

**PERFORMANCE THROUGH PROFESSIONALISM!**



## **BOARD OF DIRECTORS' REPORT**

**JANUARY 1<sup>ST</sup> - SEPTEMBER 30<sup>TH</sup>, 2024**

## GENERAL INFORMATION

Date when the company was established: APRIL 17, 1953;  
European Unique Identifier of the Company (EUID): ROONRC.J04/1137/1991,  
LEI identification code as a legal entity: 315700G9KRNN3B7XDBB73;  
Subscribed and paid-up share capital: 48.728.784 RON;  
Unique Registration Code 950531, ISIN code ROAEROACNOR5;  
Address of the company's head office: 9 Condorilor Street, Bacău, postal code 600302;  
AEROSTAR has two secondary headquarters, one place of business in the perimeter of the International Airport of Iasi and one place of business in the Municipality of Fetești;  
The company's main field of activity is production;  
The company's main field of activity is "Manufacture of aircraft and spacecraft" - CAEN code 3030;

The Company Financial Statements prepared for September 30, 2024, are not accompanied by the statutory financial auditor's report. They have been audited by the Company's internal auditor;  
Applicable accounting standards: the Company Financial Statements were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union, the Accounting Law No. 82/1991, as republished, amended and supplemented, and 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 issued shares falling under the Standard category. The records of the shares and shareholders are kept, in accordance with the law, by S.C. Depozitarul Central S.A. București;

The report of the Board of Directors was prepared in accordance with the provisions of Law 24/2017 on the issuers of financial instruments and market operations and A.S.F. Regulation No. 5/2018 of the Financial Supervisory Authority on the issuers of financial instruments and market operations, and Annex 13, the applicable reporting requirements and the Guidelines described in the European Commission's Communication.

The Company's shareholders can obtain information about AEROSTAR S.A. and its main events from the website [www.aerostar.ro](http://www.aerostar.ro).

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## **ABOUT AEROSTAR - brief presentation**

AEROSTAR is a company with over 70 years of experience in the aviation and defence industry. Over the years we have left a global footprint, while being focused 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 AERONAUTICS AND DEFENCE INDUSTRY.

AS A NATIONAL MARKET LEADER AND AS A SUPPLIER INTEGRATED IN THE GLOBAL SUPPLY CHAINS OF THE MAJOR AEROSPACE COMPANIES, WE BELIEVE THAT BY ACTING RESPONSIBLY, WE WILL CONTRIBUTE TO LASTING ECONOMIC SUCCESS.

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

## **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 wide range of commercial airplanes: Airbus A320, A321, A330, A350, Boeing B737, B787, B767, Gulfstream G650, Dassault F7X, Bombardier Challenger 600 series and Global 5000/6000.

AEROSTAR is a significant provider of maintenance services at industrial level (basic and complex maintenance jobs, structural changes, avionics systems upgrades) for the commercial aircraft of the Airbus A320 family and Boeing B737 all series.

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

## 1. REPORTING PERIOD REFERENCES

between January 1st and September 30th, 2024, the following events took place:

### 18 JANUARY

Inauguration of the BLACK HAWK S-70 HELICOPTER MAINTENANCE CENTER authorized by both the helicopter manufacturer – the 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. As part of the collective labour agreement for the year 2024-2025, the following benefit packages for employees were adopted:

- ☐ 14% increases in the salary package;
- ☐ Increased value of the holiday vouchers;
- ☐ End of financial year, end of production year and performance bonuses;
- ☐ Partial reimbursement of interurban transportation expenses incurred for employee travel;
- ☐ Annual leave of 23 - 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!

### 18 APRIL

The notice of meeting, the agenda, the draft resolutions, the materials submitted for the approval of the AGM and the forms requested by AEROSTAR were posted on the company's website [www.aerostar.ro](http://www.aerostar.ro) under the Investor Relations Section.

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

- ☐ the Financial Statements for the year 2023 and the discharge of management of the Board of Directors and 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 lei
allocation as dividends	31.978.264,50 lei

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

### **30 MAY**

Inauguration of the MAINTENANCE CENTER FOR THE HIMARS SYSTEM belonging to the Romanian Ministry of National Defence.

### **4 JULY**

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

- ☐ The election of the Board of Directors of the Company, consisting of five (5) members, for a 4-year term of office, starting from July 11, 2024 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;

- ☐ The 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 - PhD in Accounting, University Lecturer, George Bacovia University of Bacau.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

No events were recorded after the reporting date.

## 2. FINANCIAL PERFORMANCE AND PROFITABILITY

AEROSTAR prepares the Company Financial Statements in accordance with the International Financial Reporting Standards IFRS.

	UM	30.09.2024	30.09.2023
Share capital	K lei	48.729	48.729
Turnover	K lei	419.510	361.523
• Export sales	K lei	340.334	295.507
• Share of exports in turnover	%	81%	82%
Actual headcount	no.	1.876	1.853
Net profit	K lei	58.814	61.096
General liquidity	-	8,11	9,45
Investment expenses from own sources	K lei	22.168	12.757

Indicators	30.09.2024	30.09.2023
Leverage ratio indicator	0	0
Receivables turnover ratio - customers	47	52
Fixed assets turnover ratio	1,80	1,58
Solvency ratio	11,71	14,02
Financial rate of return	0,10	0,12
Net profit ratio	14,02%	16,90%
Net cash	81.394 k lei	59.562 k lei
Cash flow	259.289 k lei	225.730 k lei

Monetary indicators	UM	30.09.2024	30.09.2023
Average exchange rate EURO/9 months	lei/EUR	4,9744	4,9388
Average exchange rate USD/9 months	lei/USD	4,5765	4,5586
Average exchange rate GBP/9 months	lei/GBP	5,8417	5,6715
Inflation (vs. December previous year)	%	3,77	5,74

\* Source: [www.bnr.ro/cursurivalutare](http://www.bnr.ro/cursurivalutare)

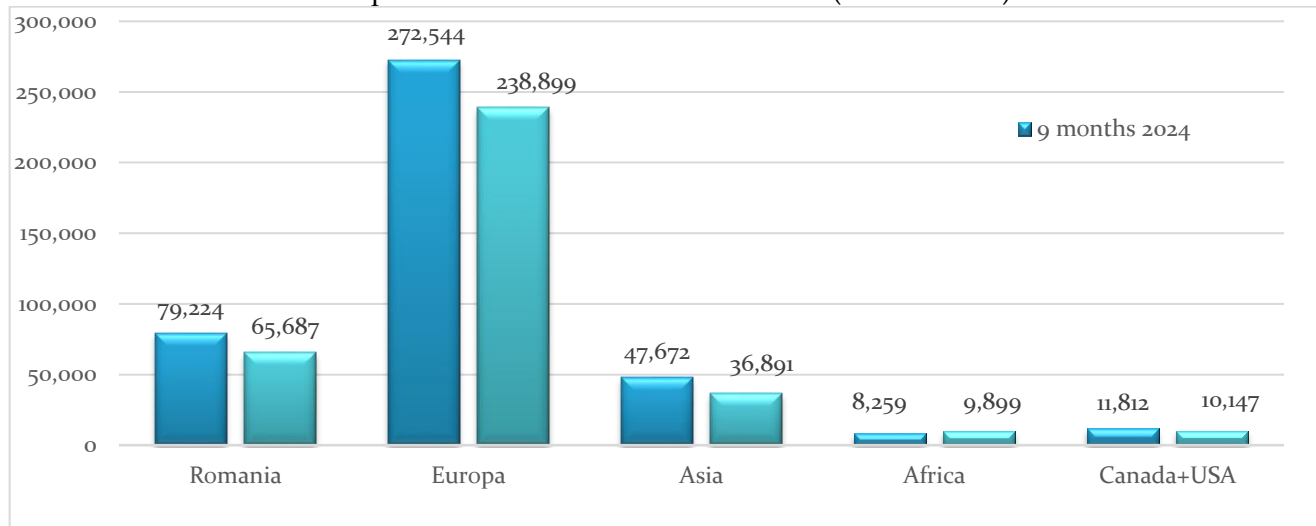
## 3. AEROSTAR'S POSITIONING IN THE GLOBAL MARKETING OF PRODUCTS AND SERVICES

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

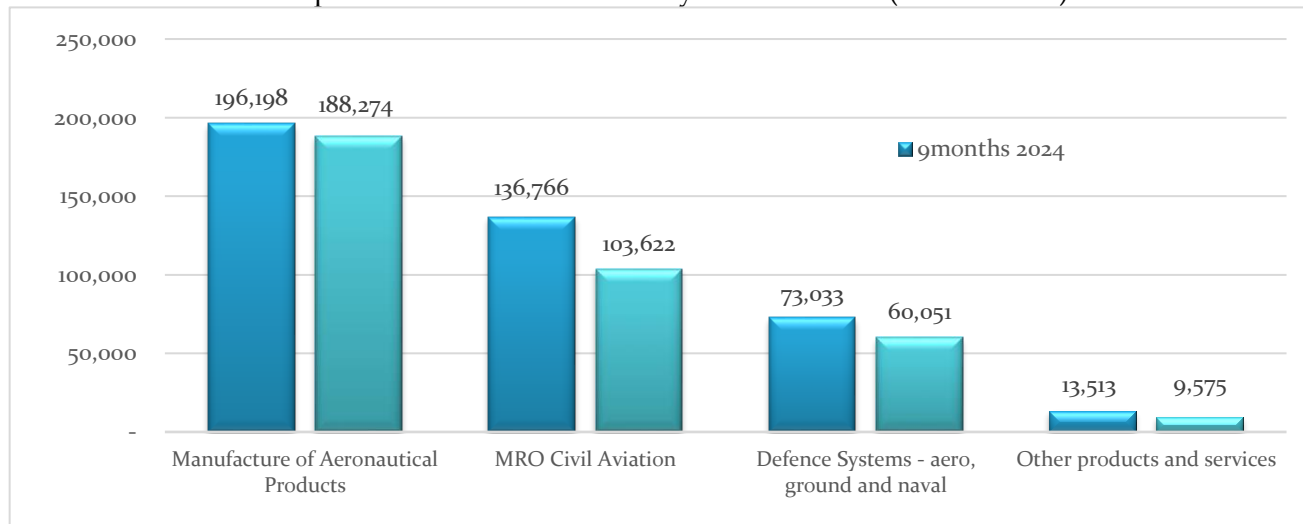
In Romania we provide repair services for military aircraft and repairs of electronic parts and components for military aircraft, modernizations, integrations and maintenance for military aviation systems, repair services for systems and launchers. From the turnover of 419,510 thousand lei achieved in the first 9 months of 2024 the company sold products and services worth 79,176 thousand lei on the domestic market and the equivalent of 340,334 thousand lei on the foreign market. During the reporting period, Aerostar has recorded an upward trend in sales in the markets.

The share of exports in the turnover during the reporting period amounted to 81%.

Comparative evolution of sales markets (thousand lei)



Comparative evolution of sales by business lines (thousand lei)



#### 4. STRATEGY AND BUSINESS MODEL

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

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

AEROSTAR's strategy involves increased commitment to all aspects of sustainability. Through the proposed objectives and commitments, the company channels its efforts toward achieving the main goal of enhancing sustainability by associating profitability with responsibility, increasing value in the short, medium, and long term, and thus improving the company's performance. AEROSTAR aims to exceed its targets year after year by achieving the objectives addressed in the company strategy.

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

##### BUSINESS MODEL

Production activities are carried out on the basis of commercial contracts signed 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 a process-systemic approach and RISK-based thinking.

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

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

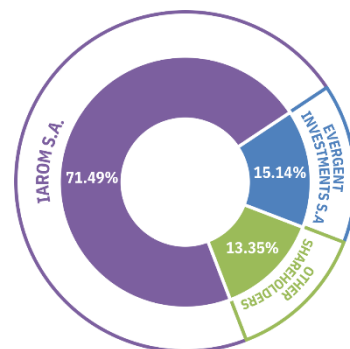
## 5. PRIORITIES AND OBJECTIVES

OBJECTIVES	STRENGTHS	OUR STRATEGY	CREATING sustainable added value
<p>Sustainability, correlated with the business environment and global evolution, are incorporated into the overall company strategy</p> <p>Tier One Supplier nationwide in maintenance, integrations and modernizations of defence systems.</p> <p>Top regional supplier for commercial aviation MRO services.</p> <p>Significant supplier in globalized production chains for structural and landing gear system parts and subassemblies.</p>	<p>A SUSTAINABLE BUSINESS MODEL</p> <p>SOLID CAPITAL BASE</p> <p>DIVERSIFIED BUSINESS PORTFOLIO</p> <p>MANUFACTURE OF AERONAUTICAL PRODUCTS</p> <p>DEFENCE SYSTEMS</p> <p>CIVIL AVIATION MRO</p> <p>TRAINING OUR EMPLOYEES IN PROFESSIONAL DEVELOPMENT</p>	<p>Meeting our customers' requirements and ensuring total safety for our employees.</p> <p>AEROSTAR's strategy involves increased commitment to all aspects of sustainability.</p> <p>Business development and increased sustainability in line with our mission and objectives.</p> <p>Sustaining our position in the market and increasing our business performance.</p> <p>Promoting the brand as a top employer, developing it, increasing its recognition, and engaging in the community.</p> <p>Compliance with the environmental requirements.</p>	<p>CUSTOMERS</p> <p>EMPLOYEES</p> <p>SUPPLIERS</p> <p>SHAREHOLDERS</p> <p>LOCAL COMMUNITY</p>

## 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 shareholders on September 30, 2024, is as follows:

Shareholders	Number of shares
IAROM S.A.	108,876,903
Evergent Investments S.A	23,068,019
Other shareholders	20,332,528
<b>Total</b>	<b>152,277,450</b>



Shareholders can obtain information about AEROSTAR S.A. and its main events on the website [www.aerostar.ro](http://www.aerostar.ro).

## 7. EXECUTIVE - OPERATIONAL MANAGEMENT STRUCTURE

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

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

## 8. STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors of AEROSTAR S.A. was elected for a period of four years at the Ordinary General Meeting of Shareholders on July 4, 2024. The election was conducted by secret ballot, with the mandate valid until 10.07.2028.

Board of Directors	
Full Name	Position
Grigore Filip	President
Doru Damaschin	Vice-president
Alexandru Filip	Member
Radu Tudor Toncea	Member
Liviu Claudiu Doroş	Member

## 9. THE AEROSTAR SHARE (ARS)

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

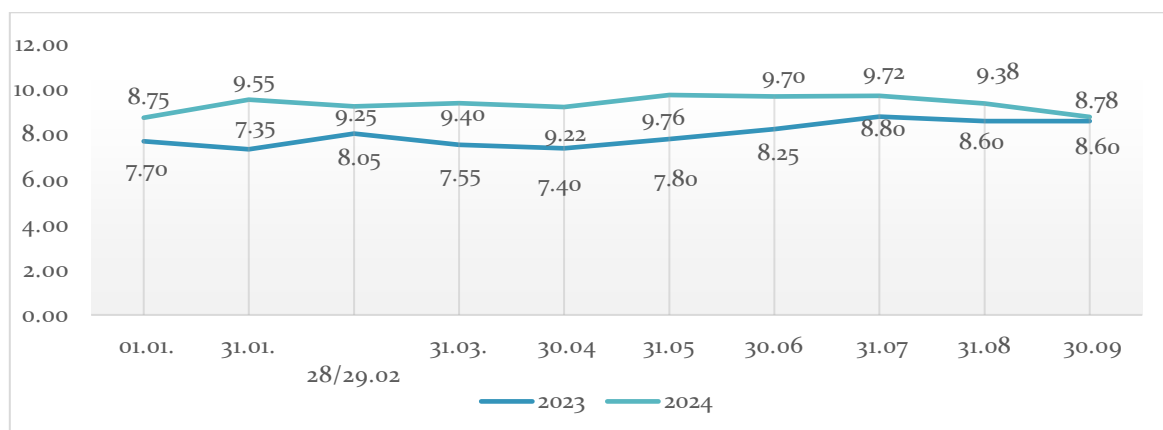
Main characteristics of the securities issued: 152,277,450 fully paid registered ordinary shares of equal value, issued in dematerialized form and evidenced by entry in the Register of Shareholders. It is managed by Depozitarul Central S.A. Bucharest. The issuer Aerostar S.A. Bacău is registered with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

Aerostar shares in figures:	30.09.2024	30.09.2023	30.09.2022
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)*	8,78	8,60	6,50
Market capitalisation (lei)*	1.336.996.011	1.309.586.070	989.803.425
Maximum price (lei)*	10,30	9,50	9,50
Minimum price (lei)*	8,25	7,00	6,40
Earnings per share(lei)	0,39	0,40	0,49

Source: Monthly Bulletin issued by Bucharest

Aerostar Share -ARS	Current year	12 months	3 months	1 month
Price variations	+ 10,86%	+ 17,58%	+ 3,19%	- 0,61%

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



In the first 9 months of 2024:

- Aerostar S.A. did not issue bonds or any similar securities;
- no subscriptions of new shares or participation certificates, convertible bonds, options, or similar rights were recorded;
- there was no program for the acquisition of its own shares.

### 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 located, at 9 Condorilor Street, postal code 600302, at the secondary office without legal personality and place of business located at 25B Aeroportului Street, Iasi, and at the secondary office without legal personality and place of business, located at 2 Carpați Street, ap. 7. The company owns land totalling 49,17 hectares with access to the E85 European road.

Aerostar has direct access to the runway of the "George Enescu" Airport in Bacău and the International Airport in Iasi.

All types of facilities necessary for the smooth running of the production activity, according to the object of the activity, are built at the headquarters.

The production areas include hangars, industrial halls, technological test benches, administrative and social areas. The company also has office premises 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. comply with the provisions established in the health, safety, and environmental management system, adhering to the applicable legislation and regulations regarding occupational safety, as well as to the norms for property protection and safety.

On September 30, 2024, Aerostar S.A. Bacău owns tangible assets for conducting its activities with a gross value of 391.193 thousand lei, materialized in land, buildings, special constructions, installations, technological equipment, and means of transport:

<b>Tangible assets category</b>	<b>Gross value (thousand lei)</b>	<b>Degree of wear (%)</b>	<b>Estimated useful lifetime (years)</b>
<b>Land</b>	31.171	N/A	N/A
<b>Constructions</b>	100.623	49,51%	<b>30-50 years</b>
<b>Property investments</b>	12.954	47,72%	<b>25-50 years</b>
<b>Technical installations, of which:</b>	242.595	70,62%	
• <b>technological equipment</b>	232.865	70,66%	<b>4-25 years</b>
• <b>means of transport</b>	9.730	69,67%	<b>4-18 years</b>
<b>Other tangible assets</b>	3.850	61,14%	<b>2-18 years</b>
<b>TOTAL</b>	<b>391.193</b>	<b>60,78%</b>	<b>N/A</b>

From January to September 2024, no risks regarding the ownership of tangible assets were identified.

#### *RELATIONSHIP WITH THE SHAREHOLDERS AND THE CAPITAL MARKET*

In its relationship with the shareholders, Aerostar has sought to protect and secure the rights of the shareholders, namely:

- to participate in General Meetings directly or by representation - by providing special proxies, ballots for voting by corresponding, other useful information;
- to be treated fairly, regardless of their holdings;
- to receive dividends in proportion to the holdings of each shareholder.

In its relationship with the capital market, Aerostar has fulfilled all reporting obligations arising from legal provisions by publishing mandatory continuous and periodic reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange, as well as on the company's website, and through press releases.

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

Shareholders can obtain information about Aerostar and its main events on the website [www.aerostar.ro](http://www.aerostar.ro).

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

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 time period.

#### *ASPECTS CONCERNING THE COMPANY'S CAPITAL AND ADMINISTRATION*

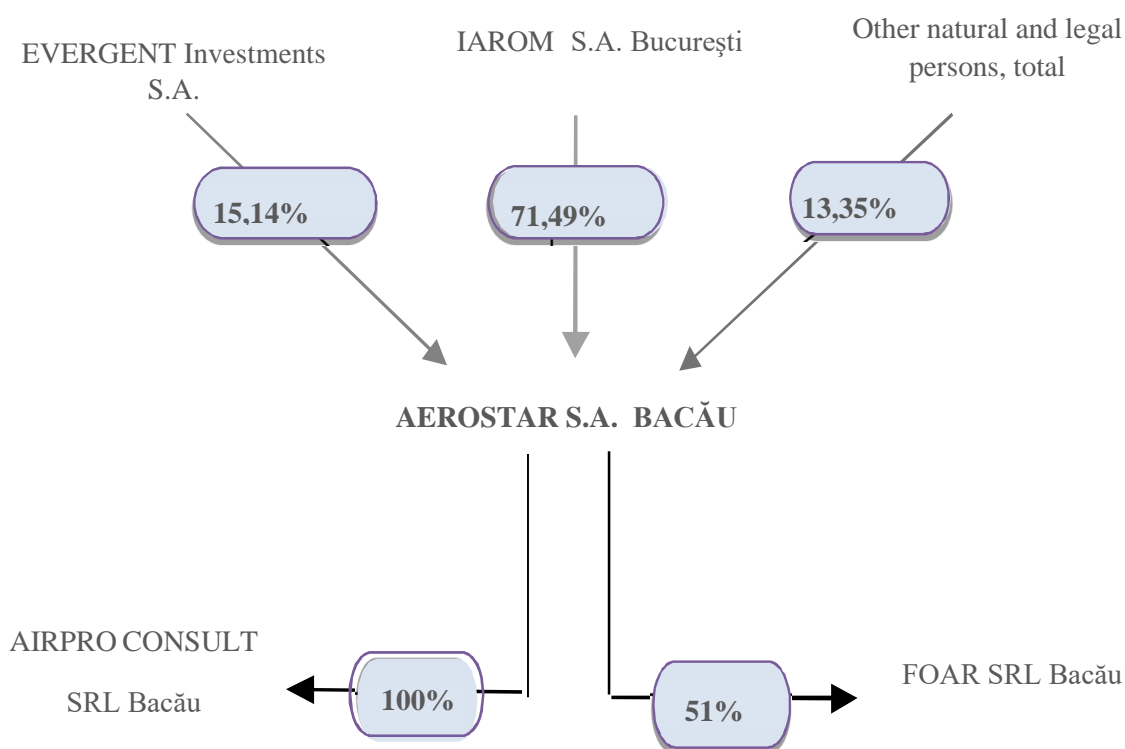
There have been no changes affecting the capital and management of Aerostar S.A.

The company was not in default of its financial obligations during this period.

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

Aerostar is a subsidiary of IAROM S.A. and therefore the parent company consolidating the Group's financial statements is IAROM S.A., with the unique identification code 1555301 and the head office in Bucharest, B-dul Aerogării no. 39. The consolidated financial statements for the financial year 2023 have been filed with A.N.A.F. under registration number 770692053-2023/22.08.2024.

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 31.12.2024.



## 10. RISK FACTORS

Within the company, necessary resources are allocated for risk management, and authorities and responsibilities are defined for relevant functions and levels. The general framework for addressing risks is based on understanding stakeholders' needs and expectations regarding the achievement of the organization's projected outcomes, mitigating and reducing exposure to risks, and increasing opportunities for a robust business.

The contextual issues and their impact over short, medium and long time horizons, as well as the company's priorities in relation to the stakeholders' requirements over the same time horizons, along with the significant risks and opportunities related to the business model, underpin 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 update of strategy.

Aerostar's existing 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 shortage of manpower in the aviation industry remains a real issue and challenge in view of the demand for qualified and specialized personnel, the high level of experience and professional training required by the specific activities in the field.

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

The results for the reporting period of 2024 show an upward trend and reflect the company's solid performance, with an increase in sales amidst the complex geopolitical and economic environment.

## 11. QUALITY AND ENVIRONMENT

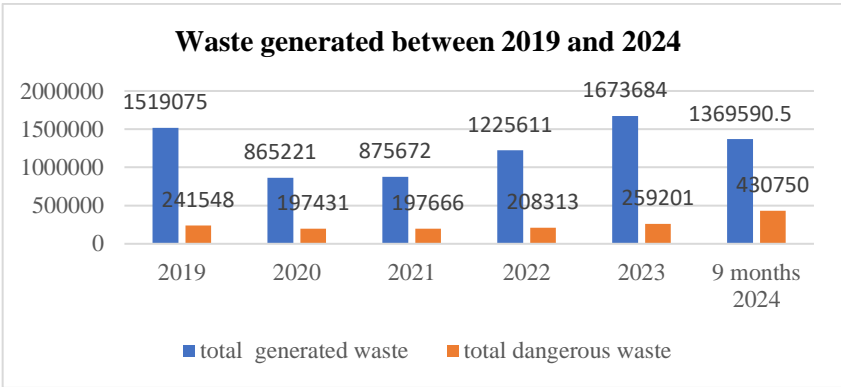
The environmental impacts related to: air emissions, noise generation, soil spills, waste generation, are analysed periodically and the environmental aspects are assessed to determine the significant aspects. All hazardous chemical substances and preparations used in AEROSTAR are managed according to the applicable regulations in force.

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

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

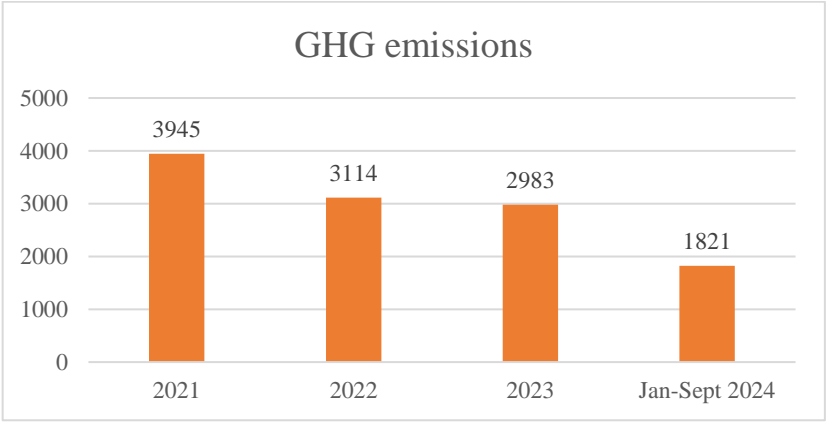
All waste generated from activities carried out within the company is selectively stored in appropriate containers and subsequently handed over to authorized operators for collection, recovery, disposal.

In the first 9 months of 2024 the amount of recoverable waste represented approximately 79% of the total amount of waste generated.



AEROSTAR has complied with all obligations under the Greenhouse Gas Authorization:

- The preparation of the monitoring report on greenhouse gas emissions generated in 2023, which was validated by an audit performed by an accredited verifier earlier this year;
- No non-compliances were documented as a result of the verification audit on the GHG emissions management, the emissions for the year 2023 being, therefore, validated.
- In April 2024, the compliance with the European Union Emissions Trading System (EU ETS) was finalized, with 2.983 greenhouse gas certificates (GHG) returned, corresponding to CO2 emissions from 2023.



## 12. OUR EMPLOYEES

AEROSTAR ended the third quarter of 2024 with a total of **1.876** employees, of which **129** were employed through temporary labour agents, registering a total staff turnover of **8,87%**.

	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
<b>30.09.2024</b>	1876	30%	70%	26%	22%	43%	35%
<b>30.09.2023</b>	1853	29%	71%	26%	21%	43%	36%

At AEROSTAR, there are no incidents of workplace discrimination based on gender, race or ethnic origin, nationality, religion or beliefs, disability, age, sexual orientation, or other relevant forms of discrimination or harassment incidents.

AEROSTAR respects and guarantees equal and non-discriminatory treatment in the relationships with its employees, partners, collaborators, suppliers, and customers. Within the company's labor relations, the principle of equal treatment for all employees is applied, with any direct or indirect discrimination strictly prohibited. Discrimination intended to deny, limit, or remove the recognition of the use or exercise of the rights provided for by labor legislation and the Collective Labor Agreement (which includes the Code of Conduct and Ethics) is banned. This applies to criteria such as gender, sexual orientation, age, race, ethnicity, religion, political affiliation, social origin, disability, family status or responsibilities, and union membership or activities

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

	Average degree of unionization	Employees turnover rate	Work related fatalities
<b>30.09.2024</b>	60.44%	8,87%.	0
<b>30.09.2023</b>	60,69%	10,31%	0

AEROSTAR is committed to supporting its 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, providing opportunities for development and career advancement, thus, each employee benefits from training programs designed to contribute to their professional development.

By 30.09.2024 professional training courses were organized for AEROSTAR's employees, prioritizing the coverage of training needs in the areas of interest for the production activities.

As a result of the internal and external training programs provided for in the Annual Training Plan, a number of **1.159** employees benefited from continuous training, with an average of **21** hours of training/employee/year. It should be noted that during the reporting period the absorption and retention of qualified staff increased, thus decreasing the number of hours of training/employee.

	Employees included in professional training programs	Number of hours of training/ employee	Pupils on traineeships	Students in various stages of traineeships
<b>30.09.2024</b>	1159	22	664	64
<b>30.09.2023</b>	1.656	37	580	39

### **WE SUPPORT AND PROMOTE QUALITY EDUCATION!**

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

This Assessment and Certification Centre also enables other candidates from the local community to obtain certificates of competency.

### **WE SUPPORT THE HEALTH AND SAFETY OF OUR EMPLOYEES**

Through continuous efforts to identify, assess and prevent risks we make sure that every employee enjoys a safe and healthy working environment.

To this end, Aerostar applies in its activity internal rules and regulations that ensure compliance with the legal requirements and those of the standard SR ISO 45001:2018.

Compliance with these regulations is aimed at ensuring the employees' health and safety in all work-related aspects.

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

### 13. INVESTMENTS FINALIZED AT THE REPORTING DATE

As of September 30, 2024, AEROSTAR has made and put into operation investments amounting to 22,168 thousand lei. Investment expenses are represented as follows:

Category	%
Development expenses	84%
Replacement costs	16%
TOTAL	100%

Investments as of September 30, 2024	%
Equipment	80%
Constructions	11%
Other investments	9%

These investments consisted in the acquisition of equipment for the maintenance of civil aircraft, military airplanes and helicopters, the purchase of measurement and control equipment, the modernization of utility distribution networks and exhaust systems, the modernization of the chemical processing line, necessary software licenses for production and support activities, as well as investments in digitalization, research, and innovation.

### 14. FINANCIAL SITUATION - SUMMARY - SEPTEMBER 2024

Financial performance	UM	30.09.2024	30.09.2023
Total revenue	K lei	464.940	414.959
Total expenses	K lei	397.774	347.230
Gross profit	K lei	67.166	67.729

Financial position	UM	30.09.2024	30.09.2023
Fixed assets (net values)	K lei	253.819	246.201
Current assets	K lei	525.599	473.732
Share capital	K lei	48.729	48.729
Company equity	K lei	585.022	519.012
Total liabilities	K lei	99.009	80.352

**AEROSTAR S.A. BACĂU**  
**COMPANY FINANCIAL STATEMENTS**  
**FOR 30 SEPTEMBER 2024**

**UNAUDITED**

The financial statements of 30.09.2024 have been audited  
by the internal auditor of the Aerostar company

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

	Note	30 September 2024	30 September 2023
<b>Operating income</b>			
Proceeds from sales	19	419.510	361.523
Other income	19	1.364	1.659
Proceeds related to the inventories of finished goods and work in progress	19	25.754	29.885
Proceeds from production of fixed assets	19	948	631
Proceeds from operating subsidies	19	158	576
<b>Total operating income</b>		<b>447.734</b>	<b>394.274</b>
<b>Operating expenses</b>			
Material expenses	20	(178.501)	(166.842)
Expenses with employees' benefits	20	(146.264)	(125.817)
Expenses regarding amortization of fixed assets	5;6;20	(19.974)	(19.285)
Net income (expenses) from adjustments regarding current assets	20	(12.902)	(8.738)
Net income (expenses) from adjustments regarding provisions	20	7.188	9.226
Expenses regarding external services	20	(37.954)	(27.719)
Other expenses	20	(4.006)	(3.746)
<b>Total operating expenses</b>		<b>(392.413)</b>	<b>(342.921)</b>
<b>Profit/loss from operating activity</b>		<b>55.321</b>	<b>51.353</b>
Financial revenue	21	17.206	20.685
Financial expenses	22	(5.361)	(4.309)
<b>Financial profit/loss</b>		<b>11.845</b>	<b>16.376</b>
<b>Profit before tax</b>		<b>67.166</b>	<b>67.729</b>
Tax on current and deferred profit	17;23	(8.352)	(6.633)
<b>Net profit of the period</b>		<b>58.814</b>	<b>61.096</b>

**Chief Executive Officer,  
Alexandru Filip**

**Financial Director,  
Doru Damaschin**

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

	<b>30 September 2024</b>	<b>30 September 2023</b>
<b>Net profit of the period</b>	<b>58.814</b>	<b>61.096</b>
Deferred income tax recognized on company equity	(2.976)	(2.011)
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income	186	26
Revaluation at fair value of equity instruments through other comprehensive income	9.020	(6.398)
<b>Other comprehensive income</b>	<b>6.230</b>	<b>(8.383)</b>
<b>Total comprehensive income for the period</b>	<b>65.044</b>	<b>52.713</b>

**Chief Executive Officer,  
Alexandru Filip**

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Doru Damaschin**

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

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

	Note	30 September 2024	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	162.113	159.487
Intangible assets	5	1.915	1.808
Investment property	6	6.772	7.296
Rights to use leased assets	32	1.712	1.746
Financial fixed assets	7	60.050	57.732
Receivables regarding deferred profit tax	17	21.257	20.316
<b>Total non-current assets</b>		<b>253.819</b>	<b>248.385</b>
<b>Current assets</b>			
Inventories	10	189.496	161.042
Trade receivables and other receivables	8;9;18	75.495	90.175
Current income tax receivables	23	-	262
Short-term prepaid expenses	31	1.319	789
Cash and cash equivalents	11	259.289	245.792
<b>Total current assets</b>		<b>525.599</b>	<b>498.060</b>
<b>Total assets</b>		<b>779.418</b>	<b>746.445</b>
<b>COMPANY EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	48.729	48.729
Current result	12	58.814	93.028
Result carried forward	12	52.540	51.577
Reserves	12	462.234	410.028
Deferred income tax recognized on account of equity	17	(26.604)	(23.481)
Distribution of profit for legal reserves	12	(10.691)	(27.924)
<b>Total equity</b>	12	<b>585.022</b>	<b>551.957</b>
<b>Long-term liabilities</b>			
Liabilities regarding deferred income tax	17	28.096	25.191
Subsidies for long-term investments	14	931	1.550
Other long-term liabilities	16	1.468	1.490
<b>Total long-term liabilities</b>		<b>30.495</b>	<b>28.231</b>
<b>Long-term provisions</b>	13	<b>48.415</b>	<b>55.511</b>
<b>Current liabilities</b>			
Trade liabilities	15;18	46.512	48.059
Liability with current income tax	23	1.775	-
Pre-booked income	31	2.853	2.916
Subsidies for short-term investments	14	828	830
Other current liabilities	16	16.546	11.878
<b>Total current liabilities</b>		<b>68.514</b>	<b>63.683</b>
<b>Short-term provisions</b>	13	<b>46.972</b>	<b>47.063</b>
<b>Total provisions</b>		<b>95.387</b>	<b>102.574</b>
<b>Total liabilities</b>		<b>99.009</b>	<b>91.914</b>
<b>Total company equity, liabilities and provisions</b>		<b>779.418</b>	<b>746.445</b>

**Chief Executive Officer,**  
**Alexandru Filip**

**Financial Director,**  
**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CASH FLOWS (DIRECT METHOD)**  
**FOR 30 SEPTEMBER 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	Note	30.09.2024	30.09.2023
<b>CASH FLOWS FROM OPERATIONS</b>			
collected from customers		452.769	370.831
taxes recovered from the State Budget		11.718	2.420
collected as subsidies from the State Budget		196	606
payments to suppliers		(263.364)	(228.232)
payments to employees		(87.472)	(77.089)
payment of taxes and dues to the State Budget		(58.278)	(54.075)
payment of profit tax to the State Budget		(7.480)	(4.509)
<b>NET CASH FROM OPERATIONS</b>	27	<b>48.089</b>	<b>9.952</b>
<b>CASH FLOWS FROM INVESTMENTS</b>			
interest collected from bank deposits set up		8.798	11.488
proceeds from sale of fixed financial assets	27	7.024	5.516
dividends collected from other entities		3.498	3.645
dividends collected from affiliated entities		516	153
payments for purchasing fixed financial assets	7, 27	-	(10.653)
payments for purchasing property, plant and equipment and intangible assets		(23.023)	(14.109)
<b>NET CASH FROM INVESTMENTS</b>	27	<b>(3.187)</b>	<b>(3.960)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
gross dividends paid		(30.736)	(26.239)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	27	<b>(30.736)</b>	<b>(26.239)</b>
Net increase/decrease of cash and cash equivalents		14.166	(20.247)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>245.792</b>	<b>246.173</b>
Effect of the exchange rate variation on cash and cash equivalents	27	(669)	(196)
<b>Cash and cash equivalents at the end of the period</b>	11	<b>259.289</b>	<b>225.730</b>

**Chief Executive Officer,  
Alexandru Filip**

**Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 30 SEPTEMBER 2024**

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

	Share capital	Reserves	Reserves from re-valuation of financial assets through other comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Total comprehensive income</b>							
<b>A. Balance on 1 January 2024</b>	<b>48.729</b>	<b>407.359</b>	<b>2.669</b>	<b>(23.481)</b>	<b>51.577</b>	<b>65.104*</b>	<b>551.957</b>
<b>Profit of the period</b>						58.814	58.814
<b>Other elements of comprehensive income</b>							
Setting up of deferred profit tax recognized on account of equity				(3.123)	147		(2.976)
Distribution of the profit for the 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 after 9 months for reserves representing fiscal facilities in gross amounts		10.691				(10.691)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(630)		816		186
Revaluation at fair value of the equity instruments through other comprehensive income			9.020				9.020
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>10.691</b>	<b>8.390</b>	<b>(3.123)</b>	<b>66.067</b>	<b>(16.981)</b>	<b>65.044</b>
Reserves distributed from the profit of 2023		33.125			(33.125)		-
Dividends distributed for 2023					(31.979)		(31.979)
<b>Transactions with shareholders recognised directly in equity</b>	<b>-</b>	<b>33.125</b>	<b>-</b>	<b>-</b>	<b>(65.104)</b>	<b>-</b>	<b>(31.979)</b>
<b>B. Balance on 30 September 2024</b>	<b>48.729</b>	<b>451.175</b>	<b>11.059</b>	<b>(26.604)</b>	<b>52.540</b>	<b>48.123**</b>	<b>585.022</b>
<b>C. Changes in equity (Note 12)</b>	<b>-</b>	<b>43.816</b>	<b>8.390</b>	<b>(3.123)</b>	<b>963</b>	<b>(16.981)</b>	<b>33.065</b>

\* The result of 93.028 thousand lei as on 31.12.2023 is influenced by the profit distribution to other reserves from fiscal facilities in the amount of 27.924 thousand lei;

\*\* The result of 58.814 thousand lei as on 30.09.2024 is influenced by the profit distribution to other reserves from tax facilities in the amount of 10.691 thousand lei;

**Chief Executive Officer,**  
**Alexandru Filip**

**Financial Director,**  
**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 30 SEPTEMBER 2023**

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

	Share capital	Reserves	Reserves from re-valuation of financial assets through other comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Total comprehensive income</b>							
<b>A. Balance on 1 January 2023</b>	48.729	324.149	7.235	(19.654)	50.938	82.312*	493.709
<b>Profit of the period</b>					61.096		61.096
<b>Other elements of comprehensive income</b>							
Setting up of deferred profit tax recognized on account of equity				(2.174)	163		(2.011)
Distribution of the profit for the year 2022 to the destinations decided by the shareholders in OGMS of 20 April 2023 (Note 12)					82.312	(82.312)	-
Distribution of the profit made after 9 months of 2023 for tax incentive reserves in gross amounts		20.230				(20.230)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(658)		684		26
Revaluation at fair value of the equity instruments through other comprehensive income			(6.398)				(6.398)
<b>Total comprehensive income for the period</b>	-	20.230	(7.056)	(2.174)	83.159	(41.446)	52.713
Reserves distributed from the profit of 2022		54.902			(54.902)		-
Dividends distributed for 2022					(27.410)		(27.410)
<b>Transactions with shareholders recognised directly in equity</b>							
	-	54.902	-	-	(82.312)	-	(27.410)
<b>B. Balance on 30 September 2023</b>	48.729	399.281	179	(21.828)	51.785	40.866**	519.012
<b>C. Changes in equity (Note 12)</b>	-	75.132	(7.056)	(2.174)	847	(41.446)	25.303

\*) The result of 90.273 k lei as on 31.12.2022 is influenced by the profit distribution to other reserves from tax incentives in the amount of 7.961 k lei;

\*\*) The result of de 61.096 k lei as on 30.09.2023 is influenced by the profit distribution to other reserves from fiscal facilities in the amount of 20.230 k lei;

**Chief Executive Officer,**  
**Alexandru Filip**

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**AEROSTAR S.A. BACĂU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 SEPTEMBER 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) was approved in Iasi, on 25B Aeroportului Street. Moreover, in accordance with the Decision of the Board of Directors no.1/02.06.2023, the opening of a secondary office without legal personality (workplace) was approved in Fetești, at 2, Carpați Street, ap. 7.

The main line of work of AEROSTAR S.A. is production.

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

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

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

Over the course of 2024 there was no subscription of new shares, nor of any participation certificates, convertible bonds, warranties, options or similar rights.

In terms of accounting regulations, AEROSTAR S.A. is the 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, 39 Aerogării Blvd. The consolidated financial statements for the financial year 2023 were submitted to A.N.A.F. under registration number 770692053/22.08.2024. 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 31.12.2024.

The company has a sole operating segment 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 Report of the Board of Directors.

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

The company will continue to act firmly so as to ensure the sustainability of its investments and to maintain its production capabilities. Furthermore, thanks to the experience gathered within our collective, the 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 SEPTEMBER 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 involves the use of estimates, judgements and assumptions that affect the implementation of the accounting policies as well as the reported value of the assets, liabilities, revenues and expenses.

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

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

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

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

The company uses estimates in order to determine:

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

***Disclosure of information***

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

**2.2. Errors**

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

The company corrects retroactively the significant errors for 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.

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

**NOTE 2 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (cont'd)**

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

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

**2.3. Changes in the accounting policies**

Any change in the accounting policies is only permitted if requested by IFRS or if it results in more relevant or more reliable information with reference to the company operations.

The company modifies an accounting policy only if such change:

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

Application of changes in the Accounting Policies:

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

***Disclosure of information***

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

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

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

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

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

**AEROSTAR S.A. BACĂU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 SEPTEMBER 2023**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

## **NOTE 3 - ACCOUNTING AND EVALUATION PRINCIPLES**

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

The individual financial statements of the Company AEROSTAR S.A. 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 companies with securities admitted for trading on a market regulated by the International Financial Reporting Standards;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as amended and supplemented;
- O.M.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of the inventories of elements such as assets, liabilities and equities;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanations regarding some measures of business accounting organization and management;
- O.M.F.P. no. 2.634/2015 regarding the financial accounting documents, as amended and supplemented.
- Law no. 24/2017, republished, regarding the issuers of financial instruments and market operations.

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

The accounting for transactions in foreign currency 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 provided, 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 relevant to the Company's situation.

### **3.2. Accounting policies applied**

AEROSTAR SA describes the accounting policies applied to the notes to the company 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 presentation made at the end of the financial year 2022, no changes were made in the accounting principles, methods, policies and procedures applied.

**AEROSTAR S.A. BACĂU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 30 SEPTEMBER 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.

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

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

<b>Currency</b>	<b>30.09.2024</b>	<b>AVERAGE RATE FOR 9 MONTHS 2024</b>	<b>31.12.2023</b>	<b>AVERAGE RATE FOR 2023</b>
1 EUR	4,9756 lei	4,9744 lei	4,9746 lei	4,9465 lei
1 USD	4,4451 lei	4,5765 lei	4,4958 lei	4,5743 lei
1 GBP	5,9563 lei	5,8435 lei	5,7225 lei	5,6869 lei

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

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

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

<b>JANUARY - SEPTEMBER 2024</b>	<b>K EUR</b>	<b>K USD</b>	<b>K GBP</b>
Collected from financial assets	25.490	49.887	-
Payments of financial liabilities	(10.921)	(27.353)	(789)
<b>Net foreign-currency exposure</b>	<b>14.569</b>	<b>22.534</b>	<b>(789)</b>

During the reporting period, the appreciation by 2.60% of the LEU currency against the USD in the third quarter of the year caused the recording of a financial loss from unfavourable exchange rate differences of 737 thousand lei.

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**NOTE 5 - INTANGIBLE ASSETS: reporting period 30 September 2024**

	Values on 30 September 2024			Values on 1 January 2024		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated depreciation	Net value
<b>Licences</b>	8.465	(7.081)	1.384	7.754	(6.527)	1.227
<b>Other intangible assets (software)</b>	1.322	(791)	531	1.194	(613)	581
<b>Total</b>	<b>9.787</b>	<b>(7.872)</b>	<b>1.915</b>	<b>8.948</b>	<b>(7.140)</b>	<b>1.808</b>

Net book value on 30.09.2024 and transactions during the period:

	Net value on 1 January 2024	Inflows at gross value	Depreciation during the period	Net value on 30 September 2024
<b>Licences</b>	1.227	730	(573)	1.384
<b>Other intangible assets</b>	581	128	(178)	531
<b>Total</b>	<b>1.808</b>	<b>858</b>	<b>(751)</b>	<b>1.915</b>

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**NOTE 5 - INTANGIBLE ASSETS: reporting period 30 September 2024 (continued)**  
**COMPARATIVE FIGURES - INTANGIBLE ASSETS: reporting period 30 September 2023**

	Values on 30 September 2023			Values on 1 January 2023		
	Gross amount	Accumulated depreciation	Net value	Gross amount	Accumulated depreciation	Net value
Licences	6.945	(6.378)	567	6.872	(6.034)	838
Other intangible assets (software)	1.094	(558)	536	497	(476)	21
<b>Total</b>	<b>8.039</b>	<b>(6.936)</b>	<b>1.103</b>	<b>7.369</b>	<b>(6.510)</b>	<b>859</b>

Net book value on 30.09.2023 and transactions during the period:

	Net value on 1 January 2023	Inflows at gross value	Depreciation during the period	Net value on 30 September 2023
Licences	838	137	(408)	567
Other intangible assets	21	597	(82)	536
<b>Total</b>	<b>859</b>	<b>734</b>	<b>(490)</b>	<b>1.103</b>

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**NOTE 5 - INTANGIBLE ASSETS: reporting period 30 September 2024 (continued)**

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

- Licences
- Other intangible assets

The software programmes are registered under other intangible assets.

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

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

The intangible assets in the balance sheet account as on 30.09.2024 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 September 2024 and which are still in use is 5.944 mii lei.

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

The entries of intangible assets were made by:

	<b><u>858 thousand lei</u></b>
• development of production management IT system - version 3	128 thousand lei
• acquisition of software licences	730 thousand 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 September 2024**

	Values on 30 September 2024			Values on 1 January 2024		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
<b>Land</b>	31.171	-	31.171	30.894	-	30.894
<b>Constructions</b>	100.623	(49.814)	50.809	98.349	(45.607)	52.742
<b>Technological equipment and vehicles</b>	242.595	(171.331)	71.264	231.120	(157.716)	73.404
<b>Other equipment and office equipment</b>	3.850	(2.354)	1.496	3.835	(2.115)	1.720
<b>Property, plant and equipment under construction</b>	7.373	-	7.373	727	-	727
<b>Total property, plant and equipment</b>	<b>385.612</b>	<b>(223.499)</b>	<b>162.113</b>	<b>364.925</b>	<b>(205.438)</b>	<b>159.487</b>
<b>Investment property</b>	<b>12.954</b>	<b>(6.182)</b>	<b>6.772</b>	<b>12.749</b>	<b>(5.453)</b>	<b>7.296</b>
<b>Grand total</b>	<b>398.566</b>	<b>(229.681)</b>	<b>168.885</b>	<b>377.674</b>	<b>(210.891)</b>	<b>166.783</b>

Net book value on 30.09.2024 and transactions during the period:

	Net value on 1 January 2024	Gross value inflows (reclassified)	Gross value outflows (reclassified)	Amortization during the period	Net value on 30 September 2024
<b>Land</b>	30.894	277	-	-	31.171
<b>Constructions</b>	52.742	2.479	(205)	(4.207)	50.809
<b>Technological equipment and vehicles</b>	73.404	11.892	(417)	(13.615)	71.264
<b>Other equipment and office equipment</b>	1.720	15	-	(239)	1.496
<b>Investment property</b>	7.296	205	-	(729)	6.772
<b>Property, plant and equipment under construction</b>	727	21.309	(14.663)	-	7.373
<b>Total</b>	<b>166.783</b>	<b>36.177</b>	<b>(15.285)</b>	<b>(18.790)</b>	<b>168.885</b>

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**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT (continued): reporting period 30 September 2023**

	Values on 30 September 2023			Values on 1 January 2023		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Land	30.894	-	30.894	29.534	-	29.534
Constructions	97.055	(44.058)	52.997	96.634	(39.428)	57.206
Technological equipment and vehicles	223.956	(153.389)	70.567	202.640	(140.423)	62.217
Other equipment and office equipment	3.841	(2.039)	1.802	3.833	(1.793)	2.040
Property, plant and equipment under construction	3.839	-	3.839	15.179	-	15.179
Total property, plant and equipment	<b>359.585</b>	<b>(199.486)</b>	<b>160.099</b>	<b>347.820</b>	<b>(151.644)</b>	<b>166.176</b>
Investment property	<b>12.749</b>	<b>(5.279)</b>	<b>7.470</b>	<b>11.275</b>	<b>(4.761)</b>	<b>6.514</b>
<b>Total</b>	<b>372.334</b>	<b>(204.765)</b>	<b>167.569</b>	<b>359.095</b>	<b>(186.405)</b>	<b>172.690</b>

Net book value on 30.09.2023 and transactions during the period:

	Net value on 1 January 2023	Gross value inflows	Gross value outflows	Amortization during the period	Net value on 30 September 2023
Land	29.534	1.360	-	-	30.894
Constructions	57.206	421	-	(4.630)	52.997
Technological equipment and vehicles	62.217	21.722	(407)	(12.965)	70.567
Other equipment and office equipment	2.040	8	-	(246)	1.802
Investment property	6.514	1.473	-	(517)	7.470
Property, plant and equipment under construction	15.179	12.023	(23.363)	-	3.839
<b>Grand total</b>	<b>172.690</b>	<b>37.007</b>	<b>(23.770)</b>	<b>(18.358)</b>	<b>167.569</b>

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**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

Amortization expenses are recognized in the profit and loss statement.

The following useful lifetimes are assumed for plant, property and equipment:

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

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

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

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

The value of renting income in this category of fixed assets was 2.166 thousand lei.

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

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

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

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

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

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

The value of land held by Aerostar SA is presented at acquisition cost, i.e. the deemed cost that was recognized at the date of transition to IFRS.

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

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**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT (continued)**

Internal sources of information:

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

External source of information:

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

<u>indicator MBR-Market to book ratio</u>	<u>30.09.2024</u>	<u>30.09.2023</u>
Stock exchange capitalization/ company equity	2,3	2,5

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

The property, plant and equipment in the balance sheet on 30.09.2024 are not depreciated and no significant depreciation indicators were identified.

The gross accounting value of the fully amortized property, plant and equipment still in operation on 30 September 2023 is 100.160 thousand lei.

On 30.09.2024 no mortgages were set on the fixed assets owned by Aerostar S.A.

<b>Inflows of property, plant and equipment, achieved by:</b>	<b><u>36.177 k lei</u></b>
• commissioning of technical equipment, hardware equipment, measuring and control equipment	11.907 k lei
• construction modernization works	2.479 k lei
• land acquisition	277 k lei
• property, plant and equipment under construction during the period	21.309 k lei
• reclassification of the building in investment property as a result of renting	205 k lei
<b>Outflows of property, plant and equipment, achieved by:</b>	<b><u>15.285 k lei</u></b>
• transfer of property, plant and equipment as a result of the commissioning thereof	14.663 k lei
• derecognition of property, plant and equipment because the company no longer expects future economic benefits from their use	417 k lei
• reclassification of investment property building following rental	205 k lei

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**NOTE 7- FIXED FINANCIAL ASSETS**

	Shares held in affiliated entities	Other immobilized securities - shares	Other immobilized securities – contributions to capital assets	Other immobilized receivables – supplier guarantees	Total
<b>On 1 January 2024</b>	<b>14</b>	<b>57.674</b>	<b>2</b>	<b>42</b>	<b>57.732</b>
Increases/Decreases	-	2.318	-	-	2.318
<b>On 30 September 2024</b>	<b>14</b>	<b>59.992</b>	<b>2</b>	<b>42</b>	<b>60.050</b>

On 30.09.2024 the increase in value related to other fixed assets-shares amounts to 2.318 thousand lei and consists of:

Fair value revaluation of Evergent Investments S.A. shares	Value of shares sold between January and September 2024	Total value increases - net
9.020	(6.702)	2.318

**A) Investments in affiliated entities registered under cost:**

Subsidiary name/ Registered head office	CAEN Code	No. of shares/ shares issued	Voting rights (%)	Value of shares held by (k lei)	Financial information related to the year 2023			
					Company's share capital (k lei)	Reserves (k lei)	Net profit (k lei)	Nominal value/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
Foar SRL Bacău 9, Condorilor Street	- main activity according to CAEN code 7739	408	51%	4	8	424	119	0,01
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>14</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
								7,7
								1,4

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**NOTE 7- FIXED FINANCIAL ASSETS (continued)**

Aerostar's shareholdings in the affiliated companies are recorded at cost. On 30.09.2024, the company recorded no changes in terms of increase/decrease in the percentage of shareholdings in affiliated companies, maintaining the same influence as in 2023. Both companies in which AEROSTAR has shareholdings are registered in Romania.

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

Issuer's name	CAEN code	No. of shares	Symbol	Value of price /share on 30.09.2024 (lei)	Value of portfolio at market price (k lei)
<b>Registered head office</b>					
<b>Evergent Investments S.A.</b>	<b>- main activity according to CAEN code 6499</b>	<b>40.398.465</b>	<b>EVER</b>	<b>1,4850</b>	<b>59.992</b>
Str. Pictor Aman 94C,Bacău					

The company holds 40.398.465 shares of the company Evergent Investments S.A, listed at the Bucharest Stock Exchange. Aerostar records the shares held at fair value through other elements of global result, in accordance with IFRS 9 “Financial Instruments”. The Company used the irrevocable option to designate such equity instruments at fair value through other elements of global result as these financial assets are held both to collect dividends, and also for earnings from their sale, but not for trading. The earning or loss related to these equity instruments is recognized in other elements of global result, except for the revenue from dividends.

**C) Contribution in cash to setting up the original patrimony of the Association “Education cluster for sustainable development C-EDD”**

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

The purpose of the Association is to develop and implement efficient mechanisms of public-private dialogue in the field of education, to act as a space of dialogue and collaboration between the main players involved in education, to increase the quality of the educational processes and to connect the ongoing education with the economic environment in order to provide to it qualified human resources for sustainable development.

The value of AEROSTAR's contribution to the assets of the association " Education Cluster for Sustainable Development C-EDD " is 2.500 lei.

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**NOTE 8 - TRADE RECEIVABLES**

	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>TRADE RECEIVABLES, OF WHICH:</b>		
<b>Customers:</b>	<b>63.013</b>	<b>76.785</b>
Domestic customers	5.842	6.694
Foreign customers	57.171	70.091
<b>Uncertain customers</b>	<b>1.219</b>	<b>445</b>
 <b>Adjustments for impairment of receivables – customers</b>	 <b>(647)</b>	 <b>(267)</b>
 <b>Suppliers – debtors</b>	 <b>7.462</b>	 <b>7.926</b>
 <b>TOTAL TRADE RECEIVABLES</b>	 <b>71.047</b>	 <b>84.889</b>

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

- in percentage of 50% of the value of the receivables not collected on time if the due date is between 30 days and 180 days. On 30 September 2024 the company registered adjustments for depreciation of this nature in the amount of 572 thousand lei;
- 100 % of the amount of the receivables not collected on time, if the delay is more than 180 days. On 30 September 2024 the company registered adjustments for depreciation of this nature in the amount of 75 thousand lei.

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

Debtors-suppliers have a discount limit:

- in 2024: 5.326 thousand lei
- in 2025: 2.136 thousand lei

The receivables were evaluated at the market exchange rate communicated by the National Bank of Romania available for the end of September 2024.

The favourable and unfavourable exchange rate differences between the exchange market rate, for which are accounted the receivables in currency, and the market exchange rate communicated by the National Bank of Romania available for the end of September 2024 were recorded in the related income or expense account.

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**NOTE 9 – OTHER RECEIVABLES**

	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>Receivables related to manpower and similar accounts</b>	<b>113</b>	<b>88</b>
<b>Receivables related to the budget of social insurance and the state budget, of which:</b>	<b>3.089</b>	<b>3.484</b>
– VAT to recover	1.127	1.206
– Non-exigible VAT	119	163
– Amounts to recover from the National Health System (allowances on medical leaves)	1.782	1.993
– Amounts in the form of subsidies	30	69
– Excise duties to recover on the fuel used	10	-
– Other receivables in relation to the local budget	7	39
– Other receivables in relation to the social security and state budget	14	14
<b>Interest to receive from bank deposits</b>	<b>983</b>	<b>1.487</b>
<b>Sundry debtors</b>	<b>776</b>	<b>745</b>
<b>Impairment adjustments for receivables - sundry debtors</b>	<b>(513)</b>	<b>(518)</b>
<b>TOTAL OTHER RECEIVABLES</b>	<b>4.448</b>	<b>5.286</b>

Note:

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

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<b>NOTE 10 – INVENTORIES</b>	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>of which:</b>		
Raw material	65.315	72.098
Consumables	99.410	71.738
Other materials	10	68
Semi-finished	4	32
Packaging	86	45
Finished products	40.255	27.768
Products and services in progress	64.241	56.592
<b>Gross value of inventories (unadjusted)</b>	<b>269.321</b>	<b>228.341</b>
<i>Value of impairment adjustments</i>	<i>79.825</i>	<i>67.299</i>
<b>Net (adjusted) value of inventories</b>	<b>189.496</b>	<b>161.042</b>

**ADJUSTMENTS FOR DEPRECIATION OF INVENTORIES**

	<b>30 September 2024</b>	<b>Increases/ Setups/</b>	<b>Decreases/ Reruns/</b>	<b>31 December 2023</b>
<b>Total adjustments</b>	<b>79.825</b>	<b>19.819</b>	<b>7.293</b>	<b>67.299</b>
Adjustments for impairment of raw material	42.068	7.213	700	35.555
Adjustments for impairment of consumables	29.925	6.876	4.412	27.461
Adjustments for impairment of semi-finished parts	4	-	28	32
Adjustments for impairment of finished products	2.421	613	354	2.162
Adjustments for impairment of production in progress	5.407	5.117	1.799	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 the inventory committees and/or module managers, with a view to presenting 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 to be impaired assets.

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

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**NOTE 10 – INVENTORIES (continued)**

- 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;
  - 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 178.500 thousand lei, which consists of:

- 167.957 thousand lei representing the value of expenditure related to stocks of materials;
- 9.401 thousand lei representing the value of expenses related to the consumption of water, gas and electricity;
- 1.142 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 the customers.

Aerostar S.A. has no pledged stocks.

**AEROSTAR S.A. BACAU**  
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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 consisted in:

	<b>30.09.2024</b>	<b>31.12.2023</b>	<b>30.09.2023</b>
Cash in the cashier desk	41	36	58
Sight deposits held with banks	66.128	34.053	28.366
Term deposits held with banks	193.020	211.703	197.306
Cheques deposited at the bank for cashing	100	-	-
<b>Cash and cash equivalents</b>	<b>259.289</b>	<b>245.792</b>	<b>225.730</b>

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 11.113 thousand LEI).

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

**AEROSTAR S.A. BACAU**  
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**NOTE 12 - COMPANY EQUITY**

The company equity on 30 September 2024 is 585.022 thousand lei. The net increase of the company equity in 2024 compared to the end of 2023 was 33.065 thousand lei.

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

- **The share capital remained unchanged:**

On 30 September 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 52.206 thousand lei**

- an increase by 33.125 thousand lei as a result of the distribution of the profit for 2023 to the destinations decided by the shareholders at the AGM of 18 April 2024;
- an increase by 10.691 thousand lei due to the distribution of the profit for the first 9 months of 2024 for reserves from tax incentives.
- an increase by 9.020 thousand lei due to the revaluation at fair value of Evergent Investments S.A. shares;
- a decrease by 630 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 3.123 thousand lei** due to deferred income tax recognized in equity.

- **Retained earnings increased by 963 thousand lei as follows:**

- an increase by 147 thousand lei on account of deferred income tax recognised on equity;
- an increase by 816 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 September 2024 is 52.540 thousand lei, consisting of:

- retained earnings arising from the use, at the date of transition to IFRS, of fair value as deemed cost = 26.624 thousand lei;
- retained earnings representing the realized gain from revaluation reserves, capitalised to match the depreciation of tangible fixed assets = 24.299 thousand lei;
- net gain realized from the sale of equity instruments recognized through other comprehensive income = 1.617 thousand lei.

- **The result of the period was a profit in the amount of 58.814 thousand lei.**

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**NOTE 13 - PROVISIONS**

	<b>31 December 2023</b>	<b>Increases/ Set-ups/ Reclassification of provisions</b>	<b>Reductions/ Reruns/ Reclassification of provisions</b>	<b>Differences from revaluation</b>	<b>30 Sep- tember 2024</b>
<b>Total provisions</b>	<b>102.574</b>	<b>22.686</b>	<b>29.673</b>	<b>(200)</b>	<b>95.387</b>
Provisions for bonds granted to customers	47.368	22.686	21.011	(205)	48.838
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Provisions for the employees' benefits	8.252	-	8.001	-	251
Provisions for litigations	224	-	224	-	-
Other provisions	30.283	-	437	5	29.851
<b>Long-term provisions</b>	<b>55.511</b>	<b>4.691</b>	<b>11.791</b>	<b>4</b>	<b>48.415</b>
Provisions for bonds granted to customers	13.790	4.691	11.354	-	7.127
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Other provisions	25.274	-	437	4	24.841
<b>Short-term provisions</b>	<b>47.063</b>	<b>17.995</b>	<b>17.882</b>	<b>(204)</b>	<b>46.972</b>
Provisions for guarantees granted to customers	33.578	17.995	9.657	(205)	41.711
Provisions for employees' benefits	8.252	-	8.001	-	251
Provisions for litigations	224	-	224	-	-
Other provisions	5.009	-	-	1	5.010

**Provisions set up for guarantees granted to customers**

Provisions for guarantees 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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**NOTE 13 – PROVISIONS (continued)**

**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-related 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.

During the period January - September 2024, the company recorded expenses related to the setting up of provisions in the amount of 13.822 thousand lei and income related to the write-offs/reductions of provisions in the amount of 21.010 thousand lei, resulting in net income from adjustments related to provisions in the amount of 7.188 thousand lei. During this period there were reclassifications of long-term provisions recognized in short-term provisions ( 8.864 thousand lei).

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**NOTE 14 - SUBSIDIES FOR INVESTMENTS IN ASSETS**

AEROSTAR recognizes as deferred income the subsidies regarding assets.

	<b>30.09.2024</b>	<b>30.09.2023</b>
<b>Balance on 1 January, of which:</b>	<b>2.380</b>	<b>3.028</b>
Short-term	830	1.020
Long-term	1.550	2.008
<b>Subsidies received:</b>	<b>-</b>	<b>-</b>
<b>Subsidies registered in income corresponding the calculated amortization</b>	<b>(415)</b>	<b>(621)</b>
<b>Balance on 30 September, of which:</b>	<b>1.758</b>	<b>2.223</b>
Short-term	828	801
Long-term	931	1.422

The balance recorded on September 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 the assts 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 597 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 45 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 767 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 337 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**

	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>Prepaid amounts collected in customers' account, of which:</b>	<b>15.528</b>	<b>12.540</b>
Customers-creditors from Romania	703	19
Customers-creditors from outside Romania	14.825	12.521
 <b>Suppliers, of which:</b>	 <b>30.984</b>	 <b>35.519</b>
Providers of materials and services from Romania	10.002	11.364
Providers of materials and services from outside Romania	14.400	19.125
Suppliers-invoices not arrived	4.240	3.846
Suppliers of non-current assets	1.795	1.184
Effects to be collected	547	-
 <b>Total commercial debts</b>	 <b>46.512</b>	 <b>48.059</b>

The payments in advance collected from foreign customers are for aircraft maintenance and repair work (75,62%) and for other services provided (24,38%).

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 September 2024, were recorded in the corresponding income or expenditure accounts.

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**NOTE 16 – OTHER LIABILITIES**

	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>Other current liabilities, of which:</b>	<b>16.546</b>	<b>11.878</b>
• <b>Liabilities related to manpower and similar accounts</b>	<b>4.434</b>	<b>3.656</b>
• <b>Liabilities related to social security budget and state budget, of which:</b>	<b>7.784</b>	<b>5.215</b>
– VAT payable	1.431	185
– social insurance	4.825	3.711
– labour safety contribution	298	235
– tax on income in the form of salaries	965	719
– contribution for unemployed people with disabilities	203	186
– other taxes	8	133
– other social liabilities	54	46
• <b>Other liabilities, of which:</b>	<b>4.328</b>	<b>3.007</b>
– dividends	4.073	2.735
– diverse creditors	232	229
– bonds received	23	43
<b>Other long term liabilities</b>	<b>1.468</b>	<b>1.490</b>

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 September 2024, in the amount of 4.073 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 CORPORATE INCOME TAX**

The **deferred corporate 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, etc) 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 corporate income tax registered on 30.09.2024 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	986
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Deferred tax liabilities related to tax relief reserves	23.720
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	1.770
<b>Total liabilities on deferred taxes</b>	<b>28.096</b>

**Receivables on deferred tax**

1. Receivables on deferred tax related to other provisions	445
2. Receivables on deferred tax related to provisions for bonds granted to customers	7.814
3. Receivables on deferred tax related to provisions for employee benefits	40
4. Receivables on deferred tax related to adjustments for depreciation of inventories	12.772
5. Receivables on deferred tax related to adjustments for depreciation of trade receivables	186
<b>Total receivables on deferred tax</b>	<b>21.257</b>
<b>Balance - Deferred tax liabilities</b>	<b>6.839</b>

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.

From January 01, 2024 to September 30, 2024, the company registered deferred corporate income tax revenues in the amount of 4.399 thousand lei and deferred corporate income tax expenses in the amount of 3.388 thousand lei.

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**NOTE 17 - DEFERRED CORPORATE INCOME TAX (continued)**

The deferred corporate income tax recognized on equity in the amount of 26.604 thousand lei consists of deferred tax liabilities in the amount of 27.049 thousand lei, as follows:

- deferred tax liabilities related to legal reserves 1.559 thousand lei
- deferred tax liabilities related to tax relief reserves 23.720 thousand lei
- deferred tax liabilities related to fixed-share securities 1.770 thousand lei;

and deferred tax receivables amounting to 445 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 (guaranteed 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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**NOTE 18- FINANCIAL INSTRUMENTS (continued)**

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

	<b>30.09.2024</b>	<b>30.09.2023</b>
Sight and term deposits with banks	259.148	225.672
Trade receivables, net of adjustments for depreciation	55.108	72.053
Evergent Investments S.A. shares	59.992	57.819
Immobilized receivables	42	42
<b>Total</b>	<b>374.290</b>	<b>355.586</b>

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

	<b>30.09.2024</b>	<b>30.09.2023</b>
Domestic market	5.215	10.698
Euro zone countries	23.016	25.489
Great Britain	19.051	24.472
Other European countries	2.070	2.199
Other regions	5.756	6.195
<b>Total</b>	<b>55.108</b>	<b>72.053</b>

**Depreciation adjustments**

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

	<b>Gross value</b>	<b>Adjustments for depreciation</b>	<b>Gross value</b>	<b>Adjustments for depreciation</b>
	<b>30.09.2024</b>		<b>30.09.2023</b>	
<b>In due time</b>	<b>54.536</b>		<b>70.634</b>	
<b>Past due, total of which:</b>	<b>1.219</b>		<b>2.861</b>	
31-60 days	766	382	1.907	954
61-90 days	325	162	51	26
91-120 days	50	25	383	191
Over 120 days	78	78	520	271
Over 1 year	-	-	-	-
<b>Total</b>	<b>55.755</b>	<b>647</b>	<b>73.495</b>	<b>1.442</b>

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

	<b>30.09.2024</b>	<b>30.09.2023</b>
<b>Balance on 1 January</b>	<b>267</b>	<b>954</b>
Adjustments set up for depreciation	1.460	2.727
Impairment adjustments reclassified as income	(1.080)	(2.239)
<b>Balance on 30 September</b>	<b>647</b>	<b>1.442</b>

On 30.09.2024, 97,80% of the balance of trade receivables are related to customers with a good payment record.

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**NOTE 18- FINANCIAL INSTRUMENTS (continued)**

**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
30.09.2024	Trade liabilities	26.673	(26.673)	(23.005)	(3.138)	(530)
30.09.2023	Trade liabilities	23.145	(23.145)	(19.509)	(3.022)	(614)

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

On 30.09.2024 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 81% of the turnover recorded in the reporting period is denominated in USD and EUR, while a significant part of the operating expenses is denominated in lei.

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

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

<b>30.09.2024</b>	<b>k EUR</b>	<b>k USD</b>	<b>k GBP</b>
Sight and term deposits with banks	5.815	4.925	69
Trade receivable	2.299	8.650	-
Trade liabilities	(1.503)	(1.982)	(44)
<b>Net exposure in original currency</b>	<b>6.611</b>	<b>11.593</b>	<b>25</b>

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**NOTE 18- FINANCIAL INSTRUMENTS (continued)**

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/LEU and EUR/LEU 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:

<b>30.09.2024</b>	<b>EUR/LEU</b>	<b>USD/LEU</b>
Net exposure, in original currency	6.611 k EUR	11.593 k USD
Exchange rate	4,9756	4,4451
Net exposure, in functional currency	32.894 k lei	51.532 k lei
Reasonable possible variation in foreign exchange rate	+/- 1%	+/- 5%
<b>Effect of variation on financial result</b>	<b>+/- 329 k lei</b>	<b>+/- 2.577 k lei</b>

**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 maximum 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 30.09.2024, the level of bonds granted under commercial agreements, by issue of bank bond letters and import Letters of Credit amounts to 12.486 thousand lei (the equivalent of 2.809 thousand USD).

On 30.09.2024, no mortgages are set up on the property assets owned by AEROSTAR.

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**NOTE 19 - OPERATING INCOME**

	<b>30 September 2024</b>	<b>30 September 2023</b>
<b>Income from sales, of which:</b>	<b>419.510</b>	<b>361.523</b>
Income from product sales	230.991	221.385
Income from services provided	185.809	137.230
Income from selling goods	17	361
Income from renting	2.208	2.065
Trading discounts granted	(28)	-
Income from other activities	513	482
 <b>Income from stocks of finished products and work in progress</b>	 <b>25.754</b>	 <b>29.885</b>
<b>Income from production of fixed assets</b>	<b>948</b>	<b>631</b>
<b>Income from operating subsidies</b>	<b>158</b>	<b>576</b>
<b>Income from investment subsidies</b>	<b>620</b>	<b>802</b>
<b>Other operating income</b>	<b>744</b>	<b>857</b>
 <b>Total operating income</b>	 <b>447.734</b>	 <b>394.274</b>

Up to the end of September 2024, the company has recorded income from operating subsidies in the amount of 158 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 744 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**

	<b>30 September 2024</b>	<b>30 September 2023</b>
<b>Expenses with employee benefits, of which:</b>	<b>146.264</b>	<b>125.817</b>
Salaries and allowances	127.570	110.413
Expenditure on vouchers granted to employees	11.225	8.539
Social security and social protection expenses	7.469	6.865
<b>Expenses with raw material and materials</b>	<b>158.672</b>	<b>147.412</b>
<b>Energy, water and gas</b>	<b>9.401</b>	<b>9.772</b>
<b>Other material expenses, of which:</b>	<b>10.428</b>	<b>9.658</b>
Expenses with non-inventory materials	1.142	1.045
Expenses related to goods	13	315
Expenses with packaging	570	634
Expenses with other materials	8.703	7.664
<b>Expenses with external services, of which:</b>	<b>37.954</b>	<b>27.719</b>
Repairs	14.245	10.073
Transportation costs	6.509	5.505
Commissions and fees	1.771	2.626
Travels, deployments	783	869
Expenditure on royalties and rents	621	634
Other expenses with services supplied by third parties	14.025	8.012
<b>Trade discounts received</b>	<b>(102)</b>	<b>(90)</b>
<b>Amortizations</b>	<b>19.974</b>	<b>19.285</b>
<b>Net expenses (income) from adjustments on provisions</b>	<b>(7.188)</b>	<b>(9.226)</b>
<b>Net expenses (income) from adjustments on current assets</b>	<b>12.902</b>	<b>8.738</b>
<b>Other operating expenses</b>	<b>4.108</b>	<b>3.836</b>
<b>Total operating expenses:</b>	<b>392.413</b>	<b>342.921</b>

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 9 months of 2024 the company granted meal vouchers in the amount of 11.225 thousand lei to its employees.

In the category of other operating expenses in the amount of 4.108 thousand lei are included, among others: spending on local taxes and fees, sponsorship, scholarships for students enrolled in dual education, environmental protection expenditure.

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**NOTE 20 – OPERATING EXPENSES (continued)**

In the first 9 months of 2024, AEROSTAR recorded increases/set-ups and reductions/resumptions of adjustments as follows:

<b>Adjustments on provisions</b>	<b>30 September 2024</b>	<b>30 September 2023</b>
Increases/set-ups	13.822	11.982
Reductions/resumptions	(21.010)	(21.208)
<b>Net expenses/(income) from provision adjustments</b>	<b>(7.188)</b>	<b>(9.226)</b>

In the first 9 months of 2024, the impact of the provision adjustments consists in a decrease of the operating expenses by the amount of 7.188 thousand lei.

<b>Impairment adjustments on current assets</b>	<b>30 September 2024</b>	<b>30 September 2023</b>
Increases/set-ups of adjustments		
Impairment adjustments on inventories	<b>19.819</b>	<b>30.231</b>
Impairment adjustments on receivable	1.520	2.778
Losses from receivables and various debtors	-	21
<b>Total increases/set-ups of adjustments</b>	<b>21.339</b>	<b>33.030</b>
Reductions/resumptions of adjustments		
Impairment adjustments on inventories	<b>(7.292)</b>	<b>(21.988)</b>
Impairment adjustments on receivables	(1.145)	(2.294)
<b>Total reductions/resumptions of adjustments</b>	<b>(8.437)</b>	<b>(24.292)</b>
<b>Net expenses(income) from impaired adjustments on current assets</b>	<b>12.902</b>	<b>8.738</b>

In the first 9 months of 2024 the impact of adjustments for impairment of current assets is an increase in operating expenses by the amount of 12.902 thousand lei.

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**NOTE 21 - FINANCIAL INCOME**

	<b>30 September 2024</b>	<b>30 September 2023</b>
Income from foreign exchange differences	4.594	5.387
Interest income	8.294	11.183
Income from shares held in subsidiaries	516	153
Income from financial assets at fair value	3.802	3.962
<b>Total financial income</b>	<b>17.206</b>	<b>20.685</b>

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.

**AEROSTAR S.A. BACĂU**  
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**NOTE 22 - FINANCIAL EXPENSES**

	<b>30 September 2024</b>	<b>30 September 2023</b>
Expenses from exchange rate differences	5.331	4.279
Expenses related to interest on leasing contracts	30	30
<b>Total financial expenses</b>	<b>5.361</b>	<b>4.309</b>

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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**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 30.09.2024 was 16% (the same rate applied for the financial year 2023).

	<u><b>30 September 2024</b></u>	<u><b>30 September 2023</b></u>
<b>Gross accounting profit</b>	<b>67.165</b>	<b>67.728</b>
<b>Current income tax expense</b>	<b>9.363</b>	<b>6.569</b>
<b>Tax on gains from the sale of securities held</b>	<b>155</b>	<b>131</b>

<b>Reconciliation of accounting profit with the tax profit for 30 September 2024</b>				<b>Differences</b>
Accounting revenue	464.940	Fiscal income	432.423	-32.517
Accounting expenses	397.775	Fiscal expenses	360.833	-36.942
Gross accounting profit, restated	67.165	Fiscal profit	71.590	+4.425
Accounting tax (16%)	10.746	Fiscal tax (16%)	11.454	+708
Tax deductions	-	<i>Tax deductions, of which:</i>	1.936	+1.936
		• related to investments made acc. to Art. 22 Fiscal Code	1.710	+1.710
		• sponsorship	226	+226
Tax on final profit	10.746	Tax on final profit	9.518	-1.228
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on the restated accounting gross profit		14,17 %		

**Comparative figures**

**30 September 2023**

<b>Gross accounting profit</b>	<b>67.728</b>
<b>Current income tax expense</b>	<b>6.569</b>
<b>Income tax on the gain from the sale of securities held</b>	<b>131</b>

<b>Reconciliation of accounting profit with the tax profit</b>				<b>Differences</b>
Accounting revenue	414.958	Fiscal income	366.445	-48.513
Accounting expenses	347.230	Fiscal expenses	299.891	-47.339
Gross accounting profit, restated	67.728	Fiscal profit	66.554	-1.174
Accounting tax (16%)	10.836	Fiscal tax (16%)	10.649	-188
Tax deductions	-	<i>Tax deductions, of which:</i>	3.949	+3.949
		• related to investments made acc. to Art. 22 Fiscal Code	3.237	+3.237
		• sponsorship	712	+712
Tax on final profit	10.836	Tax on final profit	6.700	-4.137
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on the restated accounting gross profit		9,89 %		

**AEROSTAR S.A. BACĂU**  
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**NOTE 23 – TAX ON PROFIT (continued)**

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 30.09.2024, the company recorded a current income tax liability of 1.775 thousand lei, related to the third quarter of 2024.

**AEROSTAR S.A. BACĂU**  
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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.

<b>IN LEI</b>	<u><b>30.09.2024</b></u>	<u><b>30.09.2023</b></u>
Profit attributable to ordinary shareholders	58.813.671	61.095.637
Number of ordinary shares	152.277.450	152.277.450
	<hr/>	<hr/>
<b>Profit per share</b>	<b>0,386</b>	<b>0,401</b>
	<hr/>	<hr/>

**AEROSTAR S.A. BACĂU**  
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**NOTE 25 - AVERAGE NUMBER OF EMPLOYEES**

<b>Average number of employees</b>	<b>9 months 2024</b>	<b>9 months 2023</b>
Own employees	1.697	1.695

<b>Employee headcount</b>	<b>30.09.2024</b>	<b>30.09.2023</b>
Own employees	1.747	1.722

As of September 30, 2024, the Company's total headcount is 1.876 employees, of which 1.747 are its own employees and 129 represent the workforce hired through the temporary labour agent.

As of September 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**

<b>Acquisitions of goods and services</b>	<b>9 months 2024</b>	<b>9 months 2023</b>
Airpro Consult SRL Bacău	9.083	7.312
Foar SRL Bacău	296	300
<b>TOTAL</b>	<b>9.379</b>	<b>7.612</b>
<b>Sales of goods and services</b>	<b>9months 2024</b>	<b>9 months 2023</b>
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>
<b>Liabilities</b>	<b>Balance on 30.09.2024</b>	<b>Balance on 30.09.2023</b>
Airpro Consult SRL Bacău	1.015	816
Foar SRL Bacău	35	33
<b>TOTAL</b>	<b>1.050</b>	<b>849</b>
<b>Dividends received by Aerostar</b>	<b>9 months 2024</b>	<b>9 months 2023</b>
Airpro Consult SRL Bacău	456	-
Foar SRL Bacău	60	153
<b>TOTAL</b>	<b>516</b>	<b>153</b>

The transactions with the affiliated parties in the period 01.01.2024-30.09.2024 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

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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 452.769 thousand Lei;
- the amounts collected from the State Budget were 11.914 thousand Lei, of which 11.718 thousand Lei represent VAT refunds and other social receivables, and 196 thousand Lei are receipts in the form of operating subsidies;
- the payments to the suppliers and employees amounted to 350.836 thousand Lei, of which 263.364 thousand Lei were payments to suppliers and 87.472 thousand Lei payments to employees;
- tax payments to the State Budget amounted to 65.758 mii lei, of which 56.310 thousand Lei payroll taxes and duties, 7.480 thousand Lei corporate income tax, 1.751 thousand Lei taxes and duties to local budgets, 217 thousand Lei VAT.

The operating activity generated net cash of 48.089 thousand Lei, up by 38.137 thousand Lei compared to the same period of last year.

The investment activity included:

- bank interest receipts amounting to 8.798 thousand Lei from bank deposits.
- proceeds from the sale of Evergent shares (stock symbol: EVER) in the amount of 7.024 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 971 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 516 thousand LEI;
- payments for the purchase of tangible and intangible fixed assets in the amount of 23.023 thousand Lei;

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**NOTE 27 - INFORMATION REGARDING THE CASH FLOW (continued)**

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 30.736 thousand LEI was paid as dividends due to AEROSTAR shareholders.

The level of cash and cash equivalents recorded on 30.09.2024 is 259.289 thousand Lei, up by 13.497 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:

	<b>30 September 2024</b>	<b>31 December 2023</b>
• <b>Liabilities:</b>		
○ guarantees granted to partners - as letters of bank guarantee and letters of credit	1.206	3.480
○ guarantees received from partners – as letters of bank guarantees and letters of credit	18.511	45.350
• <b>Goods, of which:</b>		
○ inventories of other materials released for use (tooling, jigs, fixtures, safety equipment, measuring and control equipment, technical library etc.)	50.163	45.970
○ materials received in consignment	2.239	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	23.381	22.167
○ materials received for processing/repair	4.448	4.068
○ supporting assets related to the leasing contracts Hangar of Iași	2.491	2.490
○ fixed assets proposed for scrapping	226	315
• <b>Other off-balance values, of which:</b>		
○ material guarantees established for the managers' responsibility for asset management	233	239
○ liabilities for covering some future obligations to A.J.O.F.M. based on OUG 9624/12.12.2011	2.780	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
• <b>Greenhouse Gas Emission Certificates</b>	3.107	4.585

On 30 September 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 64.95 Euro, according to the European Energy Exchange website (in December 2023: 77.25 Euro), at a re-evaluation exchange rate of 4,9756 Lei/Euro.

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**NOTE 29 - DIRECTORS' REMUNERATION**

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

The Board of Directors of AEROSTAR S.A. on 30.09.2024:

	<b>Surname and first name</b>	<b>Position</b>	<b>Profession</b>
▪	FILIP GRIGORE	President of the Board of Directors	Aviation engineer
▪	DAMASCHIN DORU	Vice-President of the Board of Directors	Economist
▪	FILIP ALEXANDRU	Chief Executive Officer	Engineer
▪	TONCEA RADU TUDOR	Member of the Board of Directors	Aviation engineer
▪	DOROȘ LIVIU-CLAUDIU	Member of the Board of Directors	Economist

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 04 July 2024, the shareholders of the company Aerostar approved:

- for the exercise of the mandate as from 11.07.2024, the Directors' remuneration will be a fixed monthly amount equivalent in lei to 1.000 Euro net/month;
- for the exercise of the mandate as from 11.07.2024, the remuneration of directors who also hold specific executive positions shall be composed of a fixed monthly remuneration, at a monthly amount equivalent in LEI to 1.000 Euro net/month, plus an additional monthly fixed net remuneration, not exceeding ten (10) times (inclusive) the remuneration of a member of the Board of Directors.

The total amount of gross indemnities granted to the members of the Board of Directors and executive management in the period January-September 2024 in accordance with the OGM Decision of 22.02.2024 and of 04.07.2024, by virtue of their responsibilities, was 1.335 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 of incurring losses or not realizing the expected sales and 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.

Monitoring and eliminating the effects of legal risk is achieved through a permanent system of information on legislative changes, as well as by organizing a system of analysis, endorsement and approval of terms and conditions included in commercial contracts.

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

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

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

The **credit risk** is the risk that AEROSTAR will incur a financial loss as a result of a partner's failure to fulfil its contractual obligations, 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).

AEROSTAR has no significant exposure to a single partner and does not have a significant concentration of turnover on a single geographical area.

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**NOTE 30- RISK MANAGEMENT (continued)**

However, there is exposure to the global market for Airbus programs, with a large proportion of the company's products being embedded in 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. The analysis provides 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 material 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 81% 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**

	<b>30 September 2024</b>	<b>31 December 2023</b>
<b>Pre-booked expenses (short-term)</b>	<b>1.319</b>	<b>789</b>
<b>Pre-booked revenue (short-term)</b>	<b>2.853</b>	<b>2.916</b>

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 September 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 September 2024, Aerostar did not recognize long-term **pre-booked revenue**. The category of short-term **pre-booked revenue** includes amounts related to deliveries of goods and services rendered, where the conditions for revenue recognition under IFRS 15 are not met (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 September 2024**

	Values on 30 September 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 MRO Hanger in Iași	1.937	(225)	1.712	1.940	(194)	1.746
<b>Total</b>	<b>1.937</b>	<b>(225)</b>	<b>1.712</b>	<b>1.940</b>	<b>(194)</b>	<b>1.746</b>

Net accounting value on 30.09.2024:

	Net amount on 1 January 2024	Revaluations between January-September 2024	Depreciation in the period	Net value on 30 September 2024
Asset related to the right to use the land for the MRO Hanger in Iași	1.746	(4)	(30)	1.712

**AEROSTAR S.A. BACĂU**  
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**NOTE 32 - ASSETS RELATED TO RIGHTS OF USE OF LEASED ASSETS (continued)**  
**COMPARATIVE KEY FIGURES – ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period**  
**30 September 2023**

	Values on 30 September 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 MRO Hanger in Iași	1.916	(185)	1.731	1.907	(154)	1.753
<b>Total</b>	<b>1.916</b>	<b>(185)</b>	<b>1.731</b>	<b>1.907</b>	<b>(154)</b>	<b>1.753</b>

Net accounting value on 30.09.2023:

	Net amount on 1 January 2023	Revaluations between January-September 2023	Depreciation in the period	Net value on 30 September 2023
Asset related to the right to use the land for the MRO Hanger in Iași	1.753	8	(30)	1.731

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.

**AEROSTAR S.A. BACĂU**  
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**NOTA 33 - EVENTS AFTER THE REPORTING PERIOD**

AEROSTAR S.A has not identified any events subsequent to the reporting date that are likely to have an impact on the financial statements for 9 months 2024.

These individual financial statements which include: the statement of financial position, statement of profit or loss, statement of 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 November 07, 2024 and will be signed on its behalf by:

**Alexandru FILIP**  
**Chief Executive Officer**

**Doru DAMASCHIN**  
**Financial Director**

## 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 30.09.2024 and confirm that:

- a) The financial and accounting statement for the first nine months of 2024 that was prepared in accordance with the applicable accounting standards, provides an accurate picture, consistent with the reality of the assets, liabilities, financial position, profit and loss account of Aerostar S.A. Bacau;
- b) The report of the Board of Directors on the first nine months of 2023, prepared in accordance with the provisions of Regulation no. 5/2018 issued by the Financial Supervisory Authority-ANNEX no. 14, presents correctly and completely the information about the company 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**

