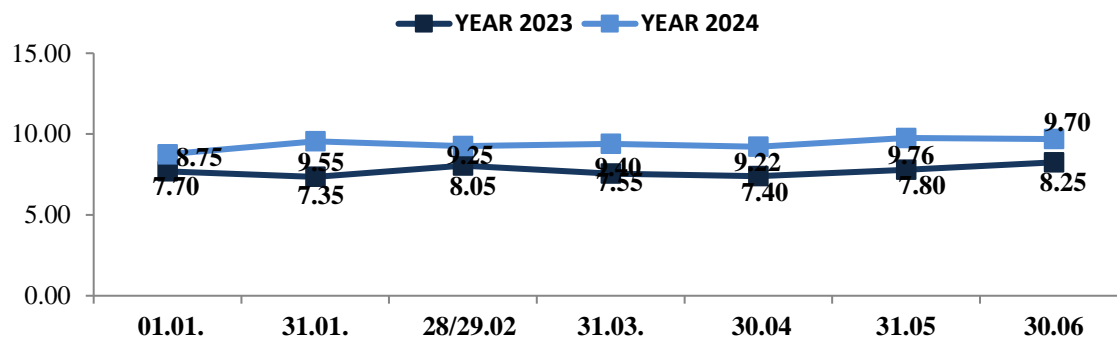
The shares of Aerostar S.A. Bacău have been traded since 1998 on the regulated market administered by the Bucharest Stock Exchange.

Aerostar shares in figures:	30.06.2024	30.06.2023	30.06.2022
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)*	9,70	8,25	7,80
Market capitalisation (lei)*	1.477.091.265	1.256.288.963	1.187.764.110
Maximum price (lei)*	9,90	8,30	9,50
Minimum price (lei)*	8,25	7,00	7,20
Earning per share (lei)	0,31	0,31	0,32

Source: Monthly Bulletin issued by the Bucharest Stock Exchange

Main characteristics of the securities issued: 152.277.450 fully paid registered ordinary shares of equal par value, issued in dematerialized form and evidenced by entry in the Register of Shareholders. It is managed by Depozitarul Central S.A. Bucharest. The issuer Aerostar S.A. Bacău is registered with the following data: Unique Registration Code 950531, ISIN code ROAEROACNOR5, stock symbol ARS, the issued shares are all in the Standard category.

Monthly evolution of the reference price of ARS shares in S1 2024 compared to the same period of 2023 (lei/share):



AFFILIATED PARTIES

AEROSTAR's shareholdings in these companies are recorded at cost.

Name of subsidiary/ branch	Main activity	No. of shares held by Aerostar	Voting rights	Value held by Aerostar (thousand lei)	Financial information for the last financial year (year 2023) for which the financial statements of the affiliated companies have been approved		
					Sales (k lei)	Equity (k lei)	Net profit (k lei)
Airpro Consult S.R.L. Bacău	cod CAEN 7820	100	100%	10	12.863	771	556
Foar S.R.L. Bacău	cod CAEN 7739	408	51%	4	327	550	119
TOTAL				14	13.190	1.321	675

Both companies in which AEROSTAR still holds stakes are registered in Romania.
The transactions with the affiliated parties are presented in the Financial Statements in Note 26.

TANGIBLE ASSETS

The production facilities and capabilities of Aerostar S.A. are located at the company's head office in Bacău, Romania, where the company's registered office is also located, at 9, Condorilor Street, postal code 600302, and at its secondary office without legal personality, at no. 25B, Aeroportului Street, Iasi.

The company owns land totalling 49,17 hectares with access to the E85 European road.

Aerostar has direct access to the runway of "George Enescu" airport in Bacău.

At the headquarters are built all types of facilities necessary for the proper running of the production activity, according to the object of activity.

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

All these premises are maintained in good condition. The built area of the buildings is approximately 14,54 hectares.

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

On June 30, 2024, Aerostar S.A. Bacău owns tangible assets for carrying out the activity in the gross amount of 383.735 thousand lei, materialized in land, buildings, special constructions, installations, technological equipment, means of transport:

Category of tangible assets	Gross value (k lei)	Degree of wear (%)	Estimated useful lifetime (years)
Land	31.171	N/A	N/A
Constructions	98.704	48,97%	30-50 years
Investment property	12.954	46,38%	25-50 years
Technical installations, of which:	237.071	70,38%	
• technological equipment	227.881	70,30%	4-25 years
• means of transport	9.190	72,33%	4-18 years
Other tangible assets	3.835	59,33%	2-18 years
TOTAL	383.735	58,23%	N/A

No risks to the ownership of tangible assets were identified in the first semester of 2024.

INVESTMENTS FOR SUSTAINABILITY

AEROSTAR's investment policies aim at ensuring sustainable development, as well as sustainable use of resources and reduction of the environmental footprint, supporting professional excellence, securing efficiency, optimizing activity flows. The company will continue to act firmly to ensure the sustainability of investments and keep production capabilities unaffected

By the end of the first semester of 2024, AEROSTAR has made and put into operation investments amounting to **12.557 thousand lei**. Investment expenses are represented as follows:

Category	%
Development expenses	83%
Replacement costs	17%
TOTAL	100%

Investments in the first semester of 2024	%
Equipment	84%
Constructions	6 %
Measuring/control/regulating equipment and installations	10%

These investments consisted in the purchase of equipment for the maintenance of civil aircraft, military aircraft and helicopters, the purchase of measuring and control equipment, the modernization of the utility distribution networks and exhaustion installations, the modernization of the chemical processing line as well as software licenses necessary for production and supporting activities.

QUALITY and ENVIRONMENT

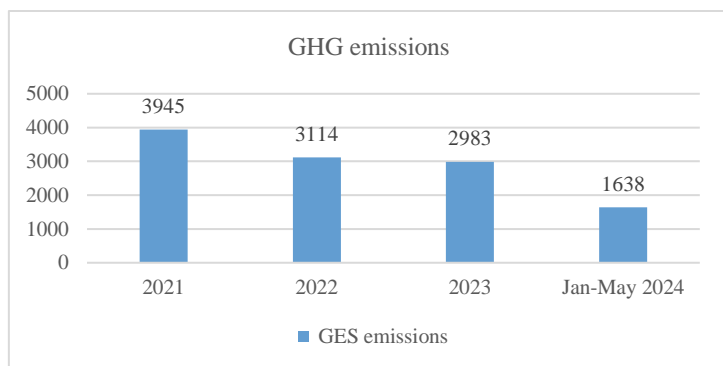
We responsibly and effectively manage, evaluate and monitor the activities with environmental impact!

Through the Environmental Management System, we have clearly defined the responsibilities and actions required to monitor and comply with the conditions authorized under REACH.

The Quality and Environmental Management System complies with all relevant regulations and standards and meets the most rigorous expectations. We therefore use an integrated quality and environmental management system to ensure that quality and environmental aspects are compliant, continuously improved and standardized.

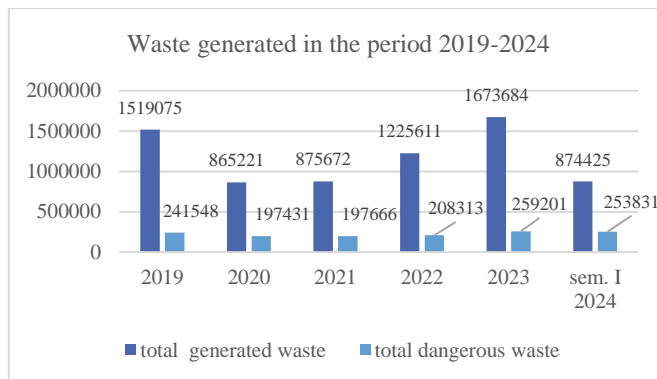
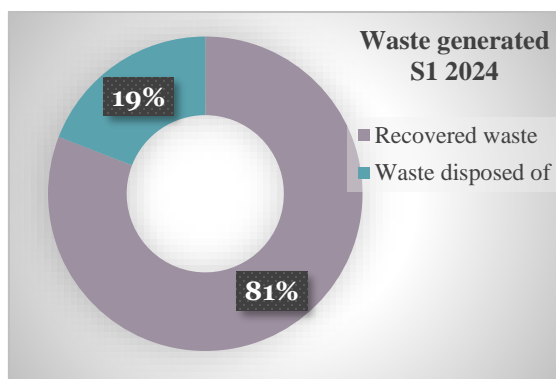
We periodically analyse the environmental impacts related to: air emissions, noise generation, land discharges, waste generation, and evaluate the environmental aspects by determining significant issues. All hazardous chemical substances and preparations used in AEROSTAR are managed according to the applicable regulations in force.

The activities with environmental impact are kept under control through internal inspections (internal assessments of compliance with the applicable legal and regulatory environmental requirements) respectively by analysing the results of monitoring and measurements carried out in accordance with the provisions of environmental permits, as well as by the implementation of the Environmental Monitoring and Guidance Program.



Following the verification audit on greenhouse gas emissions management, no non-conformities were documented and the emissions for 2023 were validated.

All waste generated from activities carried out within the company is selectively stored in appropriate containers and subsequently handed over to authorized operators for collection, recovery, disposal. In the first semester of 2024 the amount of recoverable waste represented approximately 81% of the total amount of waste generated.



In the first semester of 2024, the recertification audit of the environmental management system according to ISO 14001:2015 was carried out by the DQS team. The audit was closed with no non-conformities.

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

We are also authorised as a Part 145 Maintenance Organisation, Part 21G Production and Design Organisation and Part 21J, respectively. 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.

RISKS AND UNCERTAINTIES

Within the company, the necessary resources are allocated for risk management, while various authorities and responsibilities are established for the relevant functions and levels. The general framework for dealing with risks relies on understanding the needs and expectations of the parties interested in achieving the organisation's expected results.

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

Aerostar's current and planned activity, as well as the markets in which it operates, lead to the analysis of the risks of the price of purchased materials, currency risk, operational risk, which are dealt with in note 30.

The first semester of 2024 was characterized by instability in the international context, with difficulties persisting in the supply of raw materials and materials, concurrent with a general increase in demand. The risk profile in this period is uncertain.

The global economic and geopolitical crisis has not altered AEROSTAR's commitment to its established responsibilities. In terms of demand for the products and services provided by AEROSTAR, a selective growth was noticed.

The results for the first semester of 2024, were on an upward trend and reflect the company's solid performance, with an increase in sales, in the context of a complex geopolitical and economic environment. The financial performance up by 19% in turnover compared to the same period last year, reflects the company's resilience and stable business environment.

Climate impact

Climate change is one of the major global challenges we are facing. 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. AEROSTAR continuously assesses the environmental risks and opportunities identified in its operations. As for the reporting period, there is no significant impact on the Company's assets and liabilities.

Internal environment

The shortage of manpower in the aviation industry remains a real issue and challenge given the requirement for qualified and specialized personnel, the high level of experience and professional training required by the specificities of the activities in the field.

We are committed to strengthening our culture and the diversity of our workforce by recruiting, retaining and developing the professional development of our employees, as well as by developing partnerships to attract young people for internships and study.

FINANCIAL STATEMENT - SUMMARY - FIRST SEMESTER 2024

Financial performance	UM	30.06.2024	30.06.2023
Total revenue	K lei	330.260	282.045
Total expenses	K lei	275.876	230.809
Gross profit	K lei	54.384	51.236

Financial position	UM	30.06.2024	30.06.2023
Fixed assets (net values)	K lei	249.737	244.312
Current assets	K lei	512.829	466.290
Share capital	K lei	48.729	48.729
Company equity	K lei	571.316	504.637
Total liabilities	K lei	93.044	85.398

Reporting period - First semester, January 1 - June 30, 2024

Date when the company was founded: 17 April 1953

European Unique Identifier of the Company (EUID): ROONRC.J04/1137/1991,

LEI identification code as a legal entity: 315700G9KRN3B7XDBB73;

Subscribed and paid-up share capital: RON 48.728.784;

Unique Registration Code 950531, ISIN code ROAEROACNOR5,

The company's activities are carried out at its registered office, located at 9, Condorilor Street, Bacău, postal code 600302;

The company's main field of activity is production. The company's main object of activity is 'Manufacture of aircraft and spacecraft' - CAEN code 3030.

The individual financial statements prepared for the first semester of 2024 are accompanied by the external financial auditor's review report.

Applicable accounting standards:

The individual 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 they are presented in accordance with the requirements of IAS 1 (Note 3);

AEROSTAR S.A. is listed on the Bucharest Stock Exchange under the code ARS, all the shares issued are in the Standard category. The record of the company's shares and shareholders is kept in accordance with the law by S.C. Depozitarul Central S.A. Bucharest.

AEROSTAR S.A. BACĂU

COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024

REVISED

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AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF PROFIT OR LOSS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

	Notes	30 June 2024	30 June 2023
Operating income			
Income from sales	19	292.833	245.426
Other income	19	976	1.080
Income related to the inventories of finished goods and work in progress	19	22.024	19.879
Income from production of non-current assets	19	512	384
Income from operating subsidies	19	48	411
Total operating income		316.393	267.180
Operating expenses			
Material expenses	20	(131.245)	(114.439)
Expenses with employees' benefits	20	(96.618)	(83.531)
Expenses regarding amortization of non-current assets	5;6;20	(13.242)	(12.728)
Net income (expenses) from adjustments regarding current assets	20	(7.898)	(7.251)
Net income (expenses) from adjustments regarding provisions	20	4.368	9.228
Expenses regarding external services	20	(26.429)	(16.678)
Other expenses	20	(2.956)	(2.626)
Total operating expenses		(274.020)	(228.025)
Profit/loss from operating activity		42.373	39.155
Financial income	21	13.867	14.865
Financial expenses	22	(1.856)	(2.784)
Financial profit/loss		12.011	12.081
Profit before tax		54.384	51.236
Tax on current and deferred profit	17;23	(7.027)	(4.411)
Net profit of the period		47.357	46.825

**Chief Executive Officer,
Alexandru Filip**

**Financial Director,
Doru Damaschin**

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF OTHER ELEMENTS
OF THE COMPREHENSIVE INCOME FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

	30 June 2024	30 June 2023
Net profit of the period	47.357	46.825
Deferred income tax recognized on company equity	(1.756)	(1.644)
Revaluation at fair value of company equity instruments through other elements of comprehensive income	5.491	(6.869)
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income	246	26
Other elements of comprehensive income	3.981	(8.487)
Comprehensive income of the period	51.338	38.338

**Chief Executive Officer,
Alexandru Filip**

**Financial Director,
Doru Damaschin**

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF FINANCIAL POSITION
FOR 30 JUNE 2024

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

	Note	30 June 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	6	158.874	159.487
Intangible assets	5	2.090	1.808
Investment property	6	6.947	7.296
Rights to use assets under lease	32	1.722	1.746
Financial assets	7	59.198	57.732
Receivables regarding deferred profit tax	17	20.906	20.316
Total non-current assets		249.737	248.385
Current assets			
Inventories	10	186.966	161.042
Trade receivables and other receivables	8;9;18	87.054	90.175
Current corporate income tax receivables	23	-	262
Short-term expenses registered in advance	31	1.639	789
Cash and cash equivalents	11	237.170	245.792
Total current assets		512.829	498.060
Total assets		762.566	746.445
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	48.729	48.729
Current result	12	47.357	93.028
Result carried forward	12	52.098	51.577
Reserves	12	454.410	410.028
Deferred income tax recognized on equity	17	(25.326)	(23.481)
Distribution of profit for legal reserve	12	(5.952)	(27.924)
Total company equity	12	571.316	551.957
Long-term liabilities			
Liabilities regarding deferred income tax	17	26.903	25.191
Subsidies for long-term investments	14	1.137	1.550
Other long-term liabilities	16	1.469	1.490
Total long-term liabilities		29.509	28.231
Long-term provisions	13	49.020	55.511
Current liabilities			
Trade liabilities	15;18	38.612	48.059
Liability with current income tax	23	3.164	-
Pre-booked income	31	4.141	2.916
Subsidies for short-term investments	14	828	830
Other current liabilities	16	16.790	11.878
Total current liabilities		63.535	63.683
Short-term provisions	13	49.186	47.063
Total provisions		98.206	102.574
Total liabilities		93.044	91.914
Total company equity, liabilities and provisions		762.566	746.445

Chief Executive Officer,
Alexandru Filip

Financial Director,
Doru Damaschin

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CASH FLOWS
(DIRECT METHOD)
FOR 30 JUNE 2024

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

	Note	30.06.2024	30.06.2023
CASH FLOWS FROM OPERATIONS			
collected from customers		308.984	257.993
taxes and excises recovered from the State Budget		6.227	884
subsidies receipts from the State Budget		68	421
payments to suppliers		(194.955)	(155.279)
payments to employees		(56.287)	(49.872)
payments of taxes and dues to the State Budget		(38.208)	(35.285)
payments of corporate tax to the State Budget		(4.316)	(2.014)
NET CASH FROM OPERATIONS	27	21.513	16.848
CASH FLOWS FROM INVESTMENTS			
interest income from bank deposits		6.242	8.386
proceeds from sale of financial fixed assets	27	4.341	5.516
dividend receipts from other entities		3.498	3.645
dividend receipts from affiliated entities		456	153
payments for the purchase of financial fixed assets	7, 27	-	(8.461)
payments for the purchase of tangible and intangible assets		(15.287)	(10.521)
NET CASH FROM INVESTMENTS	27	(750)	(1.282)
CASH FLOWS FROM FINANCING ACTIVITIES			
gross dividends paid		(30.379)	(25.960)
NET CASH FROM FINANCING ACTIVITIES	27	(30.379)	(25.960)
Net increase/decrease of cash and cash equivalents		(9.616)	(10.394)
Cash and cash equivalents at the beginning of the period		245.792	246.173
Effect of the exchange rate variation on cash and cash equivalents	27	994	(154)
Cash and cash equivalents at the end of the period	11	237.170	235.625

Chief Executive Officer,
Alexandru Filip

Financial Director,
Doru Damaschin

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

	Share capital	Reserves	Reserves from revaluation of assets through other elements of comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
Comprehensive income							
A. Balance on 1 January 2024	48.729	407.359	2.669	(23.481)	51.577	65.104*	551.957
Profit of the period						47.357	47.357
Other elements of comprehensive income							
Setting up deferred income tax recognized on the account of equity				(1.845)	89		(1.756)
Distribution of the profit of the financial year 2023 to the destinations decided by the shareholders in OGMS of 18 April 2024 (Note 12)					65.104	(65.104)	-
Distribution of the profit made in the first semester of 2024 for reserves from fiscal facilities, in gross amounts		5.952				(5.952)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(186)		432		246
Revaluation at fair value of the company equity instruments through other elements of comprehensive income			5.491				5.491
Comprehensive income of the period	-	5.952	5.305	(1.845)	65.625	(23.699)	51.338
Reserves distributed from the profit of 2023		33.125			(33.125)		-
Dividends distributed for 2023					(31.979)		(31.979)
Transactions with shareholders recognised directly in equity	-	33.125	-	-	(65.104)	-	(31.979)
B. Balance on 30 June 2024	48.729	446.436	7.974	(25.326)	52.098	41.405**	571.316
C. Changes in equity (Note 12)	-	39.077	5.305	(1.845)	521	(23.699)	19.359

* The result of 93.028 k lei on 31.12.2023 is influenced by the distribution of the profit on other legal reserves from fiscal facilities in the amount of 27.924 k lei;

** The result of 47.357 k lei on 30.06.2024 is influenced by the distribution of the profit on other legal reserves from fiscal facilities in the amount of 5.952 k lei;

Chief Executive Officer,
Alexandru Filip

Financial Director,
Doru Damaschin

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR 30 JUNE 2023
(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 2023	48.729	324.149	7.235	(19.654)	50.938	82.312*	493.709
Profit of the period						46.825	46.825
Other elements of comprehensive income							
Setting up of deferred income tax recognized in equity				(1.750)	106		(1.644)
Distribution of the profit of the year 2022 on the destinations decided by the shareholders at the OGMS of 20 April 2023 (Note 12)					82.312	(82.312)	-
Allocation of the profit made in the first semester of 2023 for reserves from tax facilities in gross amounts		18.195				(18.195)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(658)		684		26
Fair value revaluation of equity instruments through other comprehensive income			(6.869)				(6.869)
Comprehensive income of the period	-	18.195	(7.527)	(1.750)	83.102	(53.682)	38.338
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 30 June 2023	48.729	397.246	(292)	(21.404)	51.728	28.630**	504.637
C. Changes in equity (Note 12)	-	73.097	(7.527)	(1.750)	790	(53.682)	10.928

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

** The result of 46.825 thousand lei on 30.06.2023 is influenced by the distribution of profit on other reserves from fiscal facilities in the amount of 18.195 thousand lei;

General Director,
Alexandru Filip

Financial Director,
Doru Damaschin

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(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, at no. 25B, Aeroportului Street was approved. At the same time, in accordance with the Decision of the Board of Directors no.1/02.06.2023, the opening of a secondary office without legal personality (working point) was approved, located in Fetești, at no. 2, Carpați Street, apartment 7.

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 2024, 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 2022 were submitted to A.N.A.F. under registration number 602356101-2023/31.08.2023. 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 presented in detail in the Board of Directors’ Report.

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

The company will continue to act firmly so as to ensure the sustainability of its investments and to maintain unaffected its production capabilities. At the same time, thanks to the experience gathered by our team, our company acts so as to find the most suitable solutions to the new economic challenges.

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

NOTE 2 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

2.1. Estimates

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

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

Such estimates, as well as the reasoning and assumptions behind them are reviewed on a regular basis and the result thereof is recognized in the time period when the estimate was revised. Any change in accounting estimates will be recognized prospectively by its inclusion in the result:

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

The company uses estimates in order to determine:

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

Presenting the information

To the extent possible, the company will present the nature and value of a change to an accounting estimate which has an effect in the current/subsequent period(s).

2.2. Errors

Errors may arise when recognizing, evaluating, presenting or describing the items of the financial statements.

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

- restating the comparative values for the prior period presented when the error occurred, or
- if the error occurred before the 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;

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

- the value of the adjustment for each previous period presented, insofar as possible:
 - for each item – line affected in the financial statement;
 - for the basic and diluted results per share.
- the amount of the correction at the beginning of the previous period presented;
- if retrospective reprocessing is impossible for a specific prior period, the circumstances that lead to the existence of such circumstance and a description of how and when such error was corrected.

2.3. Changes in the accounting policies

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

The company changes an accounting policy only if such change:

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

Applying changes in the Accounting Policies:

- The entity accounts for a change in the accounting policy that results from the initial implementation of an IFRS in accordance with the specific transitory provisions, if any, of that IFRS; and
- Upon the initial application of an IFRS that does not include specific transitory provisions.

Presenting the information

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

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

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

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

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

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES

3.1. Basis for the preparation and presentation of financial statements

The company financial statements of AEROSTAR SA are prepared in accordance with the provisions of:

- the International Financial Reporting Standards (IFRS) adopted by the European Union;
- Accounting Law no. 82/1991, republished, as subsequently amended and supplemented;
- O.M.F.P. no. 881/2012 on the application of International Financial Reporting Standards by the companies whose securities are admitted for trading on a regulated market;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as subsequently amended and supplemented;
- OM.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of inventories of items such as assets, debts and own capital;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanatory Notes on certain measures relating to the organisation and conduct of management accounting;
- O.M.F.P. no. 2.634/2015 regarding the financial accounting documents, including subsequent amendments and additions;
- Law no. 24/2017, as republished, regarding the issuers of financial instruments and market operations.

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

The accounting for foreign currency transactions is carried out both in national currency and in foreign currency.

The financial year is the calendar year.

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

The financial statements are prepared based on historical cost.

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

3.2. Applied Accounting Policies

AEROSTAR S.A. describes the accounting policies it applies in each of the notes to the individual financial statements and avoids repeating the text of the standard, unless it is considered relevant to understanding the content of the note. Compared to the situation presented at the end of the financial year 2023, there are no changes in the applied principles, methods, policies and accounting procedures.

AEROSTAR S.A. BACĂU
COMPANY STATEMENT OF PROFIT OR LOSS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCIES

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

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

On the date of submitting the statement of financial position, the financial assets and liabilities denominated in foreign currency are evaluated in the functional currency using the exchange rate, communicated by the Romanian National Bank, valid on 30.06.2024:

Currency	30.06.2024	AVERAGE EXCHANGE RATE SEMESTER 1 2024	31.12.2023	AVERAGE EXCHANGE RATE YEAR 2023
1 EUR	4,9771 lei	4,9743 lei	4,9746 lei	4,9465 lei
1 USD	4,6489 lei	4,6008 lei	4,4958 lei	4,5743 lei
1 GBP	5,8800 lei	5,8218 lei	5,7225 lei	5,6869 lei

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

Considering that 82% of the turnover registered in the reporting period is denominated in USD and EUR, while a significant part of the operating costs is denominated in LEI, the variations of the foreign exchange rates will affect both its net incomes and its financial position as expressed in the functional currency.

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

1st SEMESTER 2024	K EUR	K USD	K GBP
Collected from financial assets	19.059	34.284	-
Payments of financial liabilities	(7.393)	(21.124)	(543)
Foreign exchange net exposure	11.666	13.160	(543)

In the first semester of 2024, the depreciation of the LEU currency against the USD by 2,30% led to the recording of a financial profit from favourable exchange rate differences of 1.935 thousand lei.

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

NOTE 5 - INTANGIBLE ASSETS: reporting period, 30 June 2024

	Values on 30 June 2024			Values on 01 January 2024		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
Licences	8.419	(6.868)	1.551	7.754	(6.527)	1.227
Other intangible assets (software)	1.265	(726)	539	1.194	(613)	581
Total	9.684	(7.594)	2.090	8.948	(7.140)	1.808

Net accounting value

	Net value on 1 January 2024	Gross value entries	Depreciation during the period	Net value on 30 June 2024
Licenses	1.227	684	(360)	1.551
Other intangible assets	581	71	(113)	539
Total	1.808	755	(473)	2.090

AEROSTAR S.A. BACAU
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR 30 JUNE 2024
(unless specified otherwise, all amounts are stated in thousand lei)

COMPARATIVE FIGURES – INTANGIBLE ASSETS: reporting period, 30 June 2023

	Values on 30 June 2023			Values on 01 January 2023		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
Licences	6.923	(6.247)	676	6.872	(6.034)	838
Other intangible assets (software)	760	(526)	234	497	(476)	21
Total	7.683	(6.773)	910	7.369	(6.510)	859

Net accounting value

	Net value on 1 January 2023	Gross value entries	Depreciation during the period	Net value on 30 June 2023
Licenses	838	115	(277)	676
Other intangible assets	21	263	(50)	234
Total	859	378	(327)	910

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

- Licences
- Other intangible assets

The software programmes are registered as other intangible assets.

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

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

The intangible assets in the balance sheet account as on 30.06.2024 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 30 June 2024 and which are still in use is 6.090 thousand lei.

All the intangible assets recorded in the balance sheet as on 30 June 2024 are the property of AEROSTAR.

The entries of intangible assets were made by:

	<u>755 k lei</u>
• development of the IT production management system – version 3	71 k lei
• purchases of software licences	684 k lei

In the reporting period there were no entries of licences generated internally or acquired through business combinations.

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

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NOTE 6 – PROPERTY, PLANT AND EQUIPMENT: reporting period, 30 June 2024

	Values on 30 June 2024			Values on 01 January 2024		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Land	31.171	-	31.171	30.894	-	30.894
Constructions	98.704	(48.338)	50.366	98.349	(45.607)	52.742
Technological equipment and vehicles	237.071	(166.847)	70.224	231.120	(157.716)	73.404
Other equipment and office equipment	3.835	(2.275)	1.560	3.835	(2.115)	1.720
Investment property	12.954	(6.007)	6.947	12.749	(5.453)	7.296
Property, plant and equipment under construction	5.553	-	5.553	727	-	727
Total	389.288	(223.467)	165.821	377.674	(210.891)	166.783

	Net value on 1 January 2024	Inflows at gross value	Outflows at gross value	Depreciation during the period	Net value on 30 June 2024
Land	30.894	277	-	-	31.171
Constructions	52.742	560	(205)	(2.731)	50.366
Technological equipment and vehicles	73.404	6.138	(188)	(9.130)	70.224
Other equipment and office equipment	1.720	-	-	(160)	1.560
Investment property	7.296	205	-	(554)	6.947
Property, plant and equipment under construction	727	11.804	(6.978)	-	5.553
Total	166.783	18.984	(7.371)	(12.575)	165.821

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COMPARATIVE FIGURES - PROPERTY, PLANT AND EQUIPMENT: reporting period, 30 June 2023

	Values on 30 June 2023			Values on 01 January 2023		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
Land	30.530	-	30.530	29.534	-	29.534
Constructions	97.008	(42.517)	54.491	96.634	(39.428)	57.206
Technological equipment and vehicles	221.999	(148.834)	73.165	202.640	(140.423)	62.217
Other equipment and office equipment	3.840	(1.957)	1.883	3.833	(1.793)	2.040
Investment property	12.749	(5.104)	7.645	11.275	(4.761)	6.514
Property, plant and equipment under construction	978	-	978	15.179	-	15.179
Total	367.104	(198.412)	168.692	359.095	(186.405)	172.690

Net accounting value on 30.06.2023:

	Net value on 1 January 2023	Inflows at gross value	Outflows at gross value	Depreciation during the period	Net value on 30 June 2023
Land	29.534	996		0	30.530
Constructions	57.206	373	-	(3.088)	54.491
Technological equipment and vehicles	62.217	19.731	-	(8.783)	73.165
Other equipment and office equipment	2.040	8	-	(165)	1.883
Investment property	6.514	1.473	-	(342)	7.645
Property, plant and equipment under construction	15.179	6.760	(20.961)	-	978
Total	172.690	29.341	(20.961)	(12.378)	168.692

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Property, plant and equipment are evaluated at their acquisition or production costs minus cumulative depreciation and the impairment losses.

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

Depreciation expenses are recognized in the profit and loss account.

The following useful lifetimes are assumed:

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

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

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

The investment property contains a number of 13 real estate – buildings and related lands that are rented to third parties based on renting contracts.

The value of renting income in this category of fixed assets was 1.373 k lei.

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

These costs were reflected in the set-up of a provision, which is recorded in the profit and loss account throughout the lifetime of the property, plant and equipment, by inclusion in the depreciation expense. This expense is not tax deductible.

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

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

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

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

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Internal sources of information:

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

External source of information:

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

<u>MBR-Market to book ratio indicator</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
Stock exchange capitalization/ company equity	2,6	2,5

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

The property, plant and equipment in balance on 30.06.2024 are not depreciated and no significant depreciation indicators were identified.

The gross accounting value of the fully depreciated property, plant and equipment that are still in operation on 30 June 2024 is 99.882 thousand lei.

On 30.06.2024 no mortgages were set up on the real estate assets owned by Aerostar S.A.

Inflows of property, plant and equipment: **18.984 k lei**

- Commissioning of technical equipment, hardware equipment, measuring and control equipment 6.138 k lei
- Modernisation of construction works 560 k lei
- Land acquisition 277 k lei
- Property, plant and equipment in progress in the first semester of 2024 11.804 k lei
- Reclassification of the building with inventory number 10.710 in real estate investments as a result of renting 205 k lei

Outflows of property, plant and equipment: **7.371 k lei**

- Transfer of property, plant and equipment in progress following the commissioning thereof 6.978 k lei
- Derecognition of some tangible fixed assets as the company no longer expects future economic benefits from their use 188 k lei
- Reclassification of the building with inventory number 10.710 under investment property as a result of renting 205 k lei

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NOTE 7- FINANCIAL FIXED ASSETS

	Shares held in affiliated entities	Other immobilised security - shares	Other immobilised securities - contribution to share capital	Other immobilized receivables – supplier guarantees	Total
On 1 January 2024	14	57.674	2	42	57.732
Increases/ (Decreases)	-	1.466	-	-	1.466
On 30 June 2024	14	59.140	2	42	59.198

A) Investments in affiliated entities registered under cost:

Subsidiary name / Registered head office	CAEN code	No. of shares/ shares issued	Voting rights (%)	Value of shares held by Aerostar (k lei)	Financial information related to 2023				
					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	205	556	0,10	7,7
Foar SRL Bacău 9, Condorilor Street	- main activity according to CAEN code 7739	408	51%	4	8	424	119	0,01	1,4
TOTAL	x	x	x	14	x	x	x	x	x

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

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On 30.06.2024 the company recorded no changes, i.e. no increases/decreases as to the shareholding percentage, maintaining the same influence as in 2023 on the companies listed in the equity portfolio.

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

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

Issuer's Name Registered head office	CAEN code	No. of shares	Symbol	Value price/share on 30.06.2024 (lei)	Portfolio value at market price (k lei)
Evergent Investments S.A.	- main activity according to CAEN code 6499	42.242.130	EVER	1,4000	59.140
94C, Pictor Aman Street, Bacău					

The company holds 42.242.130 shares of the company Evergent Investments S.A., listed on the Bucharest Stock Exchange. Aerostar accounts for the holding of shares at fair value through other comprehensive income in accordance with IFRS 9 "Financial Instruments". The Company has used the irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains on their sale. The gain or loss on these equity instruments is recognised in other comprehensive income, except for dividend income.

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

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

The aim of the Association is to develop and implement efficient mechanisms of public-private dialogue in the field of education, to act as a space for dialogue and collaboration between the main actors involved in education, to increase the quality of educational processes and to link continuing education with the economic environment in order to place qualified human resources at its disposal for sustainable development. The value of AEROSTAR's contribution to the assets of the "Cluster on Education for Sustainable Development C-EDD" is 2.500 lei.

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NOTE 8 - TRADE RECEIVABLES

	30 June 2024	31 December 2023
TRADE RECEIVABLES OF WHICH:		
Customers:	70.057	76.785
Customers from Romania	13.095	6.694
Customers from outside Romania	56.962	70.091
Uncertain customers	1.545	445
Adjustments for impairment of receivables - customers	(772)	(267)
Suppliers – debtors	7.959	7.926
TOTAL TRADE RECEIVABLES	78.789	84.889

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

- in percentage of 50% of the value of the receivables not collected on time if the due date between 30 days and 180 days. On 30 June 2024, the company recorded impairment adjustments of this nature amounting to 772 thousand lei;
- in percentage of 100% of the value of the receivables not collected on time, if the delay exceeds 180 days. On 30 June 2024, the company did not record any such impairment adjustments.

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

Debtors-suppliers have the following discount limit:

- In the year 2024: 6.263 k lei
- In the year 2025: 1.696 k lei

The receivables expressed in foreign currency were evaluated at the market exchange rate communicated by the National Bank of Romania for the closure of June 2024.

The favourable and unfavourable exchange rates differences between the exchange market rate at which foreign currency receivables are recorded and the market exchange rate communicated by the National Bank of Romania available for the closure of June 2024 were recorded in the corresponding income or expense accounts.

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NOTE 9 - OTHER RECEIVABLES

	30 June 2024	31 December 2023
Receivables related to staff and similar accounts	150	88
Receivables related to the social security budget and the state budget, of which:	6.897	3.484
– VAT to be recovered	4.023	1.206
– VAT non-chargeable	160	163
– Amounts to be recovered from the Health Insurance Fund (sick leave allowances)	2.646	1.993
– Amounts of subsidy nature	49	69
– Other receivables related to the local budget	5	39
– Other receivables related to the social security and state budget	14	14
Interest receivable on bank deposits	1.032	1.487
Various debtors	695	745
Impairment adjustments for receivables - various debtors	(509)	(518)
TOTAL OTHER RECEIVABLES	8.265	5.286

Note:

- Other receivables related to the social security budget, state and local budget are amounts resulting from the submission of the rectifying declarations.

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	30 June 2024	31 December 2023
NOTE 10 – INVENTORIES		
of which:		
Raw material	65.742	72.098
Consumables	91.699	71.738
Other materials	29	68
Semi-finished	8	32
Packaging	32	45
Finished products	42.447	27.768
Products and services in progress	61.709	56.592
Gross value of inventories (unadjusted)	261.666	228.341

ADJUSTMENTS FOR DEPRECIATION OF INVENTORIES

	30 June 2024	Increases/ Setups/	Decreases/ Reruns/	31 December 2023
Total adjustments	74.700	10.722	3.321	67.299
Adjustments for impairment of raw material	39.150	4.074	479	35.555
Adjustments for impairment of consumables	30.894	5.185	1.752	27.461
Adjustments for impairment of semi-finished parts	8	-	24	32
Adjustments for impairment of finished products	2.397	590	355	2.162
Adjustments for impairment of production in progress	2.251	873	711	2.089

The inventories are assessed at the lowest value between the cost and the net achievable value. The net achievable value is the estimated sale price for inventories less all estimated costs for completion and the estimated costs necessary to carry out the sale.

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

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

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

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

- for raw material, consumables, semi-finished parts and spare parts, distinct periods are established for each profit centre;
- for stocks of finished goods and work in progress, depreciation adjustments are set up for each period as follows:
 - a) at 100% of their value, for inventories of this nature not based on contracts with customers;

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b) in variable percentages, agreed with the profit centres concerned, for stocks of finished products not delivered within the contractual terms.

The amount of material expenses recognized as an expense during the period is 131.245 thousand lei, which consists of:

- 122.826 thousand lei representing the value of expenditure relating to stocks of materials;
- 7.570 thousand lei representing the value of expenses related to the consumption of water, gas and electricity;
- 849 thousand lei representing the value of expenditure on non-stored materials.

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

Aerostar S.A. has no pledged stocks.

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NOTE 11 - CASH AND CASH EQUIVALENTS

Cash includes:

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

Cash equivalents include:

- term deposits held with banks;
- cheques deposited at the bank for cashing

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

	30.06.2024	31.12.2023	30.06.2023
Cash in the cashier desk	45	36	56
Sight deposits held with banks	53.945	34.053	29.686
Term deposits held with banks	182.980	211.703	205.883
Cheques deposited at the bank for cashing	200	-	-
Cash and cash equivalents	237.170	245.792	235.625

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

The amount of the bank overdraft facility available for future operating activity is USD 2.500 million (equivalent to 11.622 thousand LEI).

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

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NOTE 12 - COMPANY EQUITY

The company equity on 30 June 2024 is 571.316 thousand lei. The net increase of the company equity in 2024 compared to the end of 2023 was 19.359 thousand lei.

Main elements of the company equity in the period January – June 2024 compared to the end of the year 2023:

- **The share capital remained unchanged:**

On 30 June 2024, the share capital of AEROSTAR SA is 48.728.784 lei, divided into 152.277.450 shares having each a nominal value of 0,32 lei.

- **The reserves increased by 44.382 thousand lei**

- an increase of 33.125 thousand lei as a result of the distribution of 2023 profits to the destinations decided by the shareholders at the AGM of 18 April 2024;
- an increase of 5.952 thousand lei due to the distribution of the profit for 2023 for reserves from tax incentives.
- a decrease of 5.491 thousand lei due to the revaluation at fair value of equity instruments through other comprehensive income items;
- a decrease of 186 thousand lei resulting from the transfer to retained earnings of revaluation differences at fair value of equity instruments recognized through other comprehensive income, following the sale.

- **Other capital items decreased by 1.845 thousand LEI** due to deferred income tax recognized in equity.

- **Retained earnings increased by 521 thousand lei as follows:**

- an increase of 89 thousand lei on account of deferred income tax recognised on equity;
- an increase of 432 thousand lei representing the net gain from the sale of equity instruments recognized through other comprehensive income items.

- The balance of the retained earnings account on 30 June 2024 is 52.098 thousand LEI, consisting of:

- retained earnings arising from the use, at the date of transition to IFRS, of fair value as deemed cost = 26.567 thousand lei;
- retained earnings representing the realized gain from revaluation reserves, capitalised to match the depreciation of tangible fixed assets = 24.298 thousand lei;
- net realized gain on sale of equity instruments recognized through other comprehensive income = 1.233 thousand lei.

- **The result of the period was a profit in the amount of 47.357 thousand lei.**

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NOTE 13 - PROVISIONS

	31 December 2023	Increases/ Set-ups/ Reclassification of provisions	Reductions/ Reruns/ Reclassification of provisions	Differences from revaluation	30 June 2024
Total provisions	102.574	18.030	23.030	632	98.206
Provisions for bonds granted to customers	47.368	18.030	15.049	619	50.968
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Provisions for the employees' benefits	8.252	-	7.484	-	768
Provisions for litigations	224	-	224	-	-
Other provisions	30.283	-	273	13	30.023
Long-term provisions	55.511	4.033	10.535	11	49.020
Provisions for bonds granted to customers	13.790	4.033	10.262	-	7.561
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Other provisions	25.274	-	273	11	25.012
Short-term provisions	47.063	13.997	12.495	621	49.186
Provisions for bonds granted to customers	33.578	13.997	4.787	619	43.407
Provisions for employees' benefits	8.252	-	7.484	-	768
Provisions for litigations	224	-	224	-	-
Other provisions	5.009	-	-	2	5.011

Provisions set up for guarantees granted to customers

Provisions for warranties granted to customers are set up to cover the risks of non-conformities 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 the property, plant and equipment

Provisions for the decommissioning of property, plant and equipment, mainly buildings, are set up to cover the costs of dismantling, removal of items and restoration of 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 benefits granted to employees

The provisions for benefits granted to employees are set up for the days of annual holidays leave not taken by the employees in the previous year.

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Other provisions

The category *Other provisions* includes provisions set up for:

- covering risks specific to the aviation industry, such as: the risk of hidden defects, the risk of discovering quality incidents that can incur damages.
- coverage of some expenses regarding the Company's obligations towards A.J.O.F.M., based on O.U.G. 95/2002;
- covering some risks regarding the application of penalties for delays and damages associated with the manufacture of aeronautical products.

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NOTE 14 - SUBSIDIES FOR INVESTMENTS IN ASSETS

AEROSTAR recognizes as deferred income the subsidies regarding assets.

	30.06.2024	30.06.2023
Balance on 1 January, of which:	2.380	3.028
Short-term	830	1.020
Long-term	1.550	2.008
Subsidies received:	-	-
Subsidies registered in income corresponding the calculated amortization	(415)	(537)
Balance on 30 June, of which:	1.965	2.491
Short-term	828	865
Long-term	1.137	1.626

The balance recorded on June 30, 2024, represents subsidies related to investments in fixed assets to be recorded in income as the calculated depreciation is recorded to costs.

The subsidies received in the previous years for financing its assets were related to the implementation of 4 investment projects under 4 non-reimbursable financing agreements:

1. Contract no. 210304/22.04.2010: 'Expansion of aerostructures manufacturing and assembly capacities for civil aviation', performed between April 2010 and October 2012, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 5.468 thousand lei, leaving the amount of 638 thousand lei to be recorded as income;
2. Contract no. 229226/14.06.2012: 'Creating a new manufacturing capacity to diversify production and to support export growth', performed between June 2012 and May 2014, the value of the subsidy received from the Ministry of Economy, Trade and Business Environment (MECMA) being 6.011 thousand lei, leaving the amount of 50 thousand lei to be recorded as income;
3. Contract no. 5IM/013/24.03.2015: 'Strengthening and sustainable development of the machining and painting sectors through high-performance investments', carried out between March and December 2015, the value of the subsidy received from the Ministry of European Funds (MFE) being 8.299 thousand lei, leaving the amount of 916 thousand lei to be recorded as income;
4. Financing contract no. 10/28.02.2023: "Equipping the AEROSTAR Testing Laboratory with NDT testing equipment", executed between March 2023 and December 2023, the amount of the subsidy received from the Ministry of Economy being 381 thousand lei, the amount of 349 thousand lei remaining to be recorded as income.

All the investment projects in immobilized assets were implemented and finalized in accordance with the contractual provisions assumed.

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NOTE 15 – COMMERCIAL DEBTS

	30 June 2024	31 December 2023
Prepaid amounts collected on customers' account, of which:	8.768	12.540
Customers-creditors from Romania	30	19
Customers-creditors from outside Romania	8.738	12.521
 Suppliers, of which:	 29.844	 35.519
Providers of materials and services from Romania	10.152	11.364
Providers of materials and services from outside Romania	14.434	19.125
Suppliers-invoices not arrived	3.733	3.846
Suppliers of non-current assets	1.525	1.184
 Total commercial debts	 38.612	 48.059

The payments in advance collected from foreign customers are for aircraft maintenance and repair work (56,68%) and for other services provided (44,32%).

No mortgages have been set up for the registered debts.

The favourable or unfavourable exchange rate differences between the exchange rate at which the foreign currency debts are recorded and the exchange rate communicated by the National Bank of Romania valid for the closing of June 2024, were recorded in the corresponding income or expenditure accounts.

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NOTE 16 - OTHER LIABILITIES

	30 June 2024	31 December 2023
Other current liabilities, of which:	16.790	11.878
• <i>Liabilities related to manpower and similar accounts</i>	5.351	3.656
• <i>Liabilities related to social security budget and state budget, of which:</i>	6.764	5.215
– VAT payable	-	185
– social insurance	5.130	3.711
– labour safety contribution	320	235
– tax on income in the form of salaries	1.016	719
– contribution for unemployed people with disabilities	199	186
– other taxes	47	133
– other social liabilities	52	46
• <i>Other liabilities, of which:</i>	4.675	3.007
– dividends	4.422	2.735
– diverse creditors	230	229
– bonds received	23	43
 Other long-term liabilities	 1.469	 1.490

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 30 June 2024, in the amount of 4.422 thousand lei represent the amounts remained in balance for the shareholders who did not show up at the offices of the paying agent CEC Bank S.A. (the paying agent designated by AEROSTAR) and which were not time-barred.

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

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NOTE 17 - DEFERRED PROFIT TAX

The **deferred tax** is determined for the temporary differences which occur between the tax base of the assets and liabilities and their accounting base. The deferred tax is calculated at a tax rate of 16% applicable to the temporary differences.

The Company estimated and registered liabilities regarding the deferred tax related to non-current assets (resulting from the differences between accounting and fiscal values, different useful lifetimes, et al.) and to reserves and recognized receivables regarding the deferred tax related to the equity securities (assets), inventories and trade receivables which were adjusted for depreciation, provisions for customer bonds, and other provisions.

The structure of deferred income tax registered on 30.06.2024 is:

Liabilities from deferred tax

1. Liabilities related to the deferred tax generated by the differences between the accounting bases (higher) and the fiscal ones (lower) of the non-current assets	1.045
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Deferred tax liabilities related to tax relief reserves	22.962
4. Liabilities on deferred tax related to the result carried forward representing a surplus from revaluation reserves	61
5. Deferred tax liabilities related to equity securities	1.276
Total liabilities on deferred tax	26.903

Receivables on deferred tax

1. Receivables on deferred tax related to other provisions	471
2. Receivables on deferred tax related to provisions for bonds granted to customers	8.155
3. Receivables on deferred tax related to provisions for employee benefits	123
4. Receivables on deferred tax related to adjustments for depreciation of inventories	11.952
5. Receivables on deferred tax related to adjustments for depreciation of trade receivables	205
Total receivables on deferred tax	20.906

Balance - Deferred tax liabilities	5.997
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The Company did not recognize receivables on deferred tax related to other provisions for the aviation industry risks due to an uncertainty regarding the fiscal deductibility of the expenses that could arise from the settlement of the obligations in the future periods. Therefore, the differences between the tax base and the accounting base would be null.

Between January 1, 2024 and June 30, 2024, the company registered deferred income tax revenues in the amount of 2.988 thousand lei and deferred income tax expenses in the amount of 2.355 thousand lei.

The deferred income tax recognized on equity in the amount of 25.326 thousand consists of deferred tax liabilities in the amount of 25.797 thousand and deferred tax receivables in the amount of 471 thousand lei.

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NOTE 18 - FINANCIAL INSTRUMENTS

A financial instrument is any contract generating simultaneously a financial asset for an entity and a financial liability or an equity instrument for another entity.

The financial assets and liabilities are recognized when AEROSTAR becomes part of the contractual provisions of the instrument.

On the reporting date AEROSTAR does not hold:

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

The financial assets of AEROSTAR include:

- sight deposits and term deposits with banks;
- trade receivables;
- Evergent Investments S.A. shares (stock symbol: EVER);
- immobilized receivables (bonds for third parties);

The financial liabilities of AEROSTAR S.A. include:

- trade liabilities;

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

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

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

a) Credit risk

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

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

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

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

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

Exposure to credit risk

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

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

	30.06.2024	30.06.2023
Sight and term deposits with banks	236.925	235.570
Trade receivables, net of adjustments for depreciation	68.010	62.994
Evergent Investments S.A. shares	59.139	55.163
Immobilized receivables	42	38
Total	364.116	353.765

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

	30.06.2024	30.06.2023
Domestic market	13.095	6.405
Euro zone countries	27.205	23.499
Great Britain	18.002	24.937
Other European countries	3.281	180
Other regions	6.427	7.973
Total	68.010	62.994

Depreciation adjustments

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

	Gross value	Adjustments for depreciation	Gross value	Adjustments for depreciation
	30.06.2024		30.06.2023	
In due time	67.237		61.487	
Past due, total of which:	1.545		2.533	
31-60 days	778	389	1.589	548
61-90 days	541	271	605	287
91-120 days	-	-	174	87
Over 120 days	226	112	154	93
Over 1 year	-	-	11	11
Total	68.782	772	64.020	1.026

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

	30.06.2024	30.06.2023
Balance on 1 January	267	954
Adjustments set up for depreciation	780	1.539
Impairment adjustments reclassified as income	(275)	(1.467)
Balance on 30 June	772	1.026

On 30.06.2024, 97,75% of the balance of trade receivables are related to customers with a good payment record.

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b) Liquidity risk

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

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

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

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

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

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

	Debts	Accounting value	Contractual cash flows	0-30 days	31-60 days	over 60 days
30.06.2024	Trade liabilities	26.112	(26.112)	(21.300)	(4.554)	(258)
30.06.2023	Trade liabilities	32.104	(32.104)	(27.960)	(3.662)	(482)

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

On 30.06.2024 AEROSTAR has no records of overdue financial liabilities.

c) Foreign currency risk

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

Exposure to the foreign currency risk

AEROSTAR is exposed to the foreign currency risks, as 82% of the turnover recorded in the reporting period is denominated in USD and EUR, while a significant part of the operating expenses is denominated in LEI.

Therefore, AEROSTAR is exposed to the risk that the currency exchange rate variations will affect both its net income and its financial position as expressed in lei.

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

30.06.2024	k EUR	k USD	k GBP
Sight and term deposits with banks	4.919	5.960	19
Trade receivables	2.641	8.985	-
Trade liabilities	(1.509)	(1.662)	(128)
Net exposure in original currency	6.051	13.283	(109)

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Sensitivity analysis

In view of the net exposure calculated in the above table, AEROSTAR can be deemed to be mainly exposed to the currency risk generated by changes in the USD/USD and EUR/USD exchange rate. Taking into account the evolution of the USD/LEU and EUR/LEU exchange rates in the previous years, a relatively high volatility of USD/LEU (+/-5%) and a low volatility of EUR/LEU (+/-1%) can be noticed. Thus, a reasonably possible variation of +/-5% USD/LEU and +/-1% for EUR/LEU can be factored in at the end of the reporting period.

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

30.06.2024	EUR/LEU	USD/LEU
Net exposure, in original currency	6.051 k EUR	13.283 k USD
Exchange rate	4,9771	4,6489
Net exposure, in functional currency	30.116 k LEI	61.751 k LEI
Reasonable possible variation in foreign exchange rate	+/- 1%	+/- 5%
Effect of variation on financial result	+/- 301 k LEI	+/- 3.088 k LEI

d) Interest rate risk

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

- 1) Product A: in the amount of 2.500 THOUSAND USD, usable as overdraft, set up to provide at any given time the necessary financial liquidity and flexibility (liquidity reserve);
- 2) Product B: in the amount of 7.000 THOUSAND USD (provided that the aggregate amount used from Product A and product B does not exceed the value of the multi-product Credit Facility), usable as a facility of issuing bonds as instruments to ensure collaterals for the commercial contractual obligations by issuing bank bond letters and import Letters of Credit.

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

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

On 30.06.2024, the level of bonds granted by AEROSTAR under commercial agreements, by issue of bank bond letters and import Letters of Credit amounts to 14.044 thousand lei (the equivalent of 3.021 thousand USD).

On 30.06.2024, no mortgages are set up on the property assets owned by AEROSTAR.

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NOTE 19 - OPERATING INCOME

	30 June 2024	30 June 2023
Income from sales, of which:	292.833	245.426
Income from product sales	159.295	135.242
Income from services provided	131.779	108.454
Income from selling goods	10	25
Income from renting	1.397	1.339
Trade discounts granted	(28)	-
Income from other activities	380	366
Income from stocks of finished products and work in progress	22.024	19.879
Income from the production of fixed assets	512	384
Income from operating subsidies	48	411
Income from investment subsidies	414	535
Other operating income	562	545
Total operating income	316.393	267.180

In the first six months of 2024, the company recorded income from operating subsidies in the amount of 48 thousand lei. Most of the amounts were granted for hiring graduates of educational institutions for an indefinite period in accordance with Law No. 76/2002 on the unemployment insurance system and employment stimulation.

Other operating income in the amount of 562 thousand lei is represented, inter alia, by income from the recovery of debts from former employees (tuition fees and other debts), income from compensation and recovered taxes and income from offsetting purchases from protected units.

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NOTE 20 – OPERATING EXPENSES

	30 June 2024	30 June 2023
Expenses with employee benefits, of which:	96.618	83.531
Salaries and allowances	84.634	73.604
Expenditure on vouchers granted to employees	7.114	5.370
Expenses with social security	4.870	4.557
Expenses with raw material and materials	116.283	99.642
Energy, water and gas	7.570	7.928
Other material expenses, of which:	7.392	6.869
Expenses with non-inventory materials	850	710
Expenses related to goods	6	20
Expenses with packaging	394	445
Expenses with other materials	6.142	5.694
Expenses with external services, of which:	26.429	16.678
Repairs	9.539	5.407
Transportation costs	5.545	3.735
Commissions and fees	1.312	1.553
Travels, deployments	511	672
Expenditure on royalties and rents	450	450
Other expenses with services supplied by third parties	9.072	4.861
Trade discounts received	(60)	(89)
Amortizations	13.242	12.728
Net expenses (income) from adjustments on provisions	(4.368)	(9.228)
Net expenses (income) from adjustments on current assets	7.898	7.251
Other operational expenses	3.016	2.716
Total operating expenses:	274.020	228.025

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

In the first 6 months of 2024, the company granted meal vouchers in the amount of 7.114 thousand lei to its employees.

The category other operating expenses in the amount of 3.016 thousand lei includes, among others, expenses for local taxes and fees, sponsorships, scholarships granted to pupils enrolled in dual education, environmental protection expenditure.

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In the first 6 months of 2024 AEROSTAR recorded increases/increases and reductions/resumptions of adjustments as follows:

	30 June 2024	30 June 2023
Adjustments on provisions		
Increases/set-ups	9.890	7.792
Reductions/resumptions	(14.258)	(17.020)
Net expense/(income) from provision adjustments	(4.368)	(9.228)

In the first 6 months of 2024, the impact of the provision adjustments consists in a decrease of the operating expenses by the amount of 4.368 thousand lei.

	30 June 2024	30 June 2023
Impairment adjustments on current assets		
Increases/set-ups of adjustments		
Impairment adjustments on inventories	10.722	21.848
Impairment adjustments on receivables	833	1.564
Total increases/set-ups of adjustments	11.555	23.412
Reductions/resumptions of adjustments		
Impairment adjustments on inventories	(3.321)	(14.644)
Impairment adjustments on receivables	(336)	(1.517)
Total reductions/resumptions of adjustments	(3.657)	(16.161)
Net expenses/(income) from impairment adjustments on current assets	7.898	7.251

In the first 6 months of 2024, the impact of adjustments to provisions is a decrease in the operating expenses in the amount of 7.898 thousand lei.

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NOTE 21 - FINANCIAL INCOME

	30 June 2024	30 June 2023
Income from exchange rate differences	3.761	2.629
Interest income	5.787	8.121
Income from shares held in subsidiaries	517	153
Income from financial assets at fair value	3.802	3.962
Total financial income	13.867	14.865

Aspects related to the Company's exposure to risks arising from financial instruments held are disclosed in *Note 18 Financial instruments*.

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

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NOTE 22 – FINANCIAL EXPENSES

	30 June 2024	30 June 2023
Expenses from exchange rate differences	1.826	2.754
Expenses related to interest on leasing contracts	30	30
Total financial expenses	1.856	2.784

In 2024 the company registered in the financial expenses category:

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

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COMPANY STATEMENT OF PROFIT OR LOSS
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NOTE 23 - TAX ON PROFIT

The tax on profit is recognized in the statement of profit or loss.

The tax on profit is the tax payable related to the profit made in the current period, as determined in accordance with the fiscal regulations applicable on the reporting date.

The profit tax rate applicable for 30.06.2024 was 16% (the same rate applied for the financial year 2023).

	<u>30 June 2024</u>	<u>30 June 2023</u>
Gross accounting profit	54.384	51.236
Current income tax expense	7.661	4.109
Tax on gains from the sale of securities held	82	131

Reconciliation of accounting profit with the fiscal profit for 30 June 2024				Differences
Accounting revenues	330.260	Fiscal income	308.732	-21.528
Accounting expenses	275.876	Fiscal expenses	253.132	-22.744
Gross accounting profit, restated	54.384	Fiscal profit	55.600	+1.216
Accounting tax (16%)	8.701	Fiscal tax (16%)	8.896	+195
Tax deductions	-	<i>Tax deductions</i> , of which:	1.153	+1.153
		• related to investments made acc.to Art. 22 Fiscal Code	952	+952
		• sponsorship	201	+201
Tax on final profit	8.701	Tax on final profit	7.743	-958
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated				14,24 %

Comparative key figures

30 June 2023

Gross accounting profit	51.236
Current income tax expense	4.109
Income tax on the gain from the sale of securities held	131

Reconciliation of accounting profit with the fiscal profit				Differences
Accounting revenues	282.044	Fiscal income	245.755	-36.289
Accounting expenses	230.808	Fiscal expenses	197.768	-33.040
Gross accounting profit, restated	51.236	Fiscal profit	47.987	-3.249
Accounting tax (16%)	8.198	Fiscal tax (16%)	7.678	-520
Tax deductions	-	<i>Tax deductions</i> , of which:	3.438	+3.438
		• related to investments made acc.to Art. 22 Fiscal Code	2.911	+2.911
		• sponsorship	527	+527
Tax on final profit	8.198	Tax on final profit	4.240	-3.958
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated				8,28 %

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COMPANY STATEMENT OF PROFIT OR LOSS
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The main factors that affected the effective tax rate:

- tax relief facilities representing the corporate income tax exemption on investments made under the Art.22 of the Fiscal Code, sponsorships.
- expenditure which is not deductible for tax purposes (expenditure regarding the set-up or increase of provisions and value adjustments in respect of current assets which is not deductible for tax purposes, expenditure on accounting depreciation which is not deductible for tax purposes, etc.).
- non-taxable income obtained as a result of the recovery of non-deductible expenses.

On 30.06.2024, the company recorded a current income tax liability of 3.164 thousand LEI related to the second quarter of 2024.

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NOTE 24 - RESULT PER SHARE

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

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

IN LEI	<u>30.06.2024</u>	<u>30.06.2023</u>
Profit attributable to ordinary shareholders	47.357.242	46.825.414
Number of ordinary shares	152.277.450	152.277.450
	<hr/>	<hr/>
Profit per share	0,311	0,308

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NOTE 25 - AVERAGE NUMBER OF EMPLOYEES

Average number of employees	6 months 2024	6 months 2023
Own employees	1.696	1.600

Employee headcount	30.06.2024	30.06.2023
Own employees	1.721	1.722

As of June 30, 2024, the Company's total headcount is 1.844 employees, of which 1.721 are its own employees and 123 represent the workforce hired through the temporary labour agent.

As of June 30, 2023, the total workforce was 1.824 employees, of which 1.722 were its own employees and 102 persons represented the employees hired through the temporary labour agent.

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NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES

Acquisitions of goods and services	6 months 2024	6 months 2023
Airpro Consult SRL Bacău	6.079	4.782
Foar SRL Bacău	201	207
TOTAL	6.280	4.989
Sales of goods and services	6 months 2024	6 months 2023
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	1	1
TOTAL	1	1
Liabilities	Balance on 30.06.2024	Balance on 30.06.2023
Airpro Consult SRL Bacău	1.121	786
Foar SRL Bacău	31	34
TOTAL	1.152	820
Dividends received by Aerostar	6 months 2024	6 months 2023
Airpro Consult SRL Bacău	456	-
Foar SRL Bacău	-	153
TOTAL	456	153

The transactions with the affiliated parties in the period 01.01.2024-30.06.2024 consisted in:

- Services provided by Airpro Consult SRL Bacau to Aerostar S.A. for temporary manpower;
- Machinery rental services provided by Foar SRL Bacau to Aerostar S.A.;
- Space rental services provided by Aerostar S.A. to Foar SRL Bacau.
- Dividends received by Aerostar S.A. from Airpro Consult SRL.

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NOTE 27 - INFORMATION REGARDING THE CASH FLOW

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

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

For the purposes of the Cash Flow Statement:

- the cash flows are the amounts collected and paid in cash and cash equivalents;
- the cash comprises the cash available in the company's cash office and the sight deposits held with banks (available in current accounts with the banks).
- cash equivalents comprise term deposits held with banks and cheques deposited with banks to be collected.

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

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

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

Thus:

- the amounts collected from customers were 308.984 thousand LEI;
- the amounts collected from the State Budget were 6.295 thousand LEI of which 6.227 thousand lei represent VAT refunds and other social receivables, and 68 thousand lei are receipts in the form of operating subsidies;
- the payments to the suppliers and employees amounted to 251.242 thousand LEI, of which 194.955 thousand LEI were payments to suppliers and 56.287 thousand LEI payments to employees;
- tax payments to the State Budget amounted to 42.524 thousand LEI, of which 36.314 thousand LEI payroll taxes and duties, 4.316 thousand lei corporate income tax, 1.677 thousand lei taxes and duties to local budgets, 217 thousand lei VAT.

The operating activity generated net cash of 21.513 thousand LEI, up by 4.665 thousand LEI compared to the same period of last year.

The investment activity included:

- bank interest receipts amounting to 6.242 thousand LEI from bank deposits.
- proceeds from the sale of Evergent shares (stock symbol: EVER) in the amount of 4.341 thousand lei. The purchased shares are held for the collection of dividends as well as for gains on their sale. The sale of shares generated a gross gain of 514 thousand LEI;
- dividends received from Evergent Investments S.A. in the amount of 3.498 thousand LEI;
- dividend receipts from affiliated entities (AIRPRO CONSULT S.R.L.) in the amount of 456 thousand LEI;
- payments for the purchase of tangible and intangible fixed assets in the amount of 15.287 thousand LEI.

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

As part of the financing activity, an amount of 30.379 thousand LEI was paid as dividends due to AEROSTAR shareholders.

The level of cash and cash equivalents recorded on 30.06.2024 is 237.170 thousand LEI, down by 8.622 thousand LEI compared to the beginning of the year.

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NOTE 28 - LIABILITIES AND OTHER OFF-BALANCE ITEMS

AEROSTAR S.A. records in off-balance sheet accounts various rights, obligations and assets that are not recognised in the company's assets and liabilities, respectively:

	30 June 2024	31 December 2023
• Liabilities:		
○ guarantees granted to partners - as letters of bank guarantee and letters of credit	2.943	3.480
○ guarantees received from partners – as letters of bank guarantees and letters of credit	27.145	45.350
• Goods, of which:		
○ inventories of other materials released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	49.233	45.970
○ materials received in consignment	2.237	2.237
○ finished products received in consignment	2	48
○ materials – customers	75	75
○ tangible and intangible assets –obtained or purchased as a result of co-financed activity	554	554
○ products received for machining/repair	37.250	22.167
○ materials received for processing/repair	4.424	4.068
○ supporting assets related to the leasing contracts – Hangar of Iași	2.491	2.490
○ Fixed assets proposed for scrapping	293	315
• Other off-balance values, of which:		
○ Material guarantees established for the managers' responsibility for asset management	228	239
○ Liabilities for covering some future obligations to A.J.O.F.M. based on OUG 95/2002 regarding the defence industry	2.944	3.218
○ debtors removed from accounts, monitored further on	159	159
○ creditors	20	20
○ de minimis aid for participation to fairs and exhibitions	362	362
• Greenhouse Gas Emission Certificates	3.096	4.585

On 30 June 2024, AEROSTAR S.A. held a total of 9.615 greenhouse gas emission certificates. The market value on the last trading day of a GHG certificate was 64,70 Euro, according to the European Energy Exchange website (in December 2023: 77,25 Euro), at a revaluation exchange rate of 4,9771 LEI/Euro.

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

NOTE 29 – DIRECTORS’ REMUNERATION

The Board of Directors of AEROSTAR S.A. on 30.06.2024:

	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 2024, the company AEROSTAR did not grant advance payments or credits to the members of the Board of Directors and did not make any pledge on their behalf as a collateral of any kind.

In the Ordinary General Meeting of 14 December 2023, the shareholders of the company Aerostar approved the freezing at the level decided by the ordinary general meeting of shareholders dated 09 July 2020 of the directors’ compensation for the remaining period until the end of the term of office of the current Board of Directors, appointed by GMS Decision No. 26/09.07.2020:

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

The total amount of gross indemnities granted to the members of the Board of Directors and executive management in the period January-June 2024 in accordance with the OGM Decision of 22.02.2024, by virtue of their responsibilities, was 862 thousand lei.

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NOTE 30 – RISK MANAGEMENT

AEROSTAR is exposed to multiple risks and uncertainties that can affect its financial performance. The business lines run by AEROSTAR, the operational results or the financial statements, may be affected by the materialization of the risks presented below.

AEROSTAR seeks to secure average and long-term sustainability and to reduce the uncertainty associated with its strategic and financial objectives.

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

However, there may be risks and uncertainties additional to what is presented further on, which are currently unknown or considered insignificant, but which may affect in the future the business lines run by AEROSTAR.

Operational Risk

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

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

Considering the global political turmoil, in the future we may face new types of risks, AEROSTAR carefully analysing the main conflict areas.

The Operational Risk is also associated to the **Legal Risk**, defined as the risk of loss, resulting from the fines, penalties and sanctions AEROSTAR is liable to in case of non-application or misapplication of dispositions, legal or contractual regulations, as well as the fact that the rights and contractual obligations of AEROSTAR and/or of the business partner are not properly established.

The effects of the legal risk are monitored and eliminated through a permanent information system regarding the legislative modifications, as well as by setting up a review, endorsement and approval system for the terms and conditions included in the commercial agreements.

AEROSTAR has allocated and will continue to allocate investment funds and other operational expenses in order to prevent and manage the operational risk.

Moreover, by setting up provisions for risks and related expenses, AEROSTAR aims to have its own funding to cover its risks of exposure.

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

The **Credit Risk** is the risk that AEROSTAR will incur a financial loss as a result of a partner's failure to meet its contractual obligations and is mainly determined by sight and term deposits held with banks and trade receivables.

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

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

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

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

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

To manage the liquidity risk, the cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of net modifications of the cash. Such reviews provide the basis for the financing decisions and for the capital expenditures.

In order to reduce the liquidity risk, AEROSTAR keeps an annual cash-reserve in the form of a Credit Line usable as an overdraft granted by banks in the amount of 2.500 thousand USD. During the reporting period, AEROSTAR did not use the Credit Line, all the activities of the Company being financed from own sources.

The **Market Risk** is the risk that the fair value or future cash flows of a financial statement will fluctuate due to the modifications of the market price.

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

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

The management of this risk is carried out by:

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

AEROSTAR is exposed to currency risk because 82 of its turnover is reported in USD and EUR, while a significant part of its operating expenses is denominated in LEI. Thus, AEROSTAR is exposed to the risk that variations in foreign exchange rates will affect both its net revenues and financial position as expressed in lei. An analysis of AEROSTAR's sensitivity to variations in foreign exchange rates is detailed in Note 18 (Financial Instruments) to the Financial Statements.

As far as the interest rate is concerned, due to the fact that AEROSTAR did not use the contracted Credit Line in the reported period, the income and cash flows are independent from the interest rate variation on the banking market.

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

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NOTE 31 – PRE-BOOKED EXPENSES AND REVENUE

	30 June 2024	31 December 2023
Pre-booked expenses (short-term)	1.639	789
Pre-booked revenue (short-term)	4.141	2.916

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

The category **pre-booked expenses** recorded on 30 June 2024 includes amounts to be resumed within a period of up to one year representing, inter alia, fees and taxes, subscriptions, insurance policies, commissions, participation in fairs and conferences, on-line services, maintenance of IT systems.

On 30 June 2024, Aerostar had no recognised long-term **pre-booked revenue**. In the category of short-term **pre-booked revenue** are recorded the values corresponding to provided services and delivered goods for which the revenue recognition conditions of IFRS 15 (the customers have not received control of the goods/services yet).

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NOTE 32 - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS
reporting period 30 June 2024

	Values on 30 June 2024			Values on 01 January 2024		
	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	1.937	(215)	1.722	1.940	(194)	1.746
Total	1.937	(215)	1.722	1.940	(194)	1.746

Net accounting value on 30.06.2024:

	Net amount on 1 January 2024	Revaluations in the 1 st semester of 2024	Depreciation in the period	Net value on 30 June 2024
Asset related to the right to use the land for the MRO Hangar in Iași	1.746	(4)	(20)	1.722

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

COMPARATIVE KEY FIGURES - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 30 June 2023

	Values on 30 June 2023			Values on 01 January 2023		
Account 251	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.912	(174)	1.738	1.907	(154)	1.753
Total	1.912	(174)	1.738	1.907	(154)	1.753

Net accounting value on 31.03.2023:

	Net amount on 1 January 2023	Revaluations on the second semester of 2023	Depreciation in the period	Net value on 30 June 2023
Asset related to the right to use the land for the MRO Hangar in Iași	1.753	5	(20)	1.738

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

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NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

On 07 May 2024, Aerostar informed the company's shareholders, through a **press release**, of the details of the payment of the dividends due to shareholders, distributed from the profit of 2023, respectively:

- a) the gross dividend per share is 0.21 lei, from which a dividend tax will be retained at the source, at the rates provided for by the legislation in force at the date of payment; the costs of payment shall be borne by the amount of the net dividend;
- b) the "ex date" was set for 08.05.2024 according to the O.G.M.S. of 18.04.2024.
- c) the shareholders entitled to receive dividends distributed from the net profit for the financial year 2023 are those registered in the consolidated register of shareholders on 09.05.2024 - Record Date (approved by the O.G.M.S. of 18.04.2024);
- d) the dividends distributed from the profit for the financial year 2023 **were paid to shareholders as of 30.05.2024.**

The method of payment of dividends was detailed in the press release of 07 May 2024.

EVENTS AFTER THE REPORTING PERIOD

On July 04, 2024, the Ordinary General Meeting of the Shareholders of Aerostar SA was held, during which the Board of Directors of the company was elected, consisting of 5(five) members, for a term of office of 4 years, starting on July 11, 2024.

Financial Calendar 2024 - the next event to take place:

Presentation of financial results on 30 September 2024	08.11.2024
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The individual financial statements for 30 June 2024 comprising: 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 will be approved by the Board of Directors on 13 August 2024 and will be signed on its behalf by:

Chief Executive Officer,
Alexandru Filip

Financial Director,
Doru Damaschin

DECLARATION

The undersigned **ALEXANDRU FILIP**, acting as Member 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.**, assume responsibility for the preparation of the individual financial statements as of 30.06.2024 and confirm that:

- a) The financial and accounting statement for the first semester of 2024, which was prepared according to the applicable accounting regulations, provides a fair and consistent view of the assets, liabilities, financial position, profit and loss account of Aerostar S.A. Bacău;
- b) The Report of the Board of Directors on the first semester of 2024, prepared according to the provisions of the Regulation no. 5/ 2018 issued by the Financial Supervisory Authority – ANNEX no. 14, presents correctly and completely the information regarding Aerostar S.A. Bacău.

Member of the Board of Directors and General Director,
ALEXANDRU FILIP

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





Auditeval Consulting s.r.l.

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ISO 9001 REGISTERED C.3264.1

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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 RO84 TREZ 0615 069X XX00 5679

REVIEW REPORT

To the shareholders of AEROSTAR SA

Introduction

1. I reviewed the attached interim financial statements of **AEROSTAR S.A. Bacău** ("the Company"), with headquarters in Bacău, no. 9, Condorilor Street which include the interim statement of the financial position as of 30.06.2024, the individual statement of the profit and loss account and comprehensive income, the individual statement of changes in equity and the individual statement of cash flows for the six-month period ended at this date, as well as a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the preparation of interim statutory financial statements

2. The Company's management is responsible for the preparation and faithful presentation of these interim financial statements in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, with subsequent amendments ("OMFP 2844/2016") and IAS 34 - "Interim financial reporting", and for a certain level of internal control that the management considers relevant for preparation and presentation of interim financial statements that do not contain significant distortions due to either fraud or error.

Auditor's responsibility

3. Our responsibility is to express a conclusion on the interim financial statements based on the review activity.

Scope of the review

4. We performed the review in accordance with International Standard for Review Engagements 2410 - "Review of interim financial information performed by the entity's independent auditor" (ISRE 2410). This standard requires that we plan and we perform the review so as to obtain reasonable assurance about whether the financial statements are free from material misstatement, analytical procedures applied to financial data, and therefore

provide less assurance than an audit. The scope of a review is significantly less than that of an audit conducted in accordance with Auditing Standards, and therefore we cannot obtain the assurance that we will notify all significant aspects that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusions

5. Based on the review carried out, nothing has come to our attention that would make us believe that the attached interim individual financial statements of AEROSTAR S.A. on 30.06.2024, are not drawn up, in all significant aspects, in accordance with OMFP no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards, with subsequent amendments.

Other aspects

6. This review report of the independent auditor has been issued and is addressed exclusively for the information and use of the Company's shareholders. To the fullest extent permitted by law, we do not accept or assume responsibility to any other person to whom this report may come.

Our review engagement was conducted with the objective of reporting those items that are intended to be addressed in a Financial Review Report and not for other purposes. We do not assume responsibility for it for any other purposes.

Bacău, August 12, 2024

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 Dascălu

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

