

# REPORT OF THE BOARD OF DIRECTORS

1 JANUARY - 31 MARCH , 2024

PERFORMANCE THROUGH PROFESSIONALISM!

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## QUARTER I, JANUARY 1 - MARCH 31, 2024

Aerostar S.A. was successively named URA-1953, IRAv (Aircraft Repair Company)- 1970, IAv (Aircraft Company)- 1978, and under its current name, AEROSTAR S.A., has operated since 1991, when it was registered as a joint-stock company with full state capital at the Bacău Trade Register.

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

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

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

In 2023 a new workplace, secondary office was opened in the Municipality of Fetești;

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

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

**Subscribed and paid-up share capital:** RON 48.728.784;

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

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

**The company financial statements** prepared for the First Quarter of 2024 are not accompanied by the independent financial auditor's report. They have been audited by the Company's internal auditor;

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

## EVENTS DURING THE REPORTING PERIOD

The following main events took place between 1 January and 31 March 2024:

### **18 January**

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

### **22 February**

AEROSTAR presented the preliminary financial results of 2023 in accordance with the applicable legal regulations;

### **1 March**

Appointment as DIRECTOR GENERAL of Mr. Alexandru Filip following the retirement of Mr. Grigore Filip.

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

Appointment of Mr. Popa Dan Mălin as DEPUTY DIRECTOR FOR VOCATIONAL TRAINING.

### **11 March**

AEROSTAR published the current report convening the Ordinary General Meeting of Shareholders for **18 April 2024**;

The convening notice, agenda, draft resolutions, materials subject to the approval of the OGM and the forms requested by AEROSTAR have been posted on the company's website [www.aerostar.ro](http://www.aerostar.ro) in the Investor Relations Section.

### **20 March**

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

- Increases of 14% in the salary package;
- Annual holiday vouchers worth 500 lei;
- End of financial year, end of production year and performance bonuses;
- Partial reimbursement of inter-city transport costs incurred for employee travel;
- Annual leave between 23 and 28 working days depending on the number of years of service.

The provisions of the collective labour agreement will be applied starting with the salary rights for April 2024.

## EVENTS AFTER THE REPORTING DATE

### 18 April

At the Ordinary General Meeting the shareholders of AEROSTAR approved the following:

- Board of Directors' report and financial statements for 2023
- Financial auditor's report on the audit of the financial statements
- Discharge of the members of the Board of Directors and Executive Management
- Distribution of the net result of the financial year 2023 (profit), i.e. the amount of **93.027.904,84 lei**

distributions of reinvested profit to the legal reserve	<b>27.924.488,53 lei</b>
allocations to reserves	<b>33.125.151,81 lei</b>
distribution as dividends	<b>31.978.264,50 lei</b>

- The payment date for the dividends for the financial year 2023 is **30 May 2024**. The gross dividend per share is 0,21 lei.

## **LINES OF BUSINESS**

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

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

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

We are a maintenance centre for F-16 aircraft belonging to the Romanian Army and a maintenance centre for Black Hawk S-70 helicopters belonging to the Ministry of Internal Affairs and we are part of the national defence industry in accordance with law 232/2016.

## **BUSINESS MODEL**

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

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

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

**AEROSTAR IS A NATIONAL MARKET LEADER AND INTEGRATED SUPPLIER IN THE GLOBAL SUPPLY CHAINS FOR THE GLOBAL AVIATION INDUSTRY.**

## **AEROSTAR'S EMPLOYEES**

In the first quarter, Aerostar had 1862 employees.

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

## **TRAINING, EDUCATION, PROFESSIONAL DEVELOPMENT**

During the reporting period, various training courses were organised for the company's employees, with priority given to meeting the training needs in the areas of interest for carrying out the company's production activities:

Number of participants in training programmes: 1128

Number of employees included in training programmes: 688

## **OCCUPATIONAL HEALTH AND SAFETY, WORKING CONDITIONS**

AEROSTAR acts consistently to reduce the risks of accidents and illnesses and applies in its activity a set of internal rules and regulations that ensure compliance with the legal requirements. During the mentioned period there were no work accidents.

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

## **EMPLOYEE BENEFITS**

**STARTING FROM 1 APRIL 2024, BENEFITS HAVE BEEN PROVIDED TO COVER THE DYNAMIC NEEDS AND SALARY PACKAGE INCREASES OF 14%.**



**1862  
EMPLOYEES**



**14% SALARY PACKAGE  
INCREASES**



**0  
WORK  
ACCIDENTS**

# WE ARE CONSOLIDATING PROGRESS ON THE PROPOSED COMMITMENTS!

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

**Committed to a sustainable future, through the proposed objectives and commitments, our company channels its efforts into achieving its main goal of increasing sustainability by associating profitability with responsibility, increasing value in the short, medium and long term and thus increasing the company's performance.**

## KEY FIGURES

	UM	31.03.2024	31.03.2023
<b>Share capital</b>	k lei	48.729	48.729
<b>Turnover</b>	k lei	155.309	124.702
• Export sales	k lei	127.989	102.869
• <i>Export share of turnover</i>	%	82%	82%
<b>Actual number of staff</b>	no.	1862	1.823
<b>Gross profit (before tax)</b>	k lei	29.213	33.077
<b>Net profit</b>	k lei	25.133	30.089
<b>Investment expenditure</b>	k lei	4.170	5.542
from own resources			

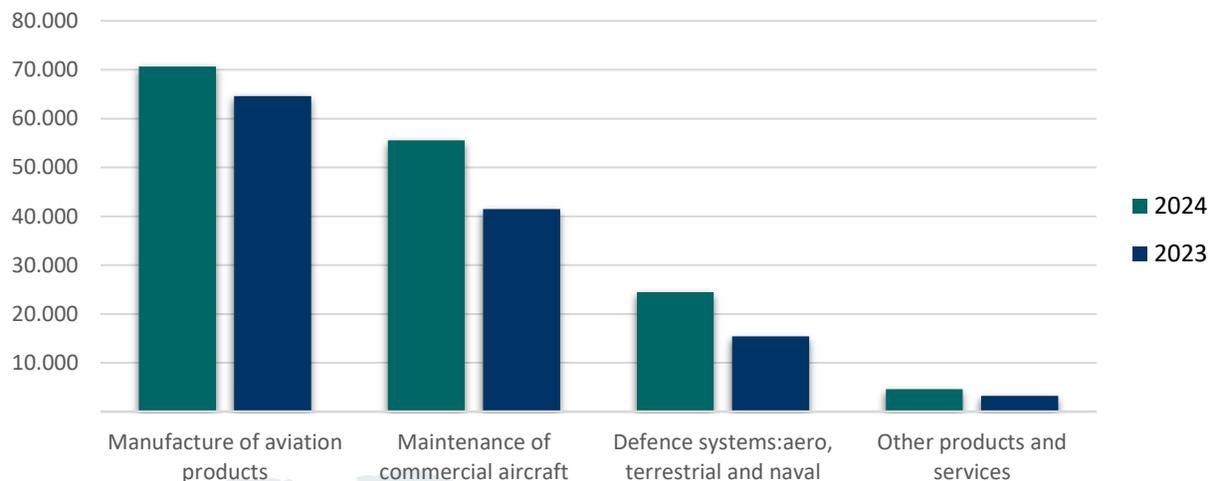
## ECONOMIC AND FINANCIAL INDICATORS

Indicators	31.03.2024	31.03.2023
General liquidity	6.84	7,73
Debt ratio indicator	0	0
Flow rate rotation speed - customers	47	49
Turnover rate of fixed assets	0.69	0,54
General solvency ratio	9.64	11,39
Financial rate of return	0.04	0,06
Net profit rate	16,18%	24,13%
Net cash	97.964 k lei	84.531 k lei
Cash flow	270.418 k lei	255.489 k lei

## PERCENTAGE OF BUSINESS IN SALES

From the turnover of 155.309 thousand lei achieved in the first quarter of 2024, the company sold products and services worth 27.321 thousand lei on the domestic market and the equivalent of 127.988 thousand lei on the foreign market.

Comparative evolution of sales by business lines (thousand lei)



Comparative evolution of sales by market (thousand lei)



**AEROSTAR IS ROMANIA'S LEADING COMPANY IN AEROSPACE AND DEFENCE AND A SUPPLIER TO THE GLOBAL SUPPLY CHAINS OF THE MAJOR AVIATION PLAYERS.**

## BOARD OF DIRECTORS

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

On 31.03.2024, AEROSTAR's Board of Directors had the following structure:

FILIP GRIGORE – President of the Board of Directors  
DAMASCHIN DORU – Vice-president of the Board of Directors  
TONCEA MIHAIL NICOLAE – Member  
DOROȘ LIVIU CLAUDIU – Member  
VÎRNĂ DANIEL – Member

## EXECUTIVE - OPERATIONAL MANAGEMENT

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

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

On 31.03.2024, the executive-operational management had the following composition:

**Filip Alexandru General Director**  
**Damaschin Doru Financial-Accounting Director**  
**Rogoz Vasile Laurențiu Director of Quality Department**  
**Vîrnă Daniel Director Legal and Human Resources Department**  
**Cristea Andra Director Logistics Division**  
**Buhai Ovidiu Director of Defence Systems Division**  
**Iosipescu Șerban Director of Aeronautical Products Division**  
**Veleșcu Ioan - Dan Director of MRO Civil Aviation Division**  
**Branche Cătălin Bogdan Director of Utilities and Infrastructure Division**

## ORGANISATION OF THE COMPANY

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

## INVESTMENTS

At the end of the first quarter, AEROSTAR launched investments worth 4170 thousand lei. Out of the value of investment expenditure, 62% was allocated to the purchase of technological equipment for production programmes, maintenance programmes for military aircraft and helicopters and for the maintenance of civil aircraft.

Category	Investment expenditure Quarter 1 (thousand lei)	Share (%)
<b>Total tangible fixed assets</b>	4058	97.5 %
<b>Intangible fixed assets</b>	111	2.5 %
<b>TOTAL</b>	4170	100.00 %

## AEROSTAR SHAREHOLDERS

The significant shareholders of AEROSTAR S.A. are IAROM S.A. Bucharest and EVERGENT Investments S.A. Bacau. The synthetic structure of the company's shareholders in the first quarter of 2024 is as follows:

Shareholders	Number of shares	Percentage %
<b>IAROM S.A.</b>	108.866.403	71,49%
<b>Evergent Investments S.A</b>	23.106.135	15,17%
<b>Other shareholders</b>	20.304.912	13,34%
<b>Total</b>	152.277.450	100%

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

## AEROSTAR ARS SHARE

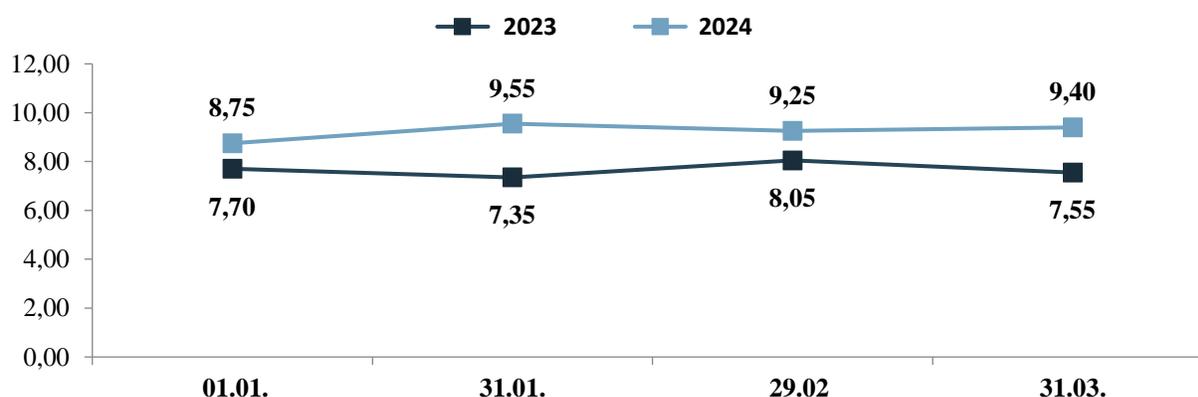
The shares of Aerostar S.A. Bacău have been traded since 1998 on the regulated market administered by the Bucharest Stock Exchange.

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

<b>Aerostar shares in figures:</b>	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Number of shares	152.277.450	152.277.450	152.277.450
Nominal value per share (lei)	0,32	0,32	0,32
Price at the end of the period (lei)*	9,40	7,55	8,85
Market capitalization (lei)*	1.431.408.030	1.149.694.748	1.137.655.433
Maximum price (lei)*	9,90	8,20	9,50
Minimum price (lei)*	8,25	7,00	7,20
Earnings per share (lei)	0,165	0,198	0,126

*Source: Monthly Bulletin issued by the Bucharest Stock Exchange*

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



<b>ARS share</b>	<b>Current year</b>	<b>12 months</b>	<b>3 months</b>	<b>1 month</b>
Price variations	+ 7,43%	+ 24,50%	+ 7,43%	1,62 %

During 2024:

- Aerostar S.A. did not issue bonds or similar securities;
- no subscriptions for new shares or participation certificates, convertible bonds, options or similar rights were registered;
- no share buy-back programme was in place.

## SUMMARIZED FINANCIAL STATEMENTS

<b>FINANCIAL PERFORMANCE</b>	<b>UM</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
<b>Total revenue</b>	k lei	172.513	145.431
<b>Total expenditure</b>	k lei	143.300	112.354
<b>Pre-tax profit</b>	k lei	29.213	33.077
<b>FINANCIAL POSITION</b>	<b>UM</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
<b>Fixed assets (net values)</b>	k lei	243.960	246.434
<b>Current assets</b>	k lei	547.381	486.190
<b>Share capital</b>	k lei	48.729	48.729
<b>Equity</b>	k lei	578.445	518.623
<b>Total debts</b>	k lei	112.967	91.406

**AEROSTAR S.A. BACĂU**  
**COMPANY FINANCIAL STATEMENTS**  
**FOR MARCH 31, 2024**

**UNAUDITED**

The financial statements dated 31.03.2024 were audited by the internal auditor  
of the company Aerostar S.A.

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**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF PROFIT OR LOSS**  
**FOR 31 MARCH 2024**  
(unless specified otherwise, all amounts are stated in thousand lei)

	Note	31 March 2024	31 March 2023
<b>Operating income</b>			
Income from sales	19	155.309	124.702
Other income	19	325	479
Income related to the inventories of finished goods and work in progress	19	11.236	14.160
Income from production of fixed assets	19	307	351
Income from operating subsidies	19	-	219
<b>Total operating income</b>		<b>167.177</b>	<b>139.911</b>
<b>Operating expenses</b>			
Material expenses	20	(73.871)	(60.434)
Expenses with employees' benefits	20	(47.739)	(41.585)
Expenses regarding amortization of fixed assets	5;6;20	(6.589)	(6.231)
Net income (expenses) from adjustments regarding current assets	20	(3.281)	691
Net income (expenses) from adjustments regarding provisions	20	2.646	7.199
Expenses regarding external services	20	(12.218)	(9.143)
Other expenses	20	(1.322)	(955)
<b>Total operating expenses</b>		<b>(142.374)</b>	<b>(110.458)</b>
<b>Profit/loss from operating activity</b>		<b>24.803</b>	<b>29.453</b>
Financial income	21	5.336	5.520
Financial expenses	22	(926)	(1.896)
<b>Financial profit/loss</b>		<b>4.410</b>	<b>3.624</b>
<b>Profit before tax</b>		<b>29.213</b>	<b>33.077</b>
Tax on current and deferred profit	17;23	(4.080)	(2.988)
<b>Net profit of the period</b>		<b>25.133</b>	<b>30.089</b>

**President of the Board of Directors,**

**Grigore Filip**

**Vice-President of the Board of  
Directors and Financial Director,**

**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF OTHER ELEMENTS**  
**OF THE COMPREHENSIVE INCOME FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Net profit of the period</b>	<b>25.133</b>	<b>30.089</b>
Deferred income tax recognized on company equity	(791)	(1.787)
Revaluation at fair value of company equity instruments through other comprehensive income	1.901	(3.544)
Gain transferred to retained earnings on sale of equity instruments through other components of equity	(245)	156
<b>Other comprehensive income</b>	<b>1.355</b>	<b>(5.175)</b>
<b>Comprehensive income of the period</b>	<b>26.488</b>	<b>24.914</b>

**President of the Board of Directors,**

**Grigore Filip**

**Vice-President of the Board of  
Directors and  
Financial Director,**

**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR 31 MARCH 2024**

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

	Note	31 March 2024	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	157.355	159.487
Intangible assets	5	1.698	1.808
Investment property	6	7.121	7.296
Rights to use assets under lease	32	1.730	1.746
Financial fixed assets	7	55.607	57.732
Receivables regarding deferred profit tax	17	20.449	20.316
<b>Total non-current assets</b>		<b>243.960</b>	<b>248.385</b>
<b>Current assets</b>			
Inventories	10	170.751	161.042
Trade receivables and other receivables	8;9;18	104.250	90.175
Current income tax receivables	23	-	262
Short-term expenses registered in advance	31	1.962	789
Cash and cash equivalents	11	270.418	245.792
<b>Total current assets</b>		<b>547.381</b>	<b>498.060</b>
<b>Total assets</b>		<b>791.341</b>	<b>746.445</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	48.729	48.729
Current result	12	25.133	93.028
Result carried forward	12	117.156	51.577
Reserves	12	415.106	410.028
Deferred income tax recognized on equity	17	(24.315)	(23.481)
Distribution of profit for legal reserve	12	(3.364)	(27.924)
<b>Total company equity</b>	12	<b>578.445</b>	<b>551.957</b>
<b>Long-term liabilities</b>			
Liabilities regarding deferred income tax	17	25.961	25.191
Subsidies for long-term investments	14	1.343	1.550
Other long-term liabilities	16	1.466	1.490
<b>Total long-term liabilities</b>		<b>28.770</b>	<b>28.231</b>
<b>Long-term provisions</b>			
	13	<b>48.647</b>	<b>55.511</b>
<b>Current liabilities</b>			
Trade liabilities	15;18	59.432	48.059
Liability with current income tax	23	4.054	-
Pre-booked income	31	3.592	2.916
Subsidies for short-term investments	14	829	830
Other current liabilities	16	16.290	11.878
<b>Total current liabilities</b>		<b>84.197</b>	<b>63.683</b>
<b>Short-term provisions</b>			
	13	<b>51.282</b>	<b>47.063</b>
<b>Total provisions</b>		<b>99.929</b>	<b>102.574</b>
<b>Total liabilities</b>		<b>112.967</b>	<b>91.914</b>
<b>Total company equity, liabilities and provisions</b>		<b>791.341</b>	<b>746.445</b>

President of the Board of Directors,

Grigore Filip

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

Doru Damaschin

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR 31 MARCH 2024**  
**(DIRECT METHOD)**

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

	Note	31.03.2024	31.03.2023
<b>CASH FLOWS FROM OPERATIONS</b>			
collected from customers		157.107	133.381
taxes and excises recovered from the State Budget		1.401	734
subsidy receipts from the State Budget		68	227
payments to suppliers		(90.355)	(80.196)
payments to employees		(25.847)	(22.729)
payment of taxes, contributions and dues to the State Budget		(18.473)	(17.953)
<b>NET CASH FROM OPERATIONS</b>	27	<b>23.901</b>	<b>13.464</b>
<b>CASH FLOWS FROM INVESTMENTS</b>			
proceeds from sale of financial fixed assets	27	4.341	5.516
interest collected from bank deposits set up		486	1.142
payments for purchasing non-current assets	7, 27	-	(3.317)
payments for purchasing property, plant and equipment and intangible assets		(4.590)	(7.233)
<b>NET CASH FROM INVESTMENTS</b>	27	<b>237</b>	<b>(3.892)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
gross dividends paid		(163)	(95)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	27	<b>(163)</b>	<b>(95)</b>
Net increase/decrease of cash and cash equivalents		23.975	9.477
<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	651	(161)
<b>Cash and cash equivalents at the end of the period</b>	11	<b>270.418</b>	<b>255.489</b>

**President of the Board of Directors,**

**Grigore Filip**

**Vice-President of the Board of Directors and Financial Director,**

**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 31 MARCH 2024**  
**(all amounts are stated in thousand lei)**

	Share capital	Reserves	Reserves from revaluation of assets through other elements of comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>Comprehensive income</b>							
<b>A. Balance on 1 January 2024</b>	48.729	407.359	2.669	(23.481)	51.577	65.104*	551.957
<b>Profit of the period</b>						25.133	25.133
<b>Other elements of comprehensive income</b>							
Setting up deferred income tax recognized on the account of equity				(834)	43		(791)
Taking over the profit of the financial year 2023 on the result carried forward representing the undistributed profit, until the distribution to the destinations decided by the shareholders in OGMS of 18 April 2024 (Note 12)					65.104	(65.104)	-
Distribution of the profit made in the first quarter of 2024 for reserves from fiscal facilities, in gross amounts		3.364				(3.364)	-
Gain transferred to retained earnings on sale of equity instruments through other comprehensive income			(187)		432		245
Revaluation at fair value of the company equity instruments through other elements of comprehensive income			1.901				1.901
Transfer to reserves of retained earnings representing realised surplus from revaluation reserves		-			-		-
<b>Comprehensive income of the period</b>	-	3.364	1.714	(834)	65.579	(43.335)	26.488
<b>B. Balance on 31 March 2024</b>	48.729	410.723	4.383	(24.315)	117.156	21.769**	578.445
<b>C. Changes in equity (Note 12)</b>	-	3.364	1.714	(834)	65.579	(43.335)	26.488

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

\*\* The result of 25.133 k lei on 31.03.2024 is influenced by the distribution of the profit on other legal reserves from fiscal facilities in the amount of 3.364 k lei;

**President of the Board of Directors,**  
**Grigore Filip**

**Vice-President of the Board of Directors and Financial Director,**  
**Doru Damaschin**

**AEROSTAR S.A. BACĂU**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR 31 MARCH 2023**  
**(all amounts are stated in thousand lei)**

	Share capital	Reserves	Reserves from revaluation of financial assets through other comprehensive income	Deferred income tax recognized on equity	Result carried forward	Result of the period	Total equity
<b>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>						30.089	30.089
<b>Other elements of comprehensive income</b>							
Set up deferred income tax recognized on the account of equity				(1.837)	50		(1.787)
Taking over the profit of the financial year 2022 over the result carried forward representing the undistributed profit, until the distribution to the destinations decided by the shareholders in OGMS of 20 April 2023 (Note 12)					82.312	(82.312)	-
Distribution of the profit made in the first quarter of 2023 for legal reserves in gross amounts		14.730				(14.730)	-
Gain transferred to retained earnings related to the sale of equity instruments through other comprehensive income			(658)		814		156
Fair value revaluation of equity instruments through other comprehensive income			(3.544)				(3.544)
<b>Comprehensive income of the period</b>	-	14.730	(4.202)	(1.837)	83.176	(66.953)	24.914
<b>B. Balance on 31 March 2023</b>	48.729	338.879	3.033	(21.491)	134.114	15.359**	518.623
<b>C. Changes in the company equity (Note 12)</b>	-	14.730	(4.202)	(1.837)	83.176	(66.953)	24.914

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

\*\* The result of 30.089 k lei on 31.03.2023 is influenced by the distribution of the profit on the reserves from fiscal facilities in the amount of 14.730 k lei;

**President of the Board of Directors,  
Grigore Filip**

**Vice-President of the Board of Directors and Financial Director,  
Doru Damaschin**

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 1 - DESCRIPTION OF THE COMPANY**

AEROSTAR was established in 1953 and operates in accordance with the Romanian law.

AEROSTAR S.A. performs its activity at its registered head office located in Bacau, 9, Condorilor Street, code 600302. In accordance with the Resolution no. 2/14.12.2017 of the Board of Directors, the opening of a secondary place of business without legal personality (workplace) located in Iași, 25B Aeroportului Street has been approved. Furthermore, in accordance with the Resolution of the Board of Directors no.1/02.06.2023, the opening of a secondary place of business without legal personality (workplace) in Fetești, 2 Carpaților Street, ap. 7 has been approved.

The main field of activity of AEROSTAR is production.

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

The company was registered as a shareholding company at the Bacău Trade Register (under number J04/1137/1991), with the current name “AEROSTAR S.A.” and the 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.

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

In terms of accounting regulations, AEROSTAR S.A. is a subsidiary of the company IAROM S.A. and, therefore, the parent company that consolidates the financial statements of the group is S.C. IAROM S.A., with the unique identification code 1555301, having its registered head office in Bucharest, 39 Aerogării B-d. The consolidated financial statements for the financial year 2022 were submitted to A.N.A.F. under registration number 602356101-2023/31.08.2023. Copies of the consolidated financial statements can be obtained from the head office of the parent company, IAROM S.A. The parent company will prepare and publish a set of consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended on 31.12.2023.

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

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

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

## **NOTE 2 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

### **2.1. Estimates**

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

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

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

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

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

The company uses estimates in order to determine:

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

### ***Presenting the information***

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

### **2.2. Errors**

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

The company corrects retroactively the significant errors on 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 first period presented, by restating the opening balances of assets, liabilities and equity for the prior period presented.

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

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

### **2.3. Changes in the accounting policies**

The change of 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 over the financial performance or cash flows of the entity.

Applying changes in the Accounting Policies:

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

#### ***Presenting the information***

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

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

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

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

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

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

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

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

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

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

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

The financial year is the calendar year.

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

The financial statements are prepared based on historical cost.

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

### **3.2. Applied Accounting Policies**

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

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

**NOTE 4 – TRANSACTIONS IN FOREIGN CURRENCIES**

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

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

Upon submitting the statement of financial position, the financial assets and liabilities denominated in foreign currency are evaluated in the functional currency using the exchange rate, communicated by the Romanian National Bank, applicable for the end of the financial year:

<b>Currency</b>	<b>31.03.2024</b>	<b>AVERAGE EXCHANGE RATE Q1 2024</b>	<b>31.12.2023</b>	<b>AVERAGE EXCHANGE RATE YEAR 2023</b>
1 EUR	4,9695 lei	4,9735 lei	4,9746 lei	4,9465 lei
1 USD	4,6078 lei	4,5824 lei	4,4958 lei	4,5743 lei
1 GBP	5,8126 lei	5,8099 lei	5,7225 lei	5,6869 lei

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

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

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>I-st QUARTER OF 2024</b>	<b>THOUSAND EUR</b>	<b>THOUSAND USD</b>	<b>THOUSAND GBP</b>
Collected from financial assets	10.287	17.609	-
Payments of financial liabilities	(3.300)	(9.359)	(254)
<b>Foreign exchange net exposure</b>	<b>6.987</b>	<b>8.250</b>	<b>(254)</b>

In the first quarter of 2024, the 1,93% depreciation of the LEU against the USD resulted in a financial profit from favourable exchange rate differences of 1.457 thousand lei.

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
(unless specified otherwise, all amounts are stated in thousand lei)

**NOTE 5 - INTANGIBLE ASSETS: reporting period 31 March 2024**

	Values on 31 March 2024			Values on 01 January 2024		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
Licences	7.820	(6.673)	1.147	7.754	(6.527)	1.227
Other intangible assets (software)	1.221	(670)	551	1.194	(613)	581
<b>Total</b>	<b>9.041</b>	<b>(7.343)</b>	<b>1.698</b>	<b>8.948</b>	<b>(7.140)</b>	<b>1.808</b>

**Net accounting value**

	Net value on 1 January 2024	Gross value entries	Depreciation during the period	Net value on 31 March 2024
Licenses	1.227	85	(165)	1.147
Other intangible assets	581	27	(57)	551
<b>Total</b>	<b>1.808</b>	<b>112</b>	<b>(222)</b>	<b>1.698</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
(unless specified otherwise, all amounts are stated in thousand lei)

**COMPARATIVE FIGURES – INTANGIBLE ASSETS: reporting period 31 March 2023**

	Values on 31 March 2023			Values on 01 January 2023		
	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation	Gross value	Accumulated depreciation
<b>Licences</b>	6.937	(6.182)	755	6.872	(6.034)	838
<b>Other intangible assets (software)</b>	679	(509)	170	497	(476)	21
<b>Total</b>	<b>7.616</b>	<b>(6.691)</b>	<b>925</b>	<b>7.369</b>	<b>(6.510)</b>	<b>859</b>

	Net value on 1 January 2023	Gross value entries	Depreciation during the period	Net value on 31 March 2023
<b>Licenses</b>	838	65	(148)	755
<b>Other intangible assets</b>	21	182	(33)	170
<b>Total</b>	<b>859</b>	<b>247</b>	<b>(181)</b>	<b>925</b>

**AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

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

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

The intangible assets in the balance sheet account as on 31.03.2024 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 31 March 2024 and which are still in use is 5.970 thousand lei.

All the intangible assets recorded in the balance sheet as on 31 March 2024 are the property of AEROSTAR.

The entries of intangible assets were made by:

- |  |                                |
|--|--------------------------------|
| • development of the IT production management system - version 3 | <b><u>112 thousand lei</u></b> |
| • purchases of software licences                                 | 85 thousand lei                |
|  | 27 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.

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**

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

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT: reporting period 31 March 2024**

	Values on 31 March 2024			Values on 01 January 2024		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
<b>Land</b>	31.171	-	31.171	30.894	-	30.894
<b>Constructions</b>	98.909	(47.075)	51.834	98.349	(45.607)	52.742
<b>Technological equipment and vehicles</b>	234.309	(162.280)	72.029	231.120	(157.716)	73.404
<b>Other equipment and office equipment</b>	3.835	(2.196)	1.639	3.835	(2.115)	1.720
<b>Investment property</b>	12.749	(5.628)	7.121	12.749	(5.453)	7.296
<b>Property, plant and equipment under construction</b>	682	-	682	727	-	727
<b>Total</b>	<b>381.655</b>	<b>(217.179)</b>	<b>164.476</b>	<b>377.674</b>	<b>(210.891)</b>	<b>166.783</b>

	Net value on 1 January 2024	Inflows at gross value	Outflows at gross value	Depreciation during the period	Net value on 31 March 2024
<b>Land</b>	30.894	277	-	-	31.171
<b>Constructions</b>	52.742	560	-	(1.468)	51.834
<b>Technological equipment and vehicles</b>	73.404	3.267	(78)	(4.564)	72.029
<b>Other equipment and office equipment</b>	1.720	-	-	(81)	1.639
<b>Investment property</b>	7.296	-	-	(175)	7.121
<b>Property, plant and equipment under construction</b>	727	4.059	(4.104)	-	682
<b>Total</b>	<b>166.783</b>	<b>8.163</b>	<b>(4.182)</b>	<b>(6.288)</b>	<b>164.476</b>

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**

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

**COMPARATIVE FIGURES - PROPERTY, PLANT AND EQUIPMENT: reporting period 31 March 2023**

	Values on 31 March 2023			Values on 01 January 2023		
	Gross value	Cumulative depreciation	Net value	Gross value	Cumulative depreciation	Net value
<b>Land</b>	30.530	-	30.530	29.534	-	29.534
<b>Constructions</b>	96.969	(40.971)	55.998	96.634	(39.428)	57.206
<b>Technological equipment and vehicles</b>	218.643	(144.353)	74.290	202.640	(140.423)	62.217
<b>Other equipment and office equipment</b>	3.840	(1.874)	1.966	3.833	(1.793)	2.040
<b>Investment property</b>	12.749	(4.930)	7.819	11.275	(4.761)	6.514
<b>Property, plant and equipment under construction</b>	2.964	-	2.964	15.179	-	15.179
<b>Total</b>	<b>365.695</b>	<b>(192.128)</b>	<b>173.567</b>	<b>359.095</b>	<b>(186.405)</b>	<b>172.690</b>

Net book value on 31.03.2023:

	Net value on 1 January 2023	Inflows at gross value	Outflows at gross value	Depreciation during the period	Net value on 31 March 2023
<b>Land</b>	29.534	996		0	30.530
<b>Constructions</b>	57.206	335	-	(1.543)	55.998
<b>Technological equipment and vehicles</b>	62.217	16.320	-	(4.247)	74.290
<b>Other equipment and office equipment</b>	2.040	8	-	(82)	1.966
<b>Investment property</b>	6.514	1.473	-	(168)	7.819
<b>Property, plant and equipment under construction</b>	15.179	5.295	(17.510)	-	2.964
<b>Total</b>	<b>172.690</b>	<b>24.427</b>	<b>(17.510)</b>	<b>(6.040)</b>	<b>173.567</b>

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

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

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

Depreciation expenses are recognized in the profit and loss account.

The following useful lifetimes are assumed:

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

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

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

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

The value of renting income in this category of fixed assets was 662 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 depreciation expense.

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

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

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

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

The value of land owned by Aerostar SA is presented at acquisition cost, i.e. the assumed cost that was recorded on 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 the property, plant and equipment, taking into consideration the external and internal sources of information.

**S.C. AEROSTAR S.A. BACAU**  
**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
**FOR 31 MARCH 2024**  
**(unless specified otherwise, all amounts are stated in thousand lei)**

Internal sources of information:

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

External source of information:

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

<u>indicator MBR-Market to book ratio</u>	<u>31.03.2024</u>	<u>31.03.2023</u>
Stock exchange capitalization/ company equity	2,47	2,22

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

The property, plant and equipment in balance on 31.03.2024 are not depreciated and no significant depreciation indicators were identified.

The gross accounting value of the fully depreciated property, plant and equipment that are still in operation on 31 March 2024 is 98.196 thousand lei.

On 31.03.2024 no mortgages were set up on the real estate assets owned by Aerostar S.A.

<b>Inflows of property, plant and equipment:</b>	<b><u>8.163 k lei</u></b>
• Commissioning of technical equipment, hardware equipment, measuring and control equipment	3.827 k lei
• Land acquisition	277 k lei
• Property, plant and equipment in progress in the first quarter of 2023	4.059 k lei
<b>Outflows of property, plant and equipment:</b>	<b><u>4.182 k lei</u></b>
• Transfer of property, plant and equipment in progress following the commissioning thereof	4.104 k lei
• Derecognition of property, plant and equipment because the company no longer expects future economic benefits from their use	78 k lei

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

**NOTE 7- FINANCIAL ASSETS**

	Shares held in affiliated entities	Other immobilised security - shares	Other immobilised securities - contribution to share capital	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>
<b>Increases/Decreases</b>	<b>-</b>	<b>(2.125)</b>	<b>-</b>	<b>-</b>	<b>(2.125)</b>
<b>On 31 March 2024</b>	<b>14</b>	<b>55.549</b>	<b>2</b>	<b>42</b>	<b>55.607</b>

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

Subsidiary name / Registered head office	CAEN Code	No. of shares/ shares issued	Voting rights (%)	Value of shares held by Aerostar (k lei)	Financial information related to 2022				
					Company's share capital (k lei)	Reserve (k lei)	Net profit (k lei)	Nominal value/ share (k lei)	Net asset/ share (k lei)
<b>Airpro Consult SRL Bacau 9, Condorilor Street</b>	<b>- main activity according to CAEN code 7820</b>	<b>100</b>	<b>100%</b>	10	10	171	34	0,10	2,2
<b>Foar SRL Bacau 9, Condorilor Street</b>	<b>- main activity according to CAEN code 7739</b>	<b>408</b>	<b>51%</b>	4	8	607	116	0,01	1,8
<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>	<b>x</b>

AEROSTAR's share contribution in these companies is registered under cost.

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On 31.03.2024 the company recorded no modifications i.e. no increases/decreases as to the shareholding percentage, maintaining the same influence as in 2023 on the companies in the equity portfolio.

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

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

Issuer's Name	CAEN Code	No. of shares	Symbol	Value price/share on 31.03.2024 (lei)	Portfolio value 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>42.242.130</b>	<b>EVER</b>	<b>1,3150</b>	<b>55.549</b>
94C, Pictor Aman Street, Bacău					

The company holds 42.242.130 shares of Evergent Investments S.A., listed on the Bucharest Stock Exchange. Aerostar accounts for the holding of shares at fair value through other comprehensive income in accordance with IFRS 9 "Financial Instruments". The Company has used the irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for gains on their sale and not for trading. The gain or loss on these equity instruments is recognised in other comprehensive income, except for dividend income.

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

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

The aim of the Association is to develop and implement efficient mechanisms of public-private dialogue in the field of education, to act as a space for dialogue and collaboration between the main actors involved in education, to increase the quality of educational processes and to connect continuing education with the economic environment in order to provide it with qualified human resources for sustainable development. The value of AEROSTAR's contribution to the assets of the "Cluster on Education for Sustainable Development C-EDD" is 2,500 lei.

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**NOTE 8 - TRADE RECEIVABLES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
<b>TRADE RECEIVABLES OF WHICH:</b>		
<b>Customers:</b>	<b>85.907</b>	<b>76.785</b>
Customers from Romania	14.445	6.694
Customers from outside Romania	71.462	70.091
<b>Uncertain customers</b>	<b>238</b>	<b>445</b>
<b>Adjustments for impairment of receivables - customers</b>	<b>(119)</b>	<b>(267)</b>
<b>Suppliers – debtors</b>	<b>6.955</b>	<b>7.926</b>
<b>TOTAL TRADE RECEIVABLES</b>	<b>92.981</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 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 31 March 2024 the company recorded impairment adjustments of this nature amounting to 119 thousand lei;
- in percentage of 100% of the value of the receivables not collected on time, if the delay exceeds 180 days. As on March 31, 2024, the Company had no records of any such impairment adjustments.

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

Debtors-suppliers have the following discount limit:

- in the year 2024: 6.955 k lei

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

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

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**NOTE 9 - OTHER RECEIVABLES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
<b>Receivables related to staff and similar accounts</b>	<b>86</b>	<b>88</b>
<b>Receivables related to the social security budget and the state budget, of which:</b>	<b>7.043</b>	<b>3.484</b>
- VAT to be recovered	4.582	1.206
- VAT non-chargeable	100	163
- Amounts to be recovered from the Health Insurance (sick leave allowances)	2.344	1.993
- Amounts of subsidy nature	1	69
- Other receivables related to the local budget	2	39
- Other receivables related to the social security and state budget	14	14
<b>Interest to be collected on bank deposits</b>	<b>3.985</b>	<b>1.487</b>
<b>Various debtors</b>	<b>690</b>	<b>745</b>
<b>Impairment adjustments for receivables - various debtors</b>	<b>(535)</b>	<b>(518)</b>
<hr/> <b>TOTAL OTHER RECEIVABLES</b> <hr/>	<hr/> <b>11.269</b> <hr/>	<hr/> <b>5.286</b> <hr/>

Note: Other receivables in relation to the social security budget and the state budget represent amounts resulting from the submission of the corrective declarations concerning the obligations to pay social contributions, income tax and the nominal record of the insured persons.

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**NOTE 10 – INVENTORIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
<b>of which:</b>		
Raw material *	69.266	72.098
Consumables **	76.489	71.738
Other materials	106	68
Semi-finished products	8	32
Packaging	116	45
Finished products	27.887	27.768
Products and services in progress	67.589	56.592
<b>Gross value of inventories (unadjusted)</b>	<b>241.461</b>	<b>228.341</b>

**ADJUSTMENTS FOR DEPRECIATION OF INVENTORIES**

	<b>31 March 2024</b>	<b>Increases/ Setups/</b>	<b>Decreases/ Reversals/</b>	<b>31 December 2023</b>
<b>Total adjustments</b>	<b>70.710</b>	<b>6.127</b>	<b>2.716</b>	<b>67.299</b>
Adjustments for impairment of raw material	37.270	2.126	411	35.555
Adjustments for impairment of consumables	29.226	3.327	1.562	27.461
Adjustments for impairment of semi-finished parts	8	-	24	32
Adjustments for impairment of finished products	2.696	542	8	2.162
Adjustments for impairment of production in progress	1.510	132	711	2.089

Note:

\* The raw material participates directly to the product manufacturing and is found in the semi-finished or finished product, either in their initial state, or shaped (bars, pipes, sheet metal, profiles, wires etc);

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

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

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

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

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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:

- For raw material, consumables, semi-finished products 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 value of material expenses recognized as an expense during the period is 73.871 thousand lei, which consists of:

- 68.025 thousand lei representing the value of expenditure on stocks of materials;
- 5.386 thousand lei representing the value of expenditure relating to the consumption of water, gas and electricity;
- 460 thousand lei representing the value of expenditure on non-stocked materials.

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

Aerostar S.A. has no pledged stocks.

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**NOTE 11 - CASH AND CASH EQUIVALENTS**

**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 with the bank for cashing

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

	<b>31.03.2024</b>	<b>31.12.2023</b>	<b>31.03.2023</b>
Cash in the cashier	34	36	65
Sight deposits held with banks	63.367	34.053	24.069
Term deposits held with banks	206.917	211.703	231.355
Cheques deposited with banks for cashing	100	-	-
<b>Cash and cash equivalents</b>	<b>270.418</b>	<b>245.792</b>	<b>255.489</b>

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

The amount of the Bank Overdraft Line of Credit available for future operating activity is USD 2.500 thousand USD (equivalent to 11.520 thousand LEI).

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

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## **NOTE 12 - COMPANY EQUITY**

The company equity on 31 March 2024 is 578.445 thousand lei. The net increase of the company equity in 2024 compared to the end of 2023 was 26.488 thousand lei.

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

- **The share capital remained unchanged**  
On 31 March 2024, the share capital of AEROSTAR SA is 48.728.784 lei, divided in 152.277.450 shares having each a nominal value of 0,32 lei.
  
- **The reserves increased by 5.078 thousand lei:**
  - an increase of 3.364 thousand lei due to the distribution of the profit for the I-st quarter of the year 2023 to reserves from fiscal facilities;
  - a decrease of 1.901 thousand lei due to the revaluation at fair value of the equity instruments through other comprehensive income;
  - a decrease of 187 thousand lei resulting from the transfer to retained earnings of the fair value revaluation differences of the equity instruments recognised through other comprehensive income following the sale;
  
- **Other capital elements decreased by the amount of 834 thousand lei** on account of the deferred income tax recognized in company equity.
  
- **The result carried forward increased by 65.579 thousand lei thus:**
  - an increase of 65.104 thousand lei on account of the appropriation of the profit for the financial year 2023 on the retained earnings representing the retained profit, until the distribution to the destinations decided by the shareholders in the OGMS of 18 April 2024;
  - an increase of 43 thousand lei on account of the deferred income tax recognised on equity;
  - an increase of 432 thousand lei representing the gain achieved from the sale of equity instruments recognised through other comprehensive income.
  
- The balance of the result account carried forward on 31 March 2024 is 117.156 thousand lei, comprising:
  - the result carried forward incurred by the use, on the date of transition to IFRS, of the fair value as presumed cost = 26.521 thousand lei;
  - the result carried forward representing the gain obtained from revaluation reserves, capitalized as the property, plant and equipment and intangible assets were amortized = 24.298 thousand lei;
  - the result carried forward representing the undistributed profit related to the year 2023 = 65.104 thousand lei.
  - The net gain obtained from the sale of equity instruments recognised through other comprehensive income = 1.233 thousand lei.
  
- **The result of the period was a profit in the amount of 25.133 thousand lei.**

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**NOTE 13 - PROVISIONS**

	31 December 2023	Increases/ Set-up/ Reclassification of provisions	Reductions/ Reruns/ Reclassifica- tions of provisions	Differences from re- evaluation	31 March 2024
<b>Total provisions</b>	<b>102.574</b>	<b>13.909</b>	<b>16.979</b>	<b>425</b>	<b>99.929</b>
Provisions for bonds granted to customers	47.368	13.909	12.316	453	49.414
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Provisions for the employees' benefits	8.252	-	4.303	-	3.949
Provisions for litigation	224	-	224	-	-
Other provisions	30.283	-	136	(28)	30.119
<b>Long-term provisions</b>	<b>55.511</b>	<b>1.995</b>	<b>8.836</b>	<b>(23)</b>	<b>48.647</b>
Provisions for bonds granted to customers	13.790	1.995	8.700	-	7.085
Provisions for decommissioning property, plant and equipment	16.447	-	-	-	16.447
Other provisions	25.274	-	136	(23)	25.115
<b>Short-term provisions</b>	<b>47.063</b>	<b>11.914</b>	<b>8.143</b>	<b>448</b>	<b>51.282</b>
Provisions for bonds granted to customers	33.578	11.914	3.616	453	42.329
Provisions for customers' benefits	8.252	-	4.303	-	3.949
Provisions for litigation	224	-	224	-	-
Other provisions	5.009	-	-	(5)	5.004

**Provisions for customer warranties**

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

**Provisions for decommissioning of property, plant and equipment**

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

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**Provisions for employee benefits**

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

**Other provisions**

The category Other provisions contains the provisions set up for:

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

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

AEROSTAR recognizes as deferred income the subsidies regarding assets.

	<b>31.03.2024</b>	<b>31.03.2023</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 to the calculated amortization</b>	<b>(208)</b>	<b>(270)</b>
<b>Balance on 31 March, of which:</b>	<b>2.172</b>	<b>2.758</b>
Short-term	829	947
Long-term	1.343	1.811

The balance recorded at 31 March 2024 represents subsidies related to investments in fixed assets to be recognised in income as the calculated depreciation is charged to cost.

Subsidies received in previous years to finance assets 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, with 679 thousand lei remaining to be recorded as revenue;
2. contract no. 229226/14.06.2012: 'Creating a new manufacturing capacity to diversify production and 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, with 55 thousand lei remaining to be recorded as revenue;
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, with 1.065 thousand lei remaining to be recorded as income;
4. contract no. 10/28.02.2023: "Equipping the AEROSTAR Testing Laboratory with NDT testing equipment", carried out between March 2023 and December 2023, the amount of the grant received from the Ministry of Economy being 381 thousand lei, with 361 thousand lei remaining to be recorded as income.

All 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>31 March 2024</b>	<b>31 December 2023</b>
<b>Prepaid amounts collected on customers' account, of which:</b>	<b>15.423</b>	<b>12.540</b>
Customers-creditors from Romania	36	19
Customers-creditors from outside Romania	15.387	12.521
<b>Suppliers, of which:</b>	<b>44.009</b>	<b>35.519</b>
Providers of materials and services from Romania	13.422	11.364
Providers of materials and services from outside Romania	22.424	19.125
Suppliers-invoices not arrived	6.651	3.846
Suppliers of non-current assets	1.512	1.184
<b>Total commercial debts</b>	<b>59.432</b>	<b>48.059</b>

Payments in advance from foreign customers are for aircraft maintenance and repair (99,73%) and other services (0,27%).

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 end of March 2024, were recorded in the corresponding income or expenditure accounts.

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**NOTE 16 - OTHER LIABILITIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
<b>Other current liabilities, of which:</b>	<b>16.290</b>	<b>11.878</b>
• <i>Liabilities related to manpower and similar accounts</i>	5.839	3.656
• <i>Liabilities related to social security budget and state budget, of which:</i>	7.291	5.215
– VAT payable	-	185
– Social security	5.564	3.711
– Labour safety contribution	344	235
– Tax on income in the form of salaries	1.106	719
– Contribution for unemployed people with disabilities	201	186
– Other taxes	33	133
– Other social liabilities	43	46
• <i>Other liabilities, of which:</i>	<b>3.160</b>	<b>3.007</b>
– dividends	2.673	2.735
– diverse creditors	461	229
– bonds received	23	43
– other liabilities	3	
<b>Other long-term liabilities</b>	<b>1.466</b>	<b>1.490</b>

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

The dividends in balance on 31 March 2024, in the amount of 2.673 thousand lei represent the amounts remained in balance for the shareholders who did not show up at the offices of the paying agent CEC Bank S.A. (the paying agent designated by AEROSTAR) and which were not time-barred.

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

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**NOTE 17 - DEFERRED PROFIT TAX**

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

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

**The structure of deferred income tax registered on 31.03.2024 is:**

**Liabilities from deferred tax**

1. Liabilities related to the deferred tax generated by the differences between the accounting bases (higher) and the fiscal ones (lower) of the non-current assets	1.091
2. Liabilities related to the deferred tax concerning legal reserves	1.559
3. Deferred tax liabilities related to tax relief reserves	22.549
4. Liabilities on deferred tax related to the result carried forward representing a surplus from revaluation reserves	61
5. Deferred tax liabilities related to non-current equity securities	701
<b>Total liabilities on deferred tax</b>	<b>25.961</b>

**Receivables on deferred tax**

1. Receivables on deferred tax related to other provisions	493
2. Receivables on deferred tax related to provisions for bonds granted to customers	7.906
3. Receivables on deferred tax related to provisions for employee benefits	632
4. Receivables on deferred tax related to adjustments for depreciation of inventories	11.314
5. Receivables on deferred tax related to adjustments for depreciation of trade receivables	104
<b>Total receivables on deferred tax</b>	<b>20.449</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.

In the period January 1, 2024 - March 31, 2024, the company recorded deferred income tax revenues in the amount of 1.531 lei thousand and deferred income tax expenses in the amount of 1.376 thousand lei.

The deferred income tax recognized on equity in the amount of 24.315 thousand lei consists of deferred tax liabilities in the amount of 24.808 thousand lei thousand and deferred tax receivables in the amount of 493 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);
- non-current receivables (guarantees deposited with 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 tier one bank institutions with ratings that reflect the lowest degree of risk.

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

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

### **Exposure to credit risk**

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

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

	<b>31.03.2024</b>	<b>31.03.2023</b>
Sight and term deposits with banks	270.284	255.424
Trade receivables, net of adjustments for depreciation	78.121	61.685
Evergent Investments S.A. shares	55.548	53.361
Non-current receivables	42	38
<b>Total</b>	<b>403.995</b>	<b>370.508</b>

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

	<b>31.03.2024</b>	<b>31.03.2023</b>
Domestic market	14.444	9.613
Euro zone countries	33.574	23.959
Great Britain	19.362	20.238
Other European countries	3.001	3.074
Other regions	7.740	4.801
<b>Total</b>	<b>78.121</b>	<b>61.685</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</b>	<b>Gross value</b>	<b>Adjustments</b>
	<b>31.03.2024</b>	<b>for</b>	<b>31.03.2023</b>	<b>for</b>
		<b>depreciation</b>		<b>depreciation</b>
<b>In due time</b>	<b>78.002</b>		<b>60.580</b>	
<b>Past due, total of which:</b>	<b>238</b>		<b>1.837</b>	
31-60 days	230	115	678	212
61-90 days	8	4	392	65
91-120 days	-	-	461	230
Over 120 days	-	-	295	214
Over 1 year	-	-	11	11
<b>Total</b>	<b>78.240</b>	<b>119</b>	<b>62.417</b>	<b>732</b>

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

	<b>31.03.2024</b>	<b>31.03.2023</b>
<b>Balance on 1 January</b>	<b>267</b>	<b>954</b>
Adjustments set up for depreciation	119	604
Impairment adjustments reclassified as income	(266)	(826)
<b>Balance on 31 March</b>	<b>120</b>	<b>732</b>

As on 31.03.2024, 99,70% of the balance of trade receivables relates to customers with a good payment history.

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**b) Liquidity risk**

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

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

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

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

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

The time intervals 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
31.03.2024	Trade liabilities	37.358	(37.358)	(32.872)	(4.369)	(117)
31.03.2023	Trade liabilities	35.020	(35.020)	(28.630)	(5.980)	(410)

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

On 31.03.2024 AEROSTAR has no records of overdue financial liabilities.

**c) Foreign currency risk**

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

Exposure to the foreign currency risk

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

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

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

<b>31.03.2024</b>	<b>k EUR</b>	<b>k USD</b>	<b>k GBP</b>
Sight and term deposits with banks	7.539	5.419	29
Trade receivables	2.800	10.799	-
Trade liabilities	(1.380)	(3.769)	(98)
<b>Net exposure in original currency</b>	<b>8.959</b>	<b>12.449</b>	<b>(69)</b>

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Sensitivity analysis

In view of the net exposure calculated in the above table, AEROSTAR can be considered to be mainly exposed to the currency risk generated by changes in the USD/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 moderate volatility of EUR/LEU (+/-1%) can be noticed.

Thus, a reasonably possible variation of +/-5% USD/LEU and +/-1% for EUR/LEU at the end of the reporting period can be factored in.

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>31.03.2024</b>	<b>EUR/LEU</b>	<b>USD/LEU</b>
Net exposure, in original currency	8.959 k EUR	12.449 k USD
Exchange rate	4,9695	4,6078
Net exposure, in functional currency	44.522 k lei	57.363 k lei
Reasonable possible variation in foreign exchange rate	+/- 1%	+/- 5%
<b>Effect of variation on financial result</b>	<b>+/- 445 k lei</b>	<b>+/- 2.868 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 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.

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

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

As on 31.03.2024, the level of guarantees granted under commercial agreements, through the issuance of bank letters of guarantee and import letters of credit amounts to 14.549 thousand lei (equivalent to 3.157 thousand USD).

As on 31.03.2024, there are no mortgages on real estate assets owned by AEROSTAR.

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**NOTE 19 - OPERATING INCOME**

	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Income from sales, of which:</b>	<b>155.309</b>	<b>124.702</b>
Income from product sales	88.530	70.084
Income from services provided	65.875	53.711
Income from selling goods	6	12
Income from renting	662	653
Trade discounts granted	(2)	-
Income from other activities	238	242
<b>Income from stocks of finished products and work in progress</b>	<b>11.236</b>	<b>14.160</b>
<b>Income from the production of fixed assets</b>	<b>307</b>	<b>351</b>
<b>Income from operating subsidies</b>	<b>-</b>	<b>219</b>
<b>Income from investment subsidies</b>	<b>207</b>	<b>267</b>
<b>Other operating income</b>	<b>118</b>	<b>212</b>
<b>Total operating income</b>	<b>167.177</b>	<b>139.911</b>

Other operating income in the amount of 118 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 compensation for purchases from protected units.

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**NOTE 20 – OPERATING EXPENSES**

	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Expenses with employee benefits, of which:</b>	<b>47.739</b>	<b>41.585</b>
Salaries and allowances	41.756	36.566
Expenses with meal vouchers granted to employees	3.529	2.793
Expenses with social security	2.454	2.226
<b>Expenses with raw material and materials</b>	<b>65.316</b>	<b>51.993</b>
<b>Energy, water and gas</b>	<b>5.387</b>	<b>5.256</b>
<b>Other material expenses, of which:</b>	<b>3.168</b>	<b>3.185</b>
Expenses with non-inventory materials	460	419
Expenses with goods	4	9
Expenses with packaging	112	221
Expenses with other materials	2.592	2.536
<b>Expenses with external services, of which:</b>	<b>12.218</b>	<b>9.143</b>
Repairs	3.590	3.671
Transportation costs	3.200	1.446
Commissions and fees	698	1.122
Travels, deployments	186	257
Renting expenses	249	217
Other expenses with services supplied by third parties	4.295	2.430
<b>Trade discounts received</b>	<b>(44)</b>	<b>(71)</b>
<b>Amortizations</b>	<b>6.589</b>	<b>6.231</b>
<b>Net expenses (income) from adjustments on provisions</b>	<b>(2.646)</b>	<b>(7.199)</b>
<b>Net expenses (income) from adjustments on current assets</b>	<b>3.281</b>	<b>(691)</b>
<b>Other operating expenses</b>	<b>1.366</b>	<b>1.026</b>
<b>Total operating expenses:</b>	<b>142.374</b>	<b>110.458</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 3 months of 2024, the company granted meal vouchers worth 3.529 thousand lei to the employees.

Other operating expenses amounting to 1.366 thousand lei include, among others: local taxes and fees, sponsorships, environmental protection expenses.

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In the first 3 months of 2024 AEROSTAR recorded increases/set-ups and decreases/reversals of adjustments as follows:

<b>Adjustment of provisions</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
Increases/set-ups	5.661	3.315
Decreases/reversals	(8.307)	(10.514)
<b>Net expenses (income) from adjustments on provisions</b>	<b>(2.646)</b>	<b>(7.199)</b>

In the first 3 months of 2024, the impact of the provision adjustments is to decrease operating expenses by 2.646 thousand lei.

<b>Adjustments regarding impairment of current assets</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
Increases/set-ups of adjustments		
Adjustments for inventory depreciation	<b>6.128</b>	<b>8.990</b>
Adjustments for impairment of receivables	153	609
Losses from receivables and sundry debtors		
<b>Total increases/set-ups of adjustments</b>	<b>6.281</b>	<b>9.599</b>
Decreases/reversals of adjustments		
Adjustments for inventory depreciation	<b>(2.717)</b>	<b>(9.420)</b>
Adjustments for impairment of receivables	(283)	(870)
<b>Total decreases/reversals of adjustments</b>	<b>(3.000)</b>	<b>(10.290)</b>
<b>Net expenses/(income) from adjustments on impairment of current assets</b>	<b>3.281</b>	<b>(691)</b>

In the first 3 months of 2024, the impact of the impairment adjustments on current assets is to increase operating expenses by 3.281 thousand lei.

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**NOTE 21 - FINANCIAL INCOME**

	<b>31 March 2024</b>	<b>31 March 2023</b>
Income from exchange rate differences	2.353	1.157
Interest income	2.983	4.363
<b>Total financial income</b>	<b>5.336</b>	<b>5.520</b>

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

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**NOTE 22 – FINANCIAL EXPENSES**

	<b>31 March 2024</b>	<b>31 March 2023</b>
Expenses from exchange rate differences	896	1.866
Expenses with interest related to concession agreements	30	30
<b>Total financial expenses</b>	<b>926</b>	<b>1.896</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 31.03.2024 was 16% (the same rate applied for the financial year 2023).

	<u>31 March 2024</u>	<u>31 March 2023</u>
<b>Gross accounting profit</b>	<b>29.213</b>	<b>33.077</b>
<b>Expenses with current tax on profit</b>	<b>4.234</b>	<b>1.745</b>
<b>Income tax on profit from the sale of the securities held</b>	<b>82</b>	<b>-</b>

Reconciliation of accounting profit with the fiscal profit for 31 March 2024				Differences
Accounting revenues	172.513	Fiscal income	161.815	-10.698
Accounting expenses	143.300	Fiscal expenses	130.925	-12.375
Gross accounting profit, restated	29.213	Fiscal profit	30.890	+1.677
Accounting tax (16%)	4.674	Fiscal tax (16%)	4.942	+268
Tax deductions	-	<i>Tax deductions, of which:</i>	626	+626
		• related to investments made acc.to Art. 22 Fiscal Code	538	+538
		• sponsorship	88	+88
Tax on final profit	4.674	Tax on final profit	4.316	-358
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		14,78 %		

**Comparative key figures**

31 March 2023

<b>Gross accounting profit</b>	<b>33.077</b>
<b>Expenses with current tax on profit</b>	<b>1.745</b>

Reconciliation of accounting profit with the fiscal profit				Differences
Accounting revenues*	145.432	Fiscal income	125.538	-19.894
Accounting expenses*	112.355	Fiscal expenses	98.863	-13.492
Gross accounting profit, restated*	33.077	Fiscal profit	26.675	-6.402
Accounting tax (16%)	5.292	Fiscal tax (16%)	4.268	-1.024
Tax deductions	-	<i>Tax deductions, of which:</i>	2.523	+2.523
		• related to investments made acc.to Art. 22 Fiscal Code	2.357	+2.357
		• sponsorship	166	+166
Tax on final profit	5.292	Tax on final profit	1.745	-3.547
Applicable legal rate	16,00%	Legal rate applicable	16,00%	
Actual average tax rate, calculated on gross accounting profit, restated		5,28 %		

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The main factors affecting the effective tax rate:

- tax facilities representing the corporate income tax exemption on investments made under the Art. 22 of the Fiscal Code, sponsorships.
  
- non-tax-deductible expenses (expenses relating to the setting up or increase of provisions and value adjustments on current assets which are not deductible for tax purposes, expenses relating to book depreciation which are not deductible for tax purposes, etc.).
  
- non-taxable income obtained as a result of the recovery of non-deductible expenses.

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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>31.03.2024</b></u>	<u><b>31.03.2023</b></u>
Profit attributable to ordinary shareholders	25.133.493	30.089.207
Number of ordinary shares	152.277.450	152.277.450
<b>Profit per share</b>	<u><b>0,165</b></u>	<u><b>0,198</b></u>

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**NOTE 25 - AVERAGE NUMBER OF EMPLOYEES**

<b>Average number of employees</b>	<b>I-st quarter 2024</b>	<b>I-st quarter 2023</b>
Own employees	1.698	1.590

<b>Employee headcount</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
Own employees	1.746	1.701

As on 31 March 2024, the total number of employees in the Company is 1.862, of which 1.746 are own employees and 116 are temporary staff.

As on 31 March 2023, the total headcount was 1.823 employees, of which 1.701 were own employees and 122 persons representing employees hired through the temporary labour agent.

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**NOTE 26 - TRANSACTIONS WITH AFFILIATED PARTIES**

<u>Acquisitions of goods and services</u>	<u>I-st quarter of 2024</u>	<u>I-st quarter of 2023</u>
Airpro Consult SRL Bacău	2.684	2.523
Foar SRL Bacău	93	99
<b>TOTAL</b>	<b>2.777</b>	<b>2.622</b>
<u>Sales of goods and services</u>	<u>I-st quarter of 2024</u>	<u>I-st quarter of 2023</u>
Airpro Consult SRL Bacău	-	-
Foar SRL Bacău	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>
<u>Liabilities</u>	<u>Balance on 31.03.2024</u>	<u>Balance on 31.03.2023</u>
Airpro Consult SRL Bacău	1.059	907
Foar SRL Bacău	34	43
<b>TOTAL</b>	<b>1.093</b>	<b>950</b>

Transactions with related parties in the period 01.01.2024-31.03.2024 consisted of:

- Services provided by Airpro Consult SRL Bacau to AEROSTAR SA Bacau for temporary manpower;
- Machinery rental services provided by Foar SRL Bacau to AEROSTAR SA Bacau;
- Space rental services provided by AEROSTAR SA Bacau to Foar SRL Bacau.

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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, investing and financing activities, thus indicating how AEROSTAR generates and uses the cash and cash equivalents.

In the context of the Cash Flows Statement:

- the cash flows are the amounts collected and paid in cash and cash equivalents;
- the cash 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 for cashing.

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 activity is AEROSTAR's main cash generating activity. Thus:

- the cash received from customers amounted to 157.107 thousand lei;
- proceeds from the State Budget amounted to 1.469 thousand lei, of which 1.401 thousand lei are recoveries of VAT and other social debts, and 68 thousand lei are amounts collected as operating subsidies;
- payments to suppliers and employees amounted to 116.202 thousand lei, of which 90.355 thousand lei payments to suppliers and 25.847 thousand lei salary payments to employees;
- tax payments to the State Budget amounted to 18.473 thousand lei, of which 16.679 thousand lei in taxes and wage taxes, 1.577 thousand lei in taxes and local budget taxes, 217 thousand lei in VAT.

The operating activity generated a net cash of 23.901 thousand lei, an increase of 10.437 thousand lei compared to the same period last year.

Investment activity includes:

- proceeds from the sale of Evergent shares (stock symbol: EVER) in the amount of 4.341 thousand lei

The purchased shares are held for the collection of dividends as well as for gains from their sale. The sale of shares generated a gross gain of 514 thousand lei.

- Bank interest receipts amounting to 486 thousand lei from bank deposits made.
- payments for the purchase of tangible and intangible fixed assets amounting to 4.590 thousand lei.

The amount of cash flow allocated to increase operating capacity is 3% of the aggregate amount of cash used in operating, investing and financing activities.

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As part of the financing activity, an amount of 163 thousand lei was paid, representing dividends due to AEROSTAR shareholders.

The level of cash and cash equivalents recorded as at 31.03.2024 is 270.418 thousand lei, up by 24.626 thousand lei compared to the beginning of the year.

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**NOTE 28 - LIABILITIES AND OTHER OFF-BALANCE ITEMS**

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

	<b>31 March 2024</b>	<b>31 December 2023</b>
• <b>Liabilities:</b>		
○ guarantees granted to partners - as letters of bank guarantee and letters of credit	3.336	3.480
○ guarantees received from partners – as letters of bank guarantees and letters of credit	40.984	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.)	47.652	45.970
○ materials received in consignment	2.237	2.237
○ finished products received in consignment	48	48
○ materials – customers	75	75
○ tangible and intangible assets –obtained or purchased as a result of co-financed activity	554	554
○ material values received for processing/repairs	27.247	26.235
○ supporting assets related to the leasing contracts – Hangar of Iași	2.490	2.490
○ fixed assets proposed for disposal	313	315
• <b>Other off-balance values, of which:</b>		
○ material guarantees established for the managers' responsibility for asset management	232	239
○ commitments to cover certain obligations to A.J.O.F.M. based on Minutes 9624/12.12.2011	3.082	3.218
○ o debtors removed from credit report, still being monitored	159	159
○ creditors	20	20
○ de minimis aid for participation to fairs and exhibitions	362	362
• <b>Greenhouse Gas Emission Certificates</b>	<b>3.567</b>	<b>4.585</b>

On 31 March 2024, AEROSTAR S.A. held 11.931 greenhouse gas emission certificates.

The market value on the last trading day of a GHG certificate was 60,16 euro, according to the European Energy Exchange website (in December 2023: 77,25 euro), at a revaluation exchange rate of 4,9695 lei/euro.

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**NOTE 29 – DIRECTORS’ REMUNERATION**

The Board of Directors of AEROSTAR S.A. on 31.03.2024:

	<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
▪	TONCEA MIHAIL - NICOLAE	Member of the Board of Directors	Aviation engineer
▪	DOROȘ LIVIU-CLAUDIU	Member of the Board of Directors	Economist
▪	VÎRNĂ DANIEL	Member of the Board of Directors	Legal Advisor

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

At the Ordinary General Meeting of 14 December 2023, the shareholders of Aerostar approved the freezing, at the level decided by the Ordinary General Meeting of Shareholders of 9 July 2020, of the directors' remuneration for the remaining period until the end of the mandate of the current Board of Directors, appointed by AGM Resolution no. 26/09.07.2020:

- ✓ to maintain for each elected member of the Board of Directors a fixed net monthly remuneration of 4.750 lei;
- ✓ a maximum level of additional remuneration for members of the Board of Directors who also have executive duties of a fixed monthly amount of no more than 10 (ten) times (inclusive) the fixed remuneration of 4.750 lei, applied individually, as the case may be.
- ✓ empowering the Board of Directors to negotiate these within the approved ceiling.

The amount of the gross indemnities granted to the members of the Board of Directors and executive management for the period January-March 2024 according to the General Shareholders' Meeting of 22.02.2024, by virtue of their responsibilities, was 431 thousand lei.

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**NOTE 30 – RISK MANAGEMENT**

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

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

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

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

**Operational Risk**

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

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

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

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

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

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

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

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

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

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

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

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

However, there is a remarkable exposure to the global Airbus market, with a large proportion of the company's products being incorporated into Airbus aircraft.

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

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

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

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

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

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

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

The management of this risk is carried out by:

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

AEROSTAR is exposed to currency risk because 82% of its turnover is reported in USD and EUR, while a significant part of its operating expenses is denominated in LEI.

Thus, AEROSTAR is exposed to the risk that variations in foreign exchange rates will affect both its net revenues and financial position as expressed in LEI.

An analysis of AEROSTAR's sensitivity to variations in foreign exchange rates is detailed in Note 18 (Financial Instruments) to the Financial Statements.

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

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

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**NOTE 31 – PRE-PAID EXPENSES AND INCOME**

	<b>31 March</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
<b>Pre-paid expenses (short-term)</b>	<b>1.962</b>	<b>789</b>
<b>Pre-paid income (short-term)</b>	<b>3.592</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-paid expenses or income, as applicable.

The category of **pre-paid expenses** recorded on 31.03.2024 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 31 March 2024, Aerostar had not recognised any long-term **pre-paid income**. In the category of short-term **pre-paid income** are recorded the values corresponding to provided services and delivered goods for which the revenue recognition conditions of IFRS 15 "Revenue from contracts with customers" 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 31 March 2024**

Account 251	Values on 31 March 20224			Values on 01 January 2024		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
Asset related to the right to use the land for the Maintenance Hangar in Iași	1.935	(205)	1.730	1.940	(194)	1.746
<b>Total</b>	<b>1.935</b>	<b>(205)</b>	<b>1.730</b>	<b>1.940</b>	<b>(194)</b>	<b>1.746</b>

Net accounting value on 31.03.2024:

	Net amount on 1 January 2024	Revaluations in the first quarter of 2024	Depreciation in the period	Net amount on 31 March 2024
Asset related to the right to use the land for the MRO Hangar in Iași	1.746	(6)	(10)	1.730

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**COMPARATIVE KEY FIGURES - ASSETS REGARDING THE RIGHTS TO USE THE LEASED ASSETS: reporting period 31 March 2023**

Account 251	Values on 31 March 2023			Values on 01 January 2023		
	Gross amount	Cumulative depreciation	Net amount	Gross amount	Cumulative depreciation	Net amount
<b>Asset related to the right to use the land for the Maintenance Hangar in Iași</b>	1.908	165	1.743	1.907	(154)	1.753
<b>Total</b>	<b>1.908</b>	<b>(165)</b>	<b>1.743</b>	<b>1.907</b>	<b>(154)</b>	<b>1.753</b>

Net book value on 31.03.2023:

	Net amount on 1 January 2023	Revaluations in the first quarter of 2023	Depreciation in the period	Net amount on 31 March 2023
<b>Asset related to the right to use the land for the MRO Hangar in Iași</b>	1.753	-	(10)	1.743

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

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**NOTE 33 - EVENTS AFTER THE REPORTING PERIOD**

**Decisions of the Ordinary and Extraordinary General Meeting of the Shareholders of 18 April 2024**

**In the Ordinary General Meeting of the Shareholders dated 18 April 2024 the shareholders of Aerostar approved the following:**

➤ The distribution of the net profit related to the financial year 2023 (profit), as follows:

- distributions to the legal reserve of the reinvested profit in the amount of	27.924.488,53 lei;
- distribution to reserves in the amount of	33.125.151,81 lei;
- distribution for dividends of the amount of	31.978.264,50 lei;

and establishing a gross dividend per action of 0,21 lei, corresponding to a share with the nominal value of 0,32 lei;

➤ **The date of 30 May 2024 as Payment Date** for the dividends related to the financial year 2023.

The distribution of the dividends due to the shareholders of Aerostar for the year 2023 shall be made in accordance with the applicable legal provisions.

**Financial Calendar 2024 - upcoming events to be held:**

Presenting the financial results of the first 6 months of 2024	14.08.2024
Meeting with the press and interested investors to present the financial results of the first 6 months of 2024	14.08.2024
Presenting the financial results on 30 September 2024	08.11.2024

These company financial statements comprising: the statement of financial position, the statement of profit or loss, other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements were approved by the Board of Directors on 09 May 2024 and signed on its behalf by:

**Grigore FILIP**  
**President of the Board of Directors**

**Doru DAMASCHIN**  
**Vice-President of the Board of Directors and Financial Director**