

ARMATURE SA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st of December, 2024
PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION



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ARMĂTURA S.A.
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

	Note	<u>31st December 2023</u>	<u>31st December 2024</u>
Active			
Fixed assets			
Tangible fixed assets	6	117.598	111.785
Intangible assets	7	0	0
Right to use assets In leasing	16	707.774	0
Total fixed assets		<u>825.372</u>	<u>111.785</u>
Circulating Active			
Stocks	11	0	1.422
Customers and other receivables	10	508.558	554.756
Cash and equivalents of cash	12	7.439.622	6.487.942
Financial assets in the short term		<u>0</u>	0
Total circulating assets		<u>7.948.180</u>	<u>7.044.120</u>
Tax claims on deferred profit 17		<u>164.178</u>	<u>156.517</u>
Total activ		<u>8.937.730</u>	<u>7.312.422</u>
Equity and liabilities			
Capital social	13	18.110.957	18.110.957
Reserves		1.304.075	1.304.075
Retained earnings		<u>-11.871.593</u>	<u>-12.469.372</u>
Total equity		<u>7.543.439</u>	<u>6.945.660</u>

The accompanying notes are an integral part of these financial statements.

ARMĂTURA S.A.
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

Long-term debts

Loans	15	0	0
Tax liabilities			
Deferred	17	0	0
Payables from leasing operations	16	397.032	0
Suppliers and other liabilities		<u>0</u>	0
Total debts in the long term		397.032	0

Current payables

Suppliers and other liabilities	14	389.056	182.221
Settlements with shareholders regarding Share capital		100	100
Loans	15	0	0
Payables from leasing operations	16	401.019	13.856
Provisions for risks and expenses	18	<u>207.084</u>	<u>170.586</u>
Total debts Current		<u>997.259</u>	<u>366.762</u>
Total debts		<u>1.394.291</u>	<u>366.762</u>
Total equity and liabilities		<u>8.937.730</u>	<u>7.312.422</u>

The financial statements were signed today

Administrator,

Stefan Bogdan

Drawn up by,

Ec. Rus Dana

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ARMĂTURA S.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

	Note	Year ended 31st December <u>2023</u>	Year ended 31st December <u>2024</u>
Income		1.821.867	1.727.563
Other operating income		42.601	277.089
Change in stocks of finished products and production in progress		0	0
Raw materials and materials		-87.177	-81.432
Cost of goods		-55.252	-11.058
Personnel expenses	21	-806.189	-820.669
Utility expenses		-404.813	-182.569
Services provided by third parties		-476.291	-546.061
Depreciation and amortization fixed assets		-943.955	-525.440
Net movement in provision for other Risks and expenses	18	-52.840	36.498
Other operating expenses	20	<u>-17.350</u>	<u>-109.189</u>
Other income / (loss), net	19	<u>56.881</u>	<u>-5.573</u>
Operating result		-922.467	-240.841
Financial income		421.953	265.448
Financial expenses		<u>-14.382</u>	<u>-6.837</u>
Net financial profit/loss	22	<u>407.571</u>	<u>258.611</u>
Profit/Loss Before Tax		514.896	17.770
Income / (Expense) with corporate income tax			
current and deferred	23	<u>8.453</u>	<u>-4.947</u>
Net profit/loss for the year		<u>-506.443</u>	<u>12.823</u>
Number of shares issued		40.000.000	40.000.000
Diluted and Per Share Earnings		<u>-0.012661</u>	<u>0,0003206</u>

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STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

	Year ended 31st December <u>2023</u>	Year ended 31st December <u>2024</u>
Net profit for the year	<u>-506.443</u>	<u>12.823</u>
Other comprehensive income:		
Gain/(Loss) from revaluation		
Buildings	-	-
Impact of deferred tax on revaluation reserves	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net tax	<u>-</u>	<u>-</u>
Total comprehensive result for the year	<u>-506.443</u>	<u>12.823</u>

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ARMĂTURA SA
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

	Capital social	Reserves from Revaluation	Other reserves	Deferred result	Total
Balance as of 1st of January , 2023	<u>18.110.957</u>	<u>0</u>	<u>1.304.075</u>	<u>-11.365.151</u>	<u>8.049.881</u>
Profit/Loss for 2022	-	-	-	-506.443	-506.443
Other comprehensive income	-	-	-	-	-
Revaluation reserves	-	-	-	-	-
Total overall result	-	-	-	-506.443	-506.443
Balance as of 31st December , 2023	<u>18.110.957</u>	<u>0</u>	<u>1.304.075</u>	<u>--11.871.593</u>	<u>7.543.439</u>
Balance as of 1st of January , 2024	<u>18.110.957</u>	<u>0</u>	<u>1.304.075</u>	<u>--11.871.593</u>	<u>7.543.439</u>
Profit/Loss of the Year 2024	-	-	-	12.823	12.823
Other comprehensive income	-	-	-	-610.602	-610.602
Total overall result	-	-	-	-597.779	-597.779
Balance as of 31st December , 2024	<u>18.110.957</u>	<u>-</u>	<u>1.304.075</u>	<u>-12.469.372</u>	<u>6.945.660</u>

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ARMĂTURA SA
STATEMENT OF CASH FLOWS
FOR YEAR ENDED ON 31st of December 2024
(in Romanian Lei, if not otherwise specified)

December		Year ended on 31st December	Year ended on 31st
	Note	2023	2024
Cash flows from Operating Activities			
Cash generated from operations	24	<u>-300.481</u>	<u>-679.934</u>
Paid interest		-	-6.329
Net cash generated from operating activities		<u>-300.481</u>	<u>-686.263</u>
Cash flows from investments			
Acquisitions of property, plant and equipment			
Net proceeds from the sale of tangible fixed assets			2,435
Interest received		113.896	265.417
Net cash used in investment activities		<u>113.896</u>	<u>265.417</u>
Cash flows from financing activities			
Loan repayment		-	-
Repayment of interest on the loan		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net change in cash and cash equivalents		<u>-414.377</u>	<u>-951.680</u>
Cash and cash equivalents at the beginning of the year	12	<u>7.853.999</u>	<u>7.439.622</u>
Increases /- Decreases		<u>-414.377</u>	<u>-951.680</u>
Cash and cash equivalents at the end of the year	12	<u>7.439.622</u>	<u>6.487.942</u>

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ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(in Romanian lei, unless otherwise specified)

1 GENERAL INFORMATION

ARMATURA SA (the "Company") was registered at the beginning of 1991 with the Cluj Trade Register as a joint stock company, and at the end of 1996 it completed the privatization process, being currently a fully private company. The company has its registered office in Cluj Napoca, Garii Street, no. 19, where it also carries out its production activity.

The company's object of activity is "Manufacture of taps", NACE code 2814 and operates in the field of metal fittings with an experience in the production of fittings for heating and water and gas supply installations, including today in its product portfolio over 1,500 typodimensional items. The Company's clients are national and international companies.

The Company's shares have been listed on the standard category of the Bucharest Stock Exchange since 1997, and in 2021 the main shareholder is HERZ ARMATUREN Ges.m.b.H Austria.

The company does not have open branches, is not in association with other companies and does not hold shareholdings.

The company has subscribed and paid-up share capital in the amount of RON 4,000,000 consisting of 40,000,000 shares with a nominal value of RON 0.1 per share.

Starting with 2021, when the Company carries out the activity of sub-leasing the premises, this risk is no longer applicable, the clients being predominantly internal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are presented below. These policies have been applied consistently in all the years presented, unless otherwise specified.

2.1 Basis of preparation

The Company's financial statements have been prepared in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications.

These provisions correspond to the requirements of the International Financial Reporting Standards (IFRS), adopted by the European Union (EU). The effects of the change in the exchange rates, regarding the functional currency. For the purpose of preparing these

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financial statements in accordance with the legislative requirements of Romania, the functional currency of the Company is considered to be RON ("Romanian leu").

For the year ended 31st December , 2011 and for all previous financial years, the Company has prepared the financial statements in accordance with the Romanian accounting regulations (local accounting principles) represented by OMF 3055/2009 for the years 2011 and 2010. As of 31st December , 2012, the Company prepared the first set of IFRS financial statements adopted by the EU.

The preparation of financial statements in accordance with IFRS requires the use of critical accounting estimates. It also asks the management to use reasoning in the process of applying the Company's accounting policies. Areas involving a higher degree of complexity and application of these reasonings or those in which assumptions and estimates have a material impact on the financial statements are presented in note 4.

2.1.1. Business continuity

These financial statements have been prepared based on the principle of business continuity, which implies that the Company will continue its activity for the foreseeable future.

The nature of the Company's activity may bring unpredictable variations in terms of cash inflows in the future. The management analyzed the issue of the opportunity to prepare the financial statements based on the principle of business continuity.

As of 31st December , 2024, the Company recorded a profit of RON 12,823.

2.1.2 New accounting regulations

The following amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current period:

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform – Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods starting on or after 1 January 2021.

Amendments to IFRS 4 Insurance Contracts – Extension of the temporary exemption from the application of IFRS 9. The expiry date of the temporary exemption from the application of IFRS 9 has been extended for annual periods beginning on or after 1st of January , 2024.

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Amendments to IFRS 16 Leasing Contracts Adopted by the EU on August 30, 2021 and are applicable after June 30, 2021.

As of 1st of January , 2018, the Company has applied IFRS 15 Revenue from customer contracts. IFRS 15 sets out a five-step model that will apply to the recognition of income arising from a contract with a customer (with limited exceptions), regardless of the type of transaction or industry. The requirements of the standard will also apply to the recognition and measurement of gains and losses on the sale of certain non-operational assets that are not the result of the entity's ordinary business (e.g., sale of property, plant and equipment and intangible assets). Provision will be made for extensive disclosures, including disaggregation of total income, information on performance obligations, changes in contractual balances of asset and liability accounts between periods, and key reasoning and estimates.

The company obtained in the year revenues from the rental of spaces to other companies until the date of sale of the properties, and the revenues are measured at the fair value of the net amounts collected. The income obtained from the rental of spaces is recognized when there is an obligation to register a contract, respectively if the following conditions have been met:

- The parties to the contract have approved the contract in writing
- The Company may identify the rights of each party in relation to the services to be transferred
- The company can identify the terms of payment for rent
- The contract has commercial content
- The company has a number of 33 tenants as of 31.12.2024
- The company extended the contracts for an indefinite period
- The company charges a reasonable level of rents

Based on the internal assessment of the possible impact resulting from the application of IFRS 15, we consider that the business continuity supported by the two aspects mentioned above is clear, namely the increase in the number of tenants and the extension of their existing contracts; No material effect was identified in these financial statements.

New standards, amendments and interpretations issued by the IASB and adopted by the EU, but not applicable for the financial year ended 31 December 2024, as a result not adopted:

Amendments to IFRS 3 Business Combinations; IAS 16 Property, plant and equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

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Annual Improvements 2018-2020 (all issued on May 14, 2020) – applicable for periods beginning on or after 1st of January , 2022.

IFRS 17 Insurance Contracts (issued on May 18, 2017); **including Amendments to IFRS 17** (issued on June 25, 2020) – applicable for periods beginning on or after 1st of January , 2023.

Amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors: Definition of Accounting Estimates (published February 12, 2021) – applicable for periods beginning on or after 1st of January , 2023.

Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 IFRS: Presentation of Accounting Policies (published on February 12, 2021) – applicable for periods beginning on or after 1st of January , 2021.

The Company anticipates that the adoption of these standards and amendments to existing standards will not have a material impact on the Company's financial statements during the initial application period.

There are no other IFRS or IFRIC interpretations that have not yet entered into force and that could have a material impact on the Company's financial statements.

2.2 Segment reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a specific geographic environment (geographic segment) and that is subject to different risks and rewards than other segments. From the point of view of business segments, the Company does not identify distinct components in terms of risks and benefits.

IFRS 8 Business Segments must apply to the Company's Financial Statements because its equity instruments are traded on a public market (BVB).

The presentation of information on the products and services, as well as the geographical areas in which the company operates is mandatory, even for those entities that identify a single reportable segment of activity, taking into account the quantitative thresholds and aggregation criteria provided by the standard. Taking into account the quantitative thresholds and aggregation criteria provided by the standard, from the point of view of the business segments, the Company does not identify distinct components from the perspective of the associated risks and benefits.

	<u>Sales</u>	<u>Pondere in total vanzari</u>
Sales of residual products	168,891	9.77 %

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Sales from works performed	96,494	5.58 %
Rent poisons	1,137,884	65.86 %
Sales of goods	12,656	0.76 %
Sales from miscellaneous activities	311,638	18.03 %
Sales of foreign goods	-	
External Service Sales	-	-
Total	1.727.563	100%

2.3 Foreign currency conversion

(a) Functional and presentation currency

The financial statements are presented in lei (RON), the national currency of Romania. The company keeps the accounting records in lei, prepares and presents its financial statements in accordance with the specific legislation on the matter and with the Regulations on accounting and financial-accounting reports issued by the Ministry of Public Finance.

(b) Transactions and balances

Transactions in foreign currency are converted into functional currency using the exchange rate valid on the date of the transactions. Gains and losses arising from exchange rate differences following the conclusion of these transactions and from the conversion at the end of the financial year at the year-end exchange rate of monetary assets and obligations denominated in foreign currency are reflected in the profit and loss account.

Exchange rate gains and losses that relate to loans and cash and cash equivalents are presented in the profit and loss account under "financial income or expenses". All other gains and losses at the exchange rate are presented in the profit and loss account under "Other (loss)/gain – net".

Monetary assets and liabilities denominated in foreign currency are expressed in lei at the balance sheet date. As of 31st December , 2024, the exchange rate used to convert balances to foreign currency is 1 EUR = 4.9741 RON. Gains and losses arising from the translation of monetary assets and liabilities are reflected in the profit and loss account during the year.

2.4 Accounting for the effects of hyperinflation

The Romanian economy has gone through periods of relatively high inflation and has been considered hyperinflationary according to IAS 29 "Financial Reporting in Hyperinflationary

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Economies" ("IAS 29").

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be restated in terms of purchasing power at the balance sheet date. The amounts expressed in terms of purchasing power at 31 December 2004 (the date of cessation of hyperinflation) are treated as the basis for the carrying amounts in these financial statements.

The Company has decided to reflect the impact of the application of IAS 29 in the financial statements as at 31st December , 2012. The impact of these adjustments was reflected on the value of the land, the share capital and the deferred result.

2.5 Tangible fixed assets

<u>Type</u>	<u>Number of years</u>
Machines	2 - 12
Vehicles	3 - 15

The residual value of an asset is the estimated value that could be obtained by the Company from the sale of the respective asset minus the estimated costs of the sale, if the asset is already old and meets the conditions related to its end of useful life. The residual value of an asset is zero if the Company estimates the use of the asset until the end of its physical life. Residual asset values and useful lives are reviewed, and adjusted accordingly, at each balance sheet date.

The gains and losses on disposal are determined by comparing the amounts obtained from the disposal with the book value, and are recognized under "Other (losses)/net gains" in the statement of income and expenses.

When selling revalued assets, the amounts included in other reserves are transferred to the retained earnings.

2.6 Intangible assets

Computer programs

The acquired licenses related to the rights to use the software are capitalized on the basis of the costs incurred with the acquisition and commissioning of the respective software. These costs are amortized over their estimated useful life (three years). The costs related to the development or maintenance of software are recognized as expenses during the period in

ARMĂTURA SA
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which they are performed.

2.6 Intangible assets (continued)

Other intangible assets

Other intangible assets include computer programs created by the entity or acquired from third parties for their own use, as well as other intangible assets owned by the Company. Expenses that allow intangible assets to generate future economic benefits beyond their originally anticipated performance are added to their original cost. These expenses are capitalized as intangible assets, if they are not an integral part of tangible assets.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount can no longer be recovered. The impairment loss is represented by the difference between the carrying amount and the recoverable amount of the respective asset. The recoverable amount is the maximum of the fair value of the asset minus the costs of sale and the value in use.

2.8 Financial assets

Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets, except for those that have a maturity period of more than 12 months from the balance sheet date. They are classified as fixed assets.

Recognition and evaluation

Regular purchases and sales of financial assets are recognised at the trading date – the date on which the Company undertakes to buy or sell the respective asset. Financial assets cease to be recognised when the right to receive cash flows from investments expires or is transferred, and the Company transfers all risks and benefits related to ownership. Loans and receivables are recorded at amortized cost based on the effective interest method. The Company's loans and receivables are classified as "cash and cash equivalents" and "customers and other receivables" in the balance sheet (notes 2.12 and 2.15).

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2.9 Clearing of financial instruments

Financial assets and liabilities are offset and net worth is reported on the balance sheet only when there is an applicable legal right to offset the amounts recognised and there is an intention to offset on a net basis or to capitalise on the asset and offset the liability at the same time.

2.10 Stocks

As of 31.12.2024, the company no longer holds stocks of consumable materials and animals and poultry in the amount of 1,422 lei.

2.11 Commercial creation

Receivables are recorded at nominal value minus adjustments for their impairment.

Trade receivables are the amounts owed by customers for products, goods sold or services rendered in the normal course of business

The provision for the impairment of trade receivables is constituted when there is objective evidence that the Company will not be able to collect all the amounts due to it according to the initial conditions of the receivables. Significant difficulties faced by the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization proceedings, non-payment or non-compliance with payment terms are considered indicative of impairment of trade receivables.

The carrying amount of the asset is reduced by using a provision account, and the amount of the loss is recognised in the statement of income and expenses under "other gains/(losses) – net" in the profit and loss account. When a trade receivable cannot be recovered, it is passed on to the expense, with the corresponding reversal of the provision for trade receivables. Subsequent recoveries of previously depreciated amounts are credited to the profit and loss account.

2.12 Cash and cash equivalents

For the cash flow statement, cash and its equivalents include cash in the house, bank accounts, bank deposits on demand, other short-term financial investments, overdraft facilities, and the short-term part of restricted bank accounts.

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2.13 Share capital and reserves

The share capital composed of common shares is registered at the value established on the basis of the articles of incorporation and addenda, as the case may be, as well as the supporting documents regarding the capital payments.

The repurchased own shares, according to the law, are presented in the statement of assets, debts and equity as a correction of the equity.

Gains or losses related to the issuance, redemption, sale, free disposal or cancellation of the entity's equity instruments are recognised directly in equity under the lines of "Gains / or Losses related to equity instruments".

2.14 Trade payables

Trade payables are recognised at fair value.

Trade debts are obligations to pay for goods or services that have been purchased in the normal course of business from suppliers. Accounts payable are classified as current payables if payment is due within one year or less than one year (or later in the normal course of business). Otherwise, they will be presented as long-term debts.

2.15 Loans

As of 31.12.2024, the company no longer holds loans.

2.16 Current and deferred income tax

The company registers current corporate income tax at a rate of 16% of the taxable profit resulting from the statutory financial statements, by adjusting the expenses that cannot be deducted and the non-taxable income, in accordance with the Romanian Fiscal Code and related regulations.

The tax expense for the period includes the current tax and the deferred tax. The tax is recognised in the profit and loss account, unless it relates to items recognised in other comprehensive income or directly in equity. In this case, the related tax is also recognised in other items of comprehensive income or directly in equity.

The current income tax expense is calculated based on the tax regulations in force at the balance sheet date in Romania. The management periodically evaluates the positions in the tax returns in terms of the situations in which the applicable tax regulations are interpretable. This constitutes provisions, where applicable, based on the amounts estimated to be due to

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the tax authorities.

Deferred income tax is recognized on the basis of the balance sheet obligation method, for the temporary differences between the tax bases of assets and liabilities and their book values in the financial statements. However, the deferred income tax resulting from the initial recognition of an asset or liability in a transaction other than a business combination, and which at the time of the transaction does not affect the accounting profit or the taxable profit is not recognised. The deferred corporate income tax is determined on the basis of the tax rates (and laws) that came into force until the balance sheet date and that are to be applied during the period in which the deferred tax to be recovered will be recovered or the deferred tax will be paid.

The deferred tax to be recovered is recognised only to the extent that it is likely that a taxable profit will be obtained in the future from which temporary differences are deducted.

Deferred tax receivables and liabilities are offset when there is an applicable legal right to offset current tax receivables against current tax liabilities, and when deferred tax receivables and liabilities are imposed by the same tax authority either on the same taxable entity or on different taxable entities, if there is an intention to offset the balances on a net basis.

2.17 Uncertain fiscal positions

The Company's uncertain tax positions are analyzed by the management at the date of each balance sheet. Liabilities are recorded for tax positions for which management believes that additional taxes are likely to be applied if these positions were to be verified by the tax authorities. The valuation is based on the interpretation of the tax laws that were adopted at the balance sheet date. Liabilities related to penalties, interest and taxes, other than income tax, are recognised on the basis of management's best estimates necessary to settle obligations at the balance sheet date.

2.18 Employee benefits

During the financial year, *the Company* makes payments to the Social Security budget on behalf of its employees, as all of them are included in the public pension system.

The Company does not contribute to any other pension plan or benefits after retirement and does not have any other obligations of the kind mentioned above, for its employees.

Benefits at the end of the activity

In the collective labor agreement of the Company, valid for the previous period, it was stipulated that the *Company's employees* receive on the occasion of retirement a bonus

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equivalent to one/two basic salaries they had in the month prior to retirement. The company has made an estimate of the present value of this promised benefit, in order to constitute the necessary provision, but which did not materialize because it is not considered to have a significant impact on the financial statements.

Also, in the collective labor agreement of the Company, valid for the previous period, it was provided that the Company's employees receive compensatory payments in case of termination of the individual employment contract for reasons related to the Company. The Company has made an estimate of the present value of this promised benefit, and has constituted the necessary provision on the financial statements ended as of 31st December , 2024.

Considering the situation generated by Covid-19 within *the Company*, the following decisions were issued in order to prevent the proper performance of the activity from being affected:

- By Decision no. 20/01.09.2020, people in the vicinity of those infected with Covid-19 benefited from the settlement of the Covid-19 test by the unit.
- As an additional protection measure for employees, the modification of the employment contract was chosen in some cases, in an employment contract with a teleworking clause.
- Employees were constantly informed about the legislative changes and updates brought to the areas affected by Covid-19.

2.19 Provisions

Provisions are recognised when the Company has a current obligation (legal or implied) generated by a previous event, it is likely that an outflow of resources is necessary to honour the obligation, and the debt can be credibly estimated.

Provisions for taxes are constituted for the amounts to be paid to the state budget, provided that these amounts are not reflected as a debt in relation to the state.

The provisions are revised at the date of the financial statements and adjusted to reflect Management's current best estimate in this regard. If an outflow of resources is no longer likely to be extinguished in order to extinguish an obligation, the provision must be cancelled by resumption of income.

2.20 Revenue recognition

Revenue is recorded when the significant risks and benefits of owning property are

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transferred to the client. The amounts representing the income do not include sales taxes (VAT), but include the commercial discounts granted. The financial discounts granted to customers (discounts) reduce the value of the Company's income.

The Company recognises revenue when its amount can be measured reliably, when it is probable that it will produce future economic benefits to the entity, and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered reliably measurable until all contingencies relating to sales have been resolved. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specific elements of each contract.

Revenue from services rendered is recognised in the period in which they are rendered and in line with the stage of completion.

Interest income shall be recognized periodically, in a proportional manner, as the respective income is generated, based on accrual accounting.

Revenue from rental income and/or rights to use assets is recognised on an accrual basis, as per the contract.

Dividends distributed to shareholders, proposed or declared after the date of the financial statements, are recognised as dividend income when the shareholder's right to receive them is established.

2.21 Leasing contracts

Leasing is a contract, or part of a contract, that gives the company the right to use an asset (the underlying asset) for a certain period of time in exchange for a consideration. The company, as lessee, obtains the right to use an underlying asset for a certain period of time in exchange for a countervalue.

At the date of commencement of the exercise, the Company values the asset relating to the right of use at cost.

The cost of the asset related to the right of use includes:

- The value of the initial valuation of the debt arising from the leasing contract;
- Any lease payment made on or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the company;
- An estimate of the costs to be incurred by the company as lessee for the dismantling

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and removal of the underlying asset, for the restoration of the place where it is located or for bringing the underlying asset to the condition imposed in the terms and conditions of the leasing contract, unless these costs are incurred for the production of inventories. The lessee assumes the obligation towards these costs either at the date of the start of the development or as a result of the use of the underlying asset during a certain period.

The Company will choose not to apply the provisions of IFRS16 for short-term leases (<12 months) and for leases for which the underlying asset has a low value.

Depreciation of the underlying asset is determined as follows:

- If at the end of the leasing contract the transfer of ownership takes place, then the depreciation will be recognized as an expense over the useful life of the asset.
- Otherwise, depreciation will be recognised for the lesser of the useful life of the asset and the lease period.

In 2024, the Company had an ongoing leasing contract, namely the one for the rental of buildings and land from Koro Lando Real Estate SRL.

2.22 Distribution of dividends

The distribution of dividends is recognized as a debt in the Company's financial statements during the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

By the nature of its activities, the Company is exposed to various risks including: market risk (including monetary risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivatives to hedge against certain risk exposures.

Risk management is the responsibility of the management of ARMATURA SA based on the policies approved by the board of directors. The Company's management identifies and assesses financial risks in close cooperation with the Company's operational units. The Board of Directors provides basic principles for risk management, as well as recommendations for specific areas such as currency risk, interest rate risk, credit risk and excessive liquidity investing.

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(a) *Market risk*

(i) *Currency risk*

The Company operates mainly in Romania and is exposed to currency risk resulting from exposure to various currencies, in particular related to the Euro. Currency risk results mainly from the Company's loans, receivables and trade debts.

The company is not hedged against currency risk. Because the Company's activities are carried out mainly on the domestic market, it does not generate income in the same currency as loans. However, the management regularly receives forecasts regarding the evolution of the RON / EUR exchange rate and uses the information in the pricing strategy. The management will consider in the future the development of strategies to protect the Company against currency risk.

(ii) *Interest rate risk on cash flow and fair value*

The company has no significant interest-bearing assets. The interest rate risk in the Company's case stems from the long-term loan. The contracted loan is variable interest rate and exposes the Company to the interest rate risk on cash flow, which is partially offset by the cash held at variable rates. In 2021 and 2020, the Company's floating rate loan was denominated in Euro.

The company dynamically analyzes its interest rate exposure. Different scenarios are simulated, taking into account refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the profit and loss impact of the interest rate change. For each simulation, the same percentage of interest rate change is used for all currencies. The scenarios apply only to debts that constitute major interest-bearing positions.

(b) *Credit risk*

Credit risk results from cash and cash equivalents, deposits with banks and financial institutions, as well as from customers' credit exposures, including outstanding receivables and committed transactions. In the case of banks and financial institutions, only those independently assessed with a minimum "BB" rating are accepted. For clients, there is no independent assessment, management assesses the client's financial creditworthiness, taking into account the client's financial position, past experience and other factors. The individual risk limits are established on the basis of internal and external ratings, according to the limits set by the board of directors. The use of credit limits is monitored regularly. See note 9 for further presentations on credit risk.

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(c) *Liquidity risk*

Cash flow forecasts are made by the Company's operating entities and aggregated by the Company's management. The Company's management monitors the forecasts regarding the Company's liquidity needs, to ensure that there is sufficient cash to meet operational requirements. These forecasts take into account the Company's debt financing plans, compliance with agreements, compliance with internal objectives regarding the indicators in the balance sheet.

The Company's management invests the surplus cash in interest-bearing current accounts and term deposits, selecting instruments with appropriate maturities or sufficient liquidity to provide sufficient margin, as established on the basis of the above-mentioned forecasts.

The table below analyzes the Company's financial liabilities by groups of relevant maturity, depending on the period remaining at the balance sheet date until the date of contractual maturity. The values presented in the table represent the respective gross values at the balance sheet date.

On of 31st December , 2023	under 1 year	1 - 5 years	over 5 years	Total
Loans				
Leasing liabilities	401.019	397.032	-	798.051
Suppliers and other liabilities	596.240	-	-	596.240
Total	997.245	397.032	-	1.394.291
At of 31st December , 2024	sub 1 an	1 - 5 or	over 5 years	Total
Loans	-	-	-	-
Leasing liabilities	13.156	-	-	13.156
Suppliers and other liabilities	352.906	-	-	352.906
Total	366.762	-	-	366.762

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3.2 Capital Risk Management

The Company's capital management objectives are to protect the Company's ability to continue its activity in the future, so as to bring profit to shareholders and benefits to the other parties involved, as well as to maintain an optimal capital structure to reduce capital expenditures.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends granted to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors the capital based on the leverage ratio. This coefficient is calculated by dividing the net debt by equity. Net debt is calculated by subtracting cash and cash equivalents from total loans (including "short and long-term loans" on the balance sheet). The total capital is calculated by adding the net debt to the "equity" of the balance sheet.

	31st December 2023	31st December 2024
	<hr/>	<hr/>
Total loans (note 15)	-	-
Less: cash and cash equivalents available to the Company (note 12)	-	-
Net debt	-	-
Total equity	-	-
	<hr/>	<hr/>
Total capital	-	-
	<hr/>	<hr/>
Indebtedness	-	-
	<hr/>	<hr/>

3.3 Estimate at fair value

The company does not hold financial instruments measured on the balance sheet at fair value and therefore disclosures related to fair value measurements by levels do not apply.

Estimates and reasoning are evaluated on an ongoing basis and are based on historical experience and other factors, including anticipations of future events that are considered

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reasonable under the given conditions.

4 CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates and assumptions

The Company makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely be equal to the corresponding actual results. Estimates and assumptions that involve a high degree of risk or that cause significant adjustments to the carrying amounts of assets and liabilities in the following financial year are set out below.

(a) *Corporate income tax*

In order to establish the provision for corporate income tax, significant appraisals are necessary. There are several transactions and calculations for which the determination of the final tax is uncertain. The company acknowledges obligations for anticipated problems resulting from tax audits based on estimates regarding the payment of additional taxes. If the final tax result of these operations is different from the amounts initially recorded, the differences will influence the receivables and liabilities regarding the current or deferred income tax during the period in which the determination is made. The recognition of an asset in terms of deferred corporate income tax takes into account a detailed analysis regarding the possibility of its realization.

(b) *Estimated impairment of fixed assets*

The determination of the loss from depreciation of equipment requires significant reasoning, as described in note 2.8. In making this estimate, the Company compares the net carrying amount of this equipment to the greater of the estimated selling price and the net present value of the cash flows that will be generated by the equipment over its remaining life

5 RETAINED EARNINGS

As of 31st December , 2024, the Company has a retained earnings of RON 1,073,673.

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6. TANGIBLE ASSETS

	<u>Land and Clădiri</u>	<u>Vehicles and machinery</u>	<u>Furniture, equipment and equipment</u>	<u>Assets under construction</u>	<u>Invest Real estate</u>	<u>Total</u>
Financial year ended 31st December , 2023						
Initial net book value	-	108.577	557	-	-	109.134
Increases in revaluation in equity	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Entries	-	33.840	-	-	-	33.840
Outputs	-	-37.633	-	-	-	-37.633
Depreciation expense	-	-2153	-516	-	-	-2.669
Cumulative amortization of outflows	-	-23.223	-	-	-	-23.223
Impairment adjustments	-	38.149	-	-	-	38.149
Revaluation increases in comprehensive income	-	-	-	-	-	-
Final net book value	-	117.557	41	-	-	117.598
As of 31st December , 2023						
Cost or valuation	-	181.082	557	-	-	181.639
Cumulative depreciation	-	25.376	516	-	-	25.892
Impairment adjustments	-	38.149	0	-	-	38.149
Net book value	-	117.557	41	-	-	117.598

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6. TANGIBLE ASSETS (continued)

	<u>Land and Clădiri</u>	<u>Vehicles and machinery</u>	<u>Furniture, equipment and equipment</u>	<u>Assets under construction</u>	<u>Invest Real estate</u>	<u>Total</u>
Financial year ended						
31st December , 2024						
Initial net book value						
	-	117.557	41	-	-	117.598
Increases in revaluation in equity	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Entries	-	17.905	3.212	-	-	21.117
Outputs	-	-2.525	-	-	-	-2.525
Depreciation expense	-	-23.516	-1.204	-	-	-24.720
Cumulative amortization of outflows	-	316	-	-	-	316
Impairment adjustments	-	-	-	-	-	-
Revaluation increases in comprehensive income	-	-	-	-	-	-
Final net book value	-	109.737	2.048	-	-	111.785
As of 31st December , 2024						
Cost or valuation	-	2.236.391	52.514	-	-	2.288.905
Cumulative depreciation	-	-2.126.654	-50.466	-	-	-2.177.120
Impairment adjustments	-	-	-	-	-	-
Net book value	-	109.737	2.048	-	-	111.785

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6 TANGIBLE FIXED ASSETS (continued)

The method of depreciation of property, plant and equipment in the financial year 2024 was linear. No residual value has been established for them.

In 2021, rental income related to real estate investments in the amount of RON 665,769 was recognized in the CPP, and the direct operating expenses resulting from real estate investments were insignificant.

There were no net gains or losses resulting from fair value adjustments.

On 14.12.2021, both the land and buildings in use of the Company and those leased to third parties (recognized for real estate investments) were sold to another company. As a result, the buildings and land sold were derecognised at their book value at disposal, so on 31.12.2021 the Company no longer owns any building or land.

The derecognition of these tangible fixed assets resulted in a gain in the amount of RON 18,733,846, which was included in the Company's profit. According to the sale-purchase contract, the sale price was established based on an evaluation report prepared by an independent appraiser, a member of ANEVAR.

7. INTANGIBLE ASSETS

	Active Luare in leasing	Advances and Other fixed assets necorporale	Total
Financial year ended 31 December 2023			
Net book value			
Initial Balance	-	-	-
Entries			
Outputs	-	-	-
Depreciation expense	-	-	-
Cumulative depreciation	-	-	-
Sold final la 31st December , 2023	0	-	0
Cost	268.978	-	268.978
Accumulated depreciation and amortization	268.978	-	268.978
Net book value	0	-	0
	Programs	Advances and	Total

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	Computer	Other fixed assets necorporale	
Financial year ended 31 December 2024			
Net book value			
Initial Balance	0	-	0
Entries		-	
Depreciation expense	0	-	0
Outputs	0	-	0
Cumulative depreciation related to outflows	0	-	0
Sold final la 31st December , 2024			
	0	-	0
Cost	268.978	-	268.978
Accumulated depreciation and amortization	268.978	-	268.978
Net book value	0	-	0

Intangible assets consist of computer programs. They are valued at cost, minus cumulative depreciation.

8 FINANCIAL INSTRUMENTS BY CATEGORY

All the financial assets of the Company are in the category of receivables. Their book value is shown below:

	31st December 2023	31st December 2024
Customers and other receivables	508.558	554.756
Cash and cash equivalents (Note 12)	7.439.622	6.487.942
Total	7.948.180	7.044.120

All financial liabilities of the Company are financial liabilities accounted for on the amortized cost model. Their book value is presented below:

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	31st December 2023	31st December 2024
Loans	-	-
Trade and other payables (excluding statutory obligations and Advance Revenue)	<u>997.259</u>	<u>366.762</u>
Total	<u>997.259</u>	<u>366.762</u>

9 CREDIT RISK FOR FINANCIAL ASSETS

The credit risk related to financial assets that are neither outstanding nor impaired can be assessed in relation to the historical data regarding the default rate for third parties, as there are no independent external ratings for the Company's clients:

	<u>2023</u>	<u>2024</u>
Trade receivables that are neither outstanding nor impaired:		
Group 1	134.289	393.926
Of which related parties	-	-
Group 2	-	-
Of which affiliates	-	-
Group 3	-	-
Of which related parties	-	-
Group 4		
	<u>134.289</u>	<u>393.926</u>

The breakdown of trade receivables according to credit risk was made based on historical data from the financial year 2024 and, where possible, from the financial year 2023, taking into account the following criteria:

- Group 1: represent debtors for whom the historical average collection period was between 1-60 days;
- Group 2: represent debtors for whom the historical average collection period was between 61-90 days;
- Group 3: represent debtors for whom the historical average collection period was between 91-180 days;

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- Group 4: represent debtors for whom the historical average collection period was between 180 - 360 days.

10 CUSTOMERS AND OTHER RECEIVABLES

	31st December 2023	31st December 2024
Trade Receivables	1.124.352	1.242.256
Minus: adjustment for impairment of trade receivables	-802.073	-802.073
Trade receivables – net	322.279	440.183
- of which in relation to related parties (note 26)	0	0
VAT to be collected	140.861	0
Advance payments	12.020	13.310
Advances granted to suppliers	22.626	45.809
Minus: provision for advance payments depreciation	-	-
Different debtors	7.000	48.900
Other receivables	6.485	29.142
Current portion of trade receivables and other receivables	511.271	525.614

The ageing analysis of the trade receivables due but not impaired is as follows:

	31st December 2023	31st December 2024
Between 1 and 3 months	210.491	306.859
Between 3 and 6 months	68.678	127.751
Over 6 months	845.183	807.646
Total	1.124.352	1.242.256

The book values of customers and other receivables of the Company are expressed in the following currencies:

	31st December 2023	31st December 2024
	322.279	434.610

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RON		
EUR	0	
Total	322.279	434.610

10 CUSTOMERS AND OTHER RECEIVABLES (CONTINUED)

The movements of the Company's provisions for customer impairment and other receivables are as follows:

	<u>2023</u>	<u>2024</u>
As of 1st of January ,	802,073	802.073
Adjustments for impairment of receivables	-	-
Amounts resumed during the period	-	-
At the end of the period	802.073	802.073

11 STOCKS

	31st December 2023	31st December 2024
Raw materials and materials	-	1.022
Adjustments for raw materials and materials	-	-
Production in progress	-	-
Adjustments for products in progress	-	-
Commodities	-	-
Adjustments for the goods	-	-
Finished products	-	-
Adjustments for finished products	-	-
Other Anomalous Stocks and Birds	-	400
Adjustments for other stocks	-	-
Total	0	1.422

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12 CASH AND CASH EQUIVALENTS

For the cash flow statement, cash and cash equivalents include the following:

	31st December 2023	31st December 2024
	<u> </u>	<u> </u>
Cash in the bank	7.419.081	6.481.953
- amounts in lei	7.315.446	6.480.418
- amounts in another currency	103.635	1.535
	<u> </u>	<u> </u>
Restricted bank accounts		-
- short-term		
- Lei		-
-foreign currency	-	-
	<u> </u>	<u> </u>
Cash in the house	20.541	5.989
- amounts in lei	20.515	5.963
- amounts in another currency	26	26
	<u> </u>	<u> </u>
Bank deposits	-	-
- amounts in lei	-	-
- amounts in another currency	-	-
	<u> </u>	<u> </u>
Total cash or cash equivalent at the disposal of the Company	7.439.622	6.487.942
	<u> </u>	<u> </u>
Restricted bank accounts		
Short-term / lei		-
	<u> </u>	<u> </u>
Total	7.439.622	6.487.942
	<u> </u>	<u> </u>

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13 CAPITAL SOCIAL

Shares

As of 31st December , 2024, the shareholding structure is as follows:

	31st December , 2024 Number of Actions	31st December 2024 Value of subscribed and paid-up capital (she)	31st December , 2024 The percentage of depreciation (%)
Herz Armaturen Ges M.B.H AUT Viena	21.292.448	2.129.244	53.2311
Heart fittings loc. Viena	13.197.352	1.319.735	32.9934
Individuals	5..008.900	500.891	12.5223
Legal Entities	501.300	50.130	1.2532
Total	40.000.000	4.000.000	100.0000

The total authorized number of shares is 40,000,000 shares with a net value of RON 0.1 per share.

As of 31st December , 2023, the shareholding structure is as follows:

	31st December , 2023 Number of Actions	31st December 2023 Value of subscribed and paid-up capital (she)	31st December , 2023 The percentage of depreciation (%)
Herz Armaturen GesbH	13.197.352	1.319.735	32,9934
Hric Beteiligungs Ges.m.b.h	13.193.750	1.319.375	32,9844
Tridelta Heal Herz Beteiligungsgesellschaft	6.703.418	670.341	16,7585
Individuals	5.684.553	568.456	14,2114
Legal Entities	1.220.927	122.093	3,05232
Total	40.000.000	4.000.000	100.0000

The total authorized number of shares is 40,000,000 shares with a net value of RON 0.1 per share.

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14 SUPPLIERS AND OTHER DEBTS

	31st December 2023	31st December 2024
Trade payables	170.105	23.328
- of which in relation to related parties (note 27)		-
Settlements with capital associates	100	100
Personnel debts, contributions, social security	121.620	62.911
Value Added Tax	-	-
Corporate income tax liabilities (note 17)		-
Other debts	97.231	95.972
	389.056	182.321
Minus the long-term segment:	-	-
Current portion of trade and other debts	389.056	182.321

15. LOANS

	31st December 2023	31st December 2024
In the short term		
Short-term loans	-	-
Long-term		
Long-term loans	-	-

In 2021, SC ARMATURA SA received a notification from Herz Armaturen Ges.m.b.H informing them that they had concluded a contract with Koro Lando Real Estate SRL, which has as its object the assignment of the entire receivable that Herz Armaturen Ges.m.b.H has towards the undersigned Armatura SA, consequently The company offset the debt to the assignee Koro Lando Real Estate at the end of December 2021 with the claim against him resulting from the sale of buildings and land, so that on 31.12.2021 Armatura SA no longer registers debts from loans received or related interest.

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The loans are guaranteed as follows:

	31st December 2023	31st December 2024
	<u>-</u>	<u>-</u>

16. LEASING AND RIGHT TO USE ASSETS

On 31st December , 2021, the Company had concluded a lease agreement with Koro Lando Real Estate SRL, for the rental of buildings and land, starting with December 16, 2021, until June 30, 2023. For this contract, the Company applied the treatment according to IFRS 16. Thus, the situation of the right to use leased assets, as of 31st December , 2024, is as follows:

Right of use	<u>Land and Buildings</u>	<u>Total</u>
Cost		
Value as of 1st of January , 2024	2.413.846	2.413.846
Transfers	-207.054	-207.054
Entries	-	-
Outputs	-	-
Value as of 31st December , 2024	2.206.792	2.206.792
Depreciation		
Value as of 1st of January , 2024	1.706.072	1.706.072
Depreciation in Year	500.720	500.720
Value as of 31st December , 2024	2.206.792	2.206.792
Net book value	<u>-</u>	<u>-</u>

Thus, the situation of the right to use leased assets, as of 31st December , 2023, is as follows:

Right of use	<u>Land and Buildings</u>	<u>Total</u>
Cost		
Value as of 1st of January , 2023	1.222.711	1.222.711
Transfers	-	-
Entries	1.191.135	1.191.135
Outputs	-	-
Value as of 31st December , 2023	2.413.846	2.413.846
Amortization		
Value as of 1st of January , 2023	840.336	840.336
Amortizare in year	865.737	865.737
Value as of 31st December , 2023	1.706.072	1.706.072
Net book value	<u>707.774</u>	<u>707.774</u>

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16. LEASING AND RIGHT OF USE OF ASSETS (continued)

The due date of the leasing payments at the end of 2024 is presented in the following table:

Maturity of leasing payments	<u>Total Value</u>	<u>Interest</u>	<u>Net Worth</u>
Year 31.12.2024	<u>583.063</u>	<u>9.401</u>	<u>573.662</u>
Total	<u>583.063</u>	<u>9.401</u>	<u>573.662</u>

17. IMPOSITION ON CURRENT AND DEFERRED PROFIT

The analysis of receivables and liabilities regarding the deferred corporate income tax is presented as follows:

	<u>31st December 2023</u>	<u>31st December 2024</u>
Deferred tax receivables:		
– Deferred tax receivables to be recovered in less than 12 months	<u>161.464</u>	<u>156.517</u>
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered in more than 12 months	-	-
to be recovered in less than 12 months	<u>161.464</u>	<u>156.517</u>

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17. CURRENT AND DEFERRED INCOME TAX (continue)

The change in the receivables and liabilities regarding the corporate income tax deferred during the year, without taking into account the offsetting of the balances related to the same tax authority, is as follows:

	<u>As of 31st December , 2023</u>	<u>(debited) / credited in Profit Account and loss</u>	<u>Credited in comprehens ive income</u>	<u>As of 31st December , 2024</u>
Payables for deferred tax			-	-
Provision for trade receivables	-128.331	-4.947	-	-123.384
Provision for inventory	-		-	-
Provision for fixed assets	-		-	-
Provision for unused holidays, provision reorganization	-33.133	-		-33.133
Receivables regarding deferred tax	-161.464	-4.947	-	-156.517
Effect of net deferred tax	-161.464	-4.947	-	-156.517

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER , 2024
(in lei, unless otherwise specified)

(a) *Other provisions*

At the end of each period, the Company makes provisions for the value of the annual leaves not taken by its employees. The company also made provisions for possible penalties from suppliers due to delays in the payment of overdue commercial debts.

(b) *Provisions for restructuring*

As a result of the cessation of the production activity, the Company proceeded to establish a provision for compensatory payments related to all employees in the amount of RON 288,656 according to the collective labor agreement valid in the previous year at the level of the Company.

19. OTHER (LOSSES) / GAINS - NET

	<u>2023</u>	<u>2024</u>
(Loss)/gain from tangible assets assignment	-	-
(Cost) / reassignment of provision for inventories	-	-
(Cost) / reassignment of provision for receivables	28.373	5.573
Other net costs / gains		
Total	<u>28.373</u>	<u>5.573</u>

20. OTHER OPERATING EXPENSES

	<u>2023</u>	<u>2024</u>
Travel and daily allowance expenses	36.838	15.885
Rents	69	26
Insurance	8.985	3.308
Repairs and maintenance	40.815	34.799
Transport	12.891	10.406
Taxes and similar expenses	30.418	34.475
Advertising and protocol	26.867	21.264
Commissions and fees	2.058	66.144
Others	317.299	359.754
Total	<u>476.240</u>	<u>546.061</u>

21. PERSONNEL EXPENSES

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER , 2024
(in lei, unless otherwise specified)

	<u>2023</u>	<u>2024</u>
Salaries and allowances	785.026	801.051
Social security expenditure	21.163	19.618
Operating subsidies for the payment of personnel	-	-
Total	<u>806.189</u>	<u>820.669</u>
21 PERSONNEL EXPENSES (continued)		
Number of employees		
	<u>2023</u>	<u>2024</u>
Number of employees	<u>8</u>	<u>6</u>
Management staff	1	1
Administrative staff	4	2
Production staff	3	3
22 INCOME AND FINANCIAL EXPENSES		
	<u>2023</u>	<u>2024</u>
Interest expenses:		
- Loans contracted from shareholders	-	-
Expenditure on exchange rate differences	1.762	31
Income from exchange rate differences	2.322	508
Income and expenses with net exchange rate differences	<u>561</u>	<u>-477</u>
-Interest expenses	12.620	265.417
- Interest income on short-term bank deposits	419.631	6.329
Net interest income and expenses	<u>407.011</u>	<u>259.088</u>
Financial income and expenses, net	<u>407.572</u>	<u>258.611</u>

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER , 2024
(in lei, unless otherwise specified)

23. 23

INCOME TAX

	2023	2024
Current tax:		
Current tax on profit for the year	-	-
Total current tax	-	-
Deferred tax (note 16):	-	-
Occ Temporary difference occurrence and reassignment	-	
Total deferred tax	-	-
Income tax cost	-	-

24. REVENUE BY CATEGORY

Revenue analysis by category

	31st December 2023	31st December 2024
Sales of goods	1.821.867	12.656
Revenue from services	-	1.714.907
	1.821.867	1.727.563

Analysis of revenues by geographical areas

	31st December 2023	2024
Intra-Community Sales - Europe	-	-
Internal revenue	1.821.867	1.727.563
	1.821.867	1.727.563

25. CONTINGENCIES

- (a) Litigation

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
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The company has disputes with commercial partners, resulting in the normal course of the and with former employees. The Company's management believes that these actions will not have a material adverse effect on the Company's economic results and financial position.

Most of the disputes refer to the recovery of debts from companies that are in insolvency proceedings and for which the company has already created provisions in previous years.

b) Taxation

All amounts due to the State for taxes have been paid or recorded at the date of the financial statements. The tax system in Romania is being consolidated and harmonized with the European legislation, and there may be different interpretations of the authorities in relation to the tax legislation, which can give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may determine, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment increases applied to the actual remaining payment amounts). Therefore, the tax penalties resulting from violations of the legal provisions can reach significant amounts to be paid to the State. The company considers that it has paid on time and in full all taxes, penalties and penalty interest, as the case may be.

The The Romanian tax authorities carried out controls on the calculation of corporate income tax until 31.12.2008. In the period 15.12.2020-19.01.2021 the Tax Authorities carried out an unannounced control in order to comply with the measures established by the Court of Accounts for the 2015-2019 limitation period based on the list of companies that recorded a tax loss in a period of 5 consecutive years. At the end of the audit, no legal violations or measures to be taken regarding the calculation of corporate income tax were mentioned

Transfer pricing

In accordance with the relevant tax legislation, the tax assessment of a transaction made with related parties is based on the concept of market price related to that transaction. On the basis of this concept, transfer pricing must be adjusted to reflect market prices that would have been established between entities between which there is no affiliate relationship and which act independently, on the basis of 'normal market conditions'.

In October 2021, the company prepared the transfer pricing documentation in relation to related parties for the financial years 2016-2020.

(b) Financial crisis

ARMĂTURA SA
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Recent volatility of international and Romanian financial markets:

The current global liquidity crisis that began in mid-2007 has resulted, among other things, in low levels of capital market funding, low levels of liquidity in the banking sector and occasionally, higher rates on interbank lending and very high volatility on stock exchanges. At present, the full impact of the current financial crisis is impossible to fully anticipate and prevent.

Management cannot reliably estimate the effects on the Company's financial position of the further decrease in the liquidity of the financial markets and the increase in the volatility of the exchange rate of the national currency and the capital markets indices. The management considers that it has taken all necessary measures to ensure the continuity of the Company in the current conditions.

Impact on liquidity:

The volume of financing in the economy has been significantly reduced lately. This may affect the Company's ability to obtain new loans and/or refinance existing loans on terms and conditions similar to previous financing.

Impact on customers/lenders:

Clients and other debtors of the Company may be affected by market conditions, which may affect their ability to repay amounts due. This may also have an impact on the Company's management's forecasts regarding cash flows and on the assessment of the impairment of financial and non-financial assets. To the extent available, management has adequately reflected revised estimates of future cash flows in its assessment of impairment.

26. TRANSACTIONS WITH RELATED PARTIES

The Company has not carried out transactions with the following related parties:

Herz Armaturen Ges.m.b.H – actionar;
 Herz d.o.o – entity under common control
 Koro Lando Real Estate SRL - entity under common control
 Herz Armatura i Systemy Grzenwczc sp. Z. O.o - entitate sub control comun
 Herz Industries G.m.b.H - entitate sub control comun

Sales of goods and services

	2023	2024
<i>Sales of goods</i>	-	-
Shareholder	-	-
Entities under common control with the shareholder	-	-
<i>Sales of services</i>	-	-
Shareholder	-	-
Entities under common control with the shareholder	-	-
Total	-	-

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
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(in lei, unless otherwise specified)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Procurement of goods and services

	2023	2024
<i>Procurement of goods</i>	-	-
Shareholder	-	-
Entities under common control with the shareholder	-	-
<i>Procurement of services</i>	-	-
Significant shareholder	-	-
Entities under common control with the shareholder	-	-
<i>Acquisitions of fixed assets</i>	-	-
Significant shareholder	-	-
Entities under common control with the shareholder	-	-
	-	-
Total	-	-

Compensation granted to key management personnel

Key management personnel include directors (executive and non-executive) and members of the Board of Directors. The compensation paid in 2022 and 2023 to key management personnel for their services as employees is presented below:

	2023	2024
Members of the Board of Directors	-	-
Management staff	214.422	216.453

Balances at the end of the year resulting from sales/purchases of goods/services

	2023	2024
Trade receivables from shareholders	-	-
Trade receivables from entities under common control with the shareholder	-	-
	-	-
Trade payables to shareholder	-	-
Trade payables to controlled entities joint with the shareholder	-	-
Advances received from the shareholder	-	-
	-	-

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER , 2024
(in lei, unless otherwise specified)

	2023	2024
Loans from the shareholder	-	-
Interest for the year	-	-
Interest payable at the end of the period	-	-

Receivables from related parties result mainly from sales transactions and are due between 30 – 90 days from the date of sale, depending on the negotiated contractual conditions. The receivables are not secured and do not bear interest. The receivable from Koro Lando Real Estate SRL, acquired following the sale of the real estate owned by the Company, is due on 31st December , 2022.

As of 31st December , 2024 and 31st December , 2023, no provisions were created for receivables from related parties.

On December 14, 2021, the sale-purchase contract authenticated with the number 9617/14.12.2021 by the Professional Notarial Society Gorun & Associates was concluded, through which ARMĂTURA SA sold the properties it owned, located in Cluj-Napoca, str. Gării, nr. 19, Cluj County, to the company KORO LANDO REAL ESTATE SRL.

The sale was made based on the Decision of the Extraordinary General Meeting of Shareholders of Armatura S.A. no. 3/25.04.2019, published in the Official Gazette of Romania, Part IV, no. 2351/05.06.2019.

The sale price is the equivalent in lei of the amount of EUR 9,500,000, at the NBR exchange rate on the day of payment. The receivable resulting from the sale of the real estate was partially offset with the Company's debts to the transferee company Koro Lando Real Estate SRL, and the remainder of the receivable in the amount of EUR 2,149,114.50 was collected in October 2022.

Our company has prepared the financial statements as of 31/12/2024 in xhtml electronic format in accordance with the requirements of the ESEF Regulation.

27. RUSSIAN-UKRAINIAN MILITARY CONFLICT

In the context of the invasion of Ukraine by the Russian Federation, our company does not have any direct exposure to Russia or Ukraine, nor does it have any customers, suppliers or operations in these countries.

Our company closely monitors events inside Ukraine, and the outbreak of this war has naturally generated an important stock market correction that has spread globally. At the date of preparation of these financial statements, the company is not in a position to credibly estimate the impact, because events are constantly changing from one day to the next.

ARMĂTURA SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER , 2024
(in lei, unless otherwise specified)

28 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no other events subsequent to the balance sheet date to report.

The financial statements were signed today

Administrator,

Stefan Bogdan

Drawn up,

Ec. Rus Dana

ARMĂTURA SA
ANNEX A : ADMINISTRATORS' REPORT

MANAGEMENT REPORT
2024

Company facts:

Registered office: 400267 Cluj-Napoca. Gării Street. No. 19

Phone: +40 264 435 360

Fax: +40 264 435 368

Email: office@armatura.ro

Website: www.armatura.ro

Unique registration code: RO 199001

Trade Register number: J 12/13/1991

Subscribed and paid-up share capital: 4,000,000 RON

The company has no branches.

Data about shareholders and issued shares:

Consolidated synthetic shareholder structure as of 31.12.2024, according to the information provided by the Central Depository:

Holder name	Percentage %
Herz Armaturen Ges.M.B.H Viena	53.2311
Herz Fittings Loc Viena Aut	32.9934
Individuals	12.5223
Legal Entities	1.2534
Total	100.00

The regulated market on which the issued securities are traded: Bucharest Stock Exchange.

The main characteristics of the securities issued by the company:

- Number of shares: 40,000,000;
- Nominal value: 0.1 RON/share;
- The registered shares, issued in dematerialized form, are registered in the independent register of SC Depozitarul Central SA;
- The company did not acquire treasury shares during the 2024 financial year;
- There are no restrictions related to the transfer of securities issued by the company;

- There are no holders of securities issued by the company who have special rights of control and a description of these rights;
- There are no schemes for granting shares to employees;
- There are no restrictions on voting rights;
- There are no known shareholder agreements that are known to the entity and that may result in restrictions on the transfer of securities and/or voting rights;
- The appointment or replacement of the members of the board of directors and the amendment of the entity's articles of incorporation shall be made with the approval of the General Shareholders' Meeting.

Corporate governance:

The company has shares listed on BVB Bucharest. As a result, the company applies all the legal provisions in force: Law 31/1990 updated, OMFP 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards, ASF Regulation 05/2018 on reporting, Law 297/2004 on the capital market, BVB regulations and others. All these acts are public. As of the date of preparation of this report, the Company has not adhered to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2015. The company has implemented an Organization and Functioning Regulation as well as an Internal Order Regulation that are meant to ensure the operation within the safety parameters and to contribute to the fulfillment of the company's objectives. The internal control system meets its proposed objectives and no significant deficiencies have been found in the functioning of the internal system. The principles of the internal control system implemented are the separation of decisions, the existence of automatic controls incorporated into the computer application, authorization limits, periodic reporting, etc. The company has appointed an internal auditor but not an audit committee. There is no separate investor relations department. The company has a contract with an authorized financial auditor, according to the legal requirements, who verifies the financial statements according to the legal provisions in force. The General Meeting has the attributions provided by Law 31/1990 with the related amendments and by the company's articles of incorporation in force on the date of the General Meeting. The manner of conducting the general meeting of shareholders and its key attributions are in accordance with the legislation in force and with the company's Articles of Association. The rights of shareholders and the manner in which they can be exercised are provided for in the applicable legislation.

Composition of the Board of Directors:

- Stefan Bogdan- Chairman of the Board of Directors
- Damir Rutar – member
- Walter Simmel – member
- Zoran Bankovic - member

ARMĂTURA SA

ANNEX A : ADMINISTRATORS' REPORT

Activity data:

The object of activity of SC Armatura SA: "Manufacture of faucets".

The main object of the company starting with 2021 is the subletting of commercial and industrial spaces.

Presentation of financial statements:

The documents regarding the economic and financial operations related to the reporting period were correctly registered, in compliance with the accounting principles, rules and accounting methods provided by the regulations in force.

The rules for preparing the financial statements, provided in Law no. 82/1991 and the Order of the Ministry of Public Finance no. 2844/2016, the data recorded in the Statement of Financial Position correspond to the data recorded in the accounting and are in accordance with the real situation of the patrimonial elements.

The statement of comprehensive income accurately reflects the revenues, expenses and financial results of the reporting period.

Elements of the Statement of Financial Position:

Nr. Rd.	Indicator Name	Balance at	
		31.12.2023	31.12.2024
	FIXED ASSETS		
1	Intangible assets	0	0
2	Tangible assets	117.598	111.785
3	Right to use leased assets	707.774	0
4	Financial assets	-	-
5	FIXED ASSETS - TOTAL (rd. 01 to 04)	825.372	111.785
	ACTIVE CIRCULATING		
6	Stocks	0	1.422
7	Receivable	499.251	541.445
8	Chelt in avans	12.020	13.310
9	House and bank accounts	7.439.622	6.487.942

10	ACTIVE CIRCULATING - TOTAL (rd. 06 to 09)	7.950.893	7.044.120
11	Deferred corporate income tax receivables	161.464	156.517
12	TOTAL ACTIVE(rd 5 + rd 10 + rd.11)	8.937.729	7.312.422
	EQUITY AND DEBTS		
	EQUITY		
13	Capital Social	18.110.957	18.110.957
14	Reserves	1.304.075	1.304.075
15	Retained earnings	-11.871.593	-11.408.522
16	EQUITY – TOTAL (rd 13 to 15)	7.543.439	6.945.660
	DEBT		
17	LONG-TERM DEBTS	397.032	0
18	SHORT-TERM LIABILITIES and PROVISIONS	997.258	366.762
19	TOTAL DATORII (rd 17 + rd 18)	1.394.290	366.762
20	TOTAL EQUITY AND LIABILITIES (rd 16 + rd 19)	8.937.729	7.312.422

Inventory analysis:

As of 31.12.2024, the company has stocks worth 1,422 lei.

Raw materials and materials 1022 lei

Animals and birds 400 lei

The average duration of inventory rotation calculated as the ratio between the average stock and the turnover is presented as follows:

- *Raw. Material 1.022 lei*

$$\text{DMRmp} = \text{average stock sqm} / \text{CA} * 360 \text{ days}$$

2022: DMRmp = -not calculated

2023: DMRmp -not calculated

2024: DMRmp = $(0+1.022)/2/1.727.563 * 360 \text{ zile} = 0.106 \text{ zile}$

Analysis of receivables:

ARMĂTURA SA

ANNEX A : ADMINISTRATORS' REPORT

As of 31.12.2024, the company's receivables in the amount of RON 541,445 had the following structure:

	Valoare Lei	% in total
Commercial creation:	440.183	81.30 %
Other receivables	101,262	18.70 %

Average duration of receivables collection:

DM ic = [(receivables at the beginning of the period + receivables at the end of the period) / 2] / CA * 360 days

2023: MD ic = [(391,502 + 322,279) / 2] / 1,821,867 * 360 days = 70.52 days

2024: MD ic = [(322,279 + 440,183) / 2] / 1,727,563 * 360 days = 79.44 days

At the end of 2024, the company has made provisions, from previous years, for the depreciation of trade receivables in the amount of RON 802,072.

Analysis of payment obligations:

The company's payment obligations as of 31.12.2024 have the following structure:

<u>Category</u>	<u>Sold in lei</u>
Suppliers	182.221
Settlements with capital associations	100
Personnel debts and related social contributions	62.911
Value Added Tax	-
Current profit tax -	
Other debts	121.530
TOTAL	366.762

ARMĂTURA SA

ANNEX A : ADMINISTRATORS' REPORT

Analysis of loans and other loans:

The company no longer holds loans.

Comprehensive income statement as of 31.12.2024

The statement of comprehensive income as of 31.12.2024 includes: net turnover, income and expenses for the year, grouped by nature, as well as the result for the year.

Crt. No.	Indicator Name	Financial year :	
		31.12.2023	31.12.2024
1	Net turnover	1.821.867	1.727.563
2	Operating profit Profit	-	-
	Loss	922.467	240.841
3	Financial result Profit	407.571	265.448
	Loss	-	-
4	Gross Profit	514.896	17.770
	Loss		-
5	Current and deferred profit tax	8.452	4.947
6	Net Profit Result	-	12.823
	Loss	506.443	-

Risks and uncertainties:

The company's management constantly identifies, analyzes and develops strategies to combat the risks to which the company is exposed in the course of its activity.

Given that a significant portion of the Company's sales were directed to exports, a risk of the Company that was carefully monitored was represented by currency risk. Starting with 2021, when the Company carries out the activity of sub-leasing the premises, this risk is no longer applicable, the clients being predominantly internal.

Due to the general economic environment, liquidity risk and cash flow risk was a topic of increased interest for the company's management and an attempt was made to find optimal solutions to combat these risks, which included, among others: analysis of bond maturities, efforts in debt recovery, optimal use of banking resources, etc.

ARMĂTURA SA

ANNEX A : ADMINISTRATORS' REPORT

On December 14, 2021, the sale-purchase contract authenticated with the number 9617/14.12.2021 by the Professional Notarial Society Gorun & Associates was concluded, through which ARMĂTURA SA sold the properties it owned, located in Cluj-Napoca, str. Gării, nr. 19, Cluj County, to the company KORO LANDO REAL ESTATE SRL.

The sale was made based on the Decision of the Extraordinary General Meeting of Shareholders of Armatura S.A. no. 3/25.04.2019, published in the Official Gazette of Romania, Part IV, no. 2351/05.06.2019.

The sale price is the equivalent in lei of the amount of EUR 9,500,000, at the NBR exchange rate on the day of payment. As a result of the sale of the properties, Armatura SA fully compensated the loan in the amount of EUR 5,000,000 owed to the transferee Koro Lando Real Estate and the related interest, with the claim resulting from the sale of the properties.

Significant events after the end of the financial year

There were no other events subsequent to the balance sheet date to report.

Cluj Napoca

Administrator,
Stefan Bogdan



S.C ARMĂTURA S.A
400267 Cluj-Napoca, str. Gării, nr.19
Tel : +40 371 784 884, Fax +40 0371 784 881
E-maill: office@armatura.ro, web: www.armatura.ro
RC J12/13/1991 CUI RO199001 IBAN RO46 RZBR 0000 0600 0719 0369 RAIFFEISEN BANK Cluj-Napoca Capital social 4.000.000 ron

Statement

according to the provisions of art. 30 of the Accountancy Law no. 82/1991

Were drafted the annual financial statements on 31.12.2024

For: SC Armatura SA,

County: 12 – Cluj

Address: Cluj-Napoca, Str. Garii, Nr. 19

Trade Register Number: J12/13/1991

Ownership Form: 34 – Joint Stock Companies

Main Activity (NACE code and class name): 2814 – Manufacture of other taps and valves

Fiscal Identification Code: RO 199001

I, undersigned Stefan Bogdan, administrator of SC Armatura SA, hereby take full responsibility for the drafting of the annual financial statements on 31.12.2024 and hereby confirm that:

- a. The annual financial statements on 31.12.2024 were drafted according to the International Financial Reporting Standards (IFRS) and the Order of the Minister of Finances 2844/2016.
- b. The accountancy policies used in drafting the annual financial statements comply with the applicable accountancy regulation.
- c. The annual financial statements offer a true image of the financial position, financial performance and other information regarding the deployed activity.
- d. The legal entity deploys its activity under continuity conditions.

Signature,
Stefan Bogdan



In attention of:*Bucharest Stock Exchange*

Financial Supervisory Board

**DECLARATION OF COMPLIANCE WITH
BUCHAREST STOCK EXCHANGE CORPORATE GOVERNANCE CODE**

31st of December 2024

Provision of the Code	Compliance	Compliant or partial compliance	Reason for incompliance
A.1 All companies should have internal regulation of the Board which shall include the terms of reference / responsibilities of the Council and key management functions of the company, applying, among others, the General Principles of Section A.		No	Pending to be adopted by the Board of directors
A.2 Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which emerged or may emerge and to refrain from participating to debates (including by not attendance, except when non-attendance would prevent quorum to be met) and from voting on the adoption of a resolution on the issue which creates that conflict of interests.		Partial	The Board members are aware of the obligation to notify a conflict of interest There is not yet such a Regulation, it is pending to be adopted
A.3 The Board of Directors of the Supervisory Board should have at least five members.	Yes		
A.4 The majority of the members of the Board of Directors should be non-executive. In case of Standard Tier Companies, at least one member of the Board of Directors must be independent.		No	
A4. Each independent member of the Board of Directors must submit a declaration when he/she is nominated for election or re-election, as well as when any change in his/her status occurs, indicating the grounds he/she is considered independent in character and judgement and according to the following criteria: A 4.1-A4.9		No	
A.5 A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in other Companies and non-profit institutions, should be disclosed to shareholders and to potential		No	Pending for implementation

investors before appointment and during his/her office.			
A.6 Any member of the Board should submit to the Board information on any relation with a shareholder holding directly or indirectly shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.		No	Pending for implementation
A.7 The company should appoint a secretary of the Board, who shall be responsible for supporting Board's activity.		No	Pending for implementation
A.8 The corporate governance statement should inform if an evaluation of the Board had taken place under the chairman's or nomination committee's leadership, and if it had, it shall summarize key measures and changes resulting from it. The Company shall have a policy / guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		No	Pending for implementation
A.10 The corporate governance statement should include information on the exact number of the independent members of the Board of Directors or of the Supervisory Board.		No	Up to this date no information was presented regarding the number of independent members but, on company's website are published the AGA (Shareholders' General Meeting) resolutions designating the members.
B.1 The Board should set up an audit / risk committee where at least a member should be an independent non-executive director. The majority of the members, the chairman included, should have proven an adequate qualification, relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have an adequate and proven auditing or bookkeeping experience.		No	The audit committee is not implemented. The Company will start the procedure to implement an internal audit committee.
B.2 The audit / risk committee should be chaired by an independent non-executive member.		No	The audit committee is not implemented.
B.3 Among its responsibilities, the audit / risk committee should undertake an annual assessment of the internal control system.		No	The audit committee is not implemented.
B.4 The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of the relevant reports to the Board.		No	The audit committee is not implemented.
B.5 The audit committee should review conflicts of interests in transactions of the		No	The audit committee is not implemented.

company and its subsidiaries with related parties.			
B.6 The audit committee should evaluate the efficiency of the internal control system and risk management system.		No	The audit committee is not implemented.
B.7 The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		No	The audit committee is not implemented.
B.8 Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		No	The audit committee is not implemented.
B.9 No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Yes		
B.10 The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.		No	The audit committee is not implemented.
B.11 The internal audits should be carried out by a separate structural division (internal audit department) within the company or by appointing an independent third-party entity.		No	The audit committee is not implemented.
B.12 As to ensure the audit department core functions fulfillment, it should functionally report to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		No	The audit committee is not implemented.
C.1 The company should publish the remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.	Yes		
D.1 The Company should implement an Investors Relations department – indicating for the general public the person or the organizational unit in charge. In addition to the information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section in Romanian and English language, with all		No	The Company's website has special sections where are included various information on investors, depending on the type of that information, but there is not a separate "Investors Relations section".

relevant information of interest for the investors, included:			
D.1.2 Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	Yes		The CVs of the members of the Management Board are published on the website
D.1.3 Current reports and cyclic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	Yes		
D.1.4 Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, the decisions taken included;	Yes		The website included date referring to AGA
D.1.6 The name and contact data of a person who should be able to provide knowledgeable information on request;		No	Action should be taken as to comply with BVB Code
D.2 The Company should have an annual dividend or other benefits distribution policy to the shareholders, as suggested by the CEO and adopted by the Board, as a set of guidelines the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the Company's website.		No	Action should be taken as to comply with BVB Code
D.3 The Company shall adopt a policy with respect to forecasts, whether are public or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a number of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period considered, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.		No	Up to this moment no policy related to forecasts is implemented. Action should be taken as to comply with BVB Code.
D.4 The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and their rights exercising. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	Yes		

D.5 The external auditors should attend the shareholders' meeting when their reports should be presented therein.	Yes		
D.6 The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to general meeting's resolution.		No	Action should be taken as to comply with BVB Code.
D.7 Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.		No	A decision should be made in this respect.
D.8 The quarterly and semi-annual financial reports should include information in both Romanian and English language regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	Yes		
D.10 If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.		No	We are not supporting such activities.

*Chairman of the Board of
Stefan Bogdan*



Directors

INDEPENDENT AUDITOR'S REPORT

Towards
SHAREHOLDERS OF ARMATURA SA

Report on the financial statements

Opinion

We audited the attached individual financial statements of the company ARMĂTURA S.A., headquarter in Cluj - Napoca, Str. Gării nr. 19, registered at the Trade Register under no. J12/13/1991, tax registration code RO 199001, drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("OMFP no. 2844/2016") with subsequent amendments and clarifications, which include the statement of the financial position as of December 31, 2024, the statement of comprehensive income, statement of cash flows, the statement of changes in equity for the financial year ended on this date and a summary of significant accounting policies as well as other explanatory notes.

The mentioned financial statements refer to:

Total assets/Total capital	7.312.422 lei
<i>Profit for the financial year/Loss</i>	12,823 lei

In our opinion, the financial statements of ARMĂTURA S.A. faithfully present in all material respects the financial position of the company as of December 31, 2024, its financial performance and cash flows for the year ended on this date, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("OMFP no. 2844/2016") with subsequent amendments and clarifications.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation No. 537/2014 of the European Parliament and of the European Council of 16 April 2014 (hereinafter the "Regulation") and Law No. 162/2017 (the "Law"). Our responsibilities under these standards are described in detail in the "Auditor's responsibilities in an audit of the financial statements" section of our report.

We are independent from the Company, according to *the International Code of Ethics for Professional Accountants issued by the Council for International Ethical Standards for Accountants including the International Standards of Independence* (all together referred to as the **IESBA Code**), according to the ethical requirements that are relevant to the audit of financial statements in Romania, including the Law and we have fulfilled our ethical responsibilities according to these requirements and according to **the IESBA Code**.

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

Highlighting some aspects

The economic climate with the uncertainties generated by the geopolitical context in Ukraine, by the restrictions imposed at international level on the Russian Federation and Belarus, respectively, and the energy crisis implicitly determine the existence of a risk regarding the possibility of unpredictable

developments regarding the level of the economic and financial indicators budgeted by the Company, respectively the reconsideration of the aspects that were the basis for estimating the inventory values of the Company's assets.

The management of the Company's financial situation depends on the way in which the management approaches the future socio-economic events and conditions presented in the difficult environment in which it operates.

The company has already taken specific measures to ensure the health and safety of its employees. In addition to the human risk, the pandemic also poses an economic risk to the company's future operations. At the time of the audit report, the company has taken specific measures to ensure that the company's activity is carried out smoothly and under normal conditions.

Our audit opinion does not contain a reservation in relation to this aspect.

Aspecte cheie de audit

Key audit matters are those matters which, based on professional judgement, have been of the greatest importance in carrying out the audit of the financial statements and have been addressed in the context of auditing the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion on these key issues.

ACE

Aspecte cheie de audit
The revenues mainly comprise from the subletting of commercial and industrial spaces.

We have identified revenue recognition as a key audit aspect because revenue is one of the Company's key performance indicators and therefore there is an inherent risk in relation to its recognition by management for meeting specific objectives or expectations.

Approach to the audit engagement
<p>Our audit procedures for assessing revenue recognition included the following:</p> <ul style="list-style-type: none"> • --Testing the effectiveness of the Company's main controls to prevent and detect fraud and errors in revenue recognition. This procedure included the testing of controls for the recognition of income on the basis of services made by reference to a sample of transactions; • --Inspecting customer contracts, on a sample basis, to understand the terms of sublease transactions, to assess whether the company's revenue recognition criteria were in line with the requirements of accounting standards in force; • --Assessing, on a sample basis, the recognition in the financial period of revenues recorded near the end of the financial year, by comparing the selected transactions with the relevant documentation; • --Obtaining confirmations of customer balances at the end of the year, on a sample basis; • --Examining the sales register after the end of the financial year to identify

The company has shares listed on BVB Bucharest. As a result, the company applies all the legal provisions in force:

Law 31/1990 updated;

- *--OMFP no.2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards;*
- *--ASF Regulation 05/2018 on reporting;*
- *--Law 297/2004 on the capital market;*
- *--BVB regulations, etc.*

significant credit notes issued and inspecting the relevant documentation to assess whether the related revenues have been accounted for in the corresponding financial period;

- --In the financial year 2024, the economic activity of the company as a whole is lower than in previous years, which required additional audit diligence to be carried out in order to issue the audit opinion;
- --The issuance of an audit opinion involved the identification of values and amounts that significantly influence the values in the annual financial statements and that are in the category of values that require additional procedures on the part of the auditor to reduce the audit risk;
- --Obtaining and evaluating the responses received from the Company's management and discussing potential exposures with the Company's management. In this regard, special attention was paid to the analysis of the company's development strategy for the next period;

Management's responsibilities for financial statements

The company's management is responsible for the preparation and faithful presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 and with the policies described in the notes to the financial statements.

This responsibility includes: designing, implementing and maintaining a relevant internal control for the preparation and fair presentation of financial statements that do not contain material misstatements due to fraud or error; selecting and applying appropriate accounting policies; Making accounting estimates that are reasonable in the given circumstances.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue its business, for presenting, if applicable, business continuity issues and for using business continuity accounting, unless management either intends to liquidate the Company or cease operations or has no other realistic alternative outside of them.

The persons responsible for governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of financial statements

Our responsibility is to express an opinion on these financial statements, based on the audit performed. We performed the audit according to the International Auditing Standards adopted by the Romanian Chamber of Financial Auditors. These standards require us to comply with the ethical requirements of the Chamber, to plan and carry out the audit in order to obtain reasonable assurance that the financial statements do not contain material misstatements.

Our objectives are to obtain reasonable assurance on the extent to which the financial statements, as a whole, are free from material misstatements, caused by either fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the ISA will always detect significant misstatements, if any. Misrepresentations may be caused by either fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence users' economic decisions taken on the basis of those financial statements.

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

- --We identify and assess risks of material misstatement of financial statements, caused by either fraud or error, design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of non-detection of material misstatement due to fraud is higher than that of non-detection of material misstatement due to error, as fraud may involve secret agreements, forgery, intentional omissions, misrepresentation and avoidance of internal control.
- --We understand audit-relevant internal control, with a view to designing audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- --We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management
- --We formulate a conclusion on the adequacy of management's use of accounting on a going concern basis and determine, based on the audit evidence obtained, whether there is significant uncertainty regarding events or conditions that could give rise to significant doubts regarding the Company's ability to continue its activity. If we conclude that there is material uncertainty, we must draw attention in the auditor's report to the related presentations in the financial statements or, if these presentations are inadequate, change our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to carry out its activity based on the principle of business continuity.
- --We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a true and fair presentation.

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

Other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders to audit the company's financial statements for the financial year ended on 31.12.2024

The total uninterrupted duration of our commitment is one year, covering the financial year ended on 31.12.2024.

We did not provide forbidden non-audit services for the company, referred to in art.5 para. (1) of the UI Regulation no. 537/2014 of the European Parliament and of the Council and we remain independent from the company during the audit.

Other aspects

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

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows of the company in accordance with the Requirements of International Financial Reporting Standards. Therefore, the attached financial statements are not prepared for the use of persons who are not familiar with the Accounting and Legal Regulations in Romania, including O.M.F.P. no. 2844/2016 .

The partner of the audit mission on the basis of which this report was prepared is Sergiu Cobîrzan.

Other information – Administrators' Report

The directors are responsible for preparing and submitting the Directors' Report in accordance with the requirements of O.M.F.P. no. 2844/2016, paragraphs 15 – 19, which do not contain significant misstatements and for that internal control that the management deems necessary to allow the preparation of the directors' report that does not contain significant misstatements, due to fraud or error.

In accordance with the Order of the Minister of Public Finance no. 2844/2016, we examined the Administrators' Report, attached to the financial statements.

The directors' report is not part of the individual financial statements.

Our opinion on the individual financial statements does not cover the directors' report.

In connection with our audit of the financial statements for the financial year ended, we have read the Directors' Report attached to the financial statements and we specify that:

- --In the directors' report, we did not identify information that was not consistent, in all material aspects, with the information presented in the individual financial statements attached;
- --The directors' report identified above includes, in all material aspects, the information required by O.M.F.P. no. 2844/2016, paragraphs 15-19;
- --Based on our knowledge and understanding acquired during the audit of the financial statements for the financial year ended 31.12.2024 regarding the Company and its environment, we have not identified any information included in the Directors' Report that is materially erroneous.

With regard to the Remuneration Report, based on our knowledge and understanding regarding the Company and its environment, acquired during the audit of the individual financial statements for the financial year ended December 31, 2024, we report that it has been prepared, in all material aspects, in accordance with the provisions of Law 24/2017, paragraphs 106-107, and we have not identified significant misstatements in the way it was prepared.

ec. Sergiu COBIRZAN – Financial Auditor
Registered in the Public Register of Auditors
Financial Institutions and Audit Firms under number AF 4517

On behalf of:

PREMIER CLASS AUDIT S.R.L.
Registered in the Public Register of Auditors
financial institutions and audit firms with FA number 1195

Cluj Napoca, 07.03.2025

REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF THE ESEF REGULATION
and the electronic form of financial statements (XHTML) included in the annual report

- --We have made a reasonable assurance commitment on the compliance of the financial statements presented in XHTML format of ARMĂTURA S.A. (the Company) for the financial year ended December 31, 2024, with the requirements of Commission Delegated Regulation (EU) 2018/815 of December 17, 2018 regarding regulatory technical standards regarding the specification of a single electronic reporting format ("ESEF Regulation").
- --These procedures relate to testing the format and consistency of the electronic format of the financial statements (XHTML) with the audited financial statements and expressing an opinion on the compliance of the electronic format of the Company's financial statements for the financial year ended December 31, 2024 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the financial statements included in the annual report must be presented in XHTML format.

The responsibilities of the Company's management and persons responsible for the governance of digital files prepared in accordance with the ESEF.

- --The company's management is responsible for compliance with the requirements of the ESEF Regulation when preparing the XHTML electronic format of the financial statements and for ensuring consistency between the electronic format of the financial statements and the audited financial statements.
- --The responsibility of the management includes: designing, implementing and maintaining the internal controls that it deems necessary to allow the preparation of financial statements in ESEF format that are free of material misstatements in relation to the ESEF Regulation.
- --Persons responsible for governance are responsible for overseeing the financial reporting process with regard to the preparation of financial statements, including the application of the ESEF Regulation.

Auditor's responsibilities regarding the audit of Digital Files

- --Our responsibility is to express an opinion on reasonable assurance that the electronic format of the financial statements complies with the requirements of the ESEF.

- --Conducted a reasonable assurance engagement in accordance with ISAE 300 (revised) "Assurance engagements other than audit or review of historical financial information" (ISAE 3000 (revised)). This standard requires us to comply with ethical standards, plan and carry out our mission in such a way as to obtain reasonable assurance on the extent to which the electronic format of the Company's financial statements is prepared, in all material respects in accordance with the ESEF Regulation. The nature, timing and scope of the selected procedures depend on our reasoning, including an assessment of the risk of material misstatements in relation to the requirements of the ESEF Regulation caused by either fraud or error.
- --Reasonable assurance represents a high level of assurance, but is not a guarantee that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect a material misstatement in relation to the requirements, if any.
- --We apply the International Standard on Quality Control 1, "Quality Control for Firms Conducting Audits and Audits of Financial Statements, as well as Other Assurance Engagements and Related Services" and consequently maintain a robust quality control system, which includes documented policies and procedures regarding compliance with ethical requirements, professional standards and legal and regulatory provisions applicable to auditors registered in Romania
- --We have maintained our independence and confirm that we have complied with the requirements for ethics and independence imposed by the International Code of Ethics for Professional Accountants (including international standards of independence) issued by the Council for International Ethical Standards for Accountants (IESBA code).

Procedures performed

- --The objective of the procedures we have planned and carried out has been to obtain reasonable assurance that the electronic format of the financial statements is prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

In conducting our assessment of compliance with the requirements of the ESEF Regulation of the electronic format (XHTML) for reporting the Company's financial statements, we have maintained our professional skepticism and applied professional judgment. Also:

- --we have obtained an understanding of the internal control and processes related to the application of the ESEF Regulations in relation to the Company's financial statements, including the preparation of the Company's financial statements in XHTML format;
- --we have verified whether the electronic format of the financial statements (XHTML) corresponds to the Company's audited financial statements for the financial year ended December 31, 2024
- --we have assessed whether the financial statements that are included in the 2024 annual financial report are prepared in a valid XHTML format.

CONCLUSION

- --Based on the procedures we have carried out, in our opinion, the electronic format of the financial statements (XHTML) is prepared, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other aspects

- --Our report has exclusively the purpose set out in the first paragraph of this report, it is prepared for the information of the Company's Shareholders and the filing with the Financial Supervisory Authority and the Bucharest Stock Exchange. Our report should not be considered appropriate use by any party wishing to acquire rights against us other than the Company, for any purpose in any context. Any party other than the Company that obtains access to our report or a copy of it and chooses to rely on our report (or any part thereof) will do so at their own risk.
- --Our commitment has been made in order to be able to report to the Company's Shareholders those matters that we are required to report in an independent limited assurance report and not for other purposes

ec. Sergiu COBIRZAN - Partner

Registered in the Public Register of Auditors

Financial Institutions and Audit Firms under number AF 4517

On behalf of:

PREMIER CLASS AUDIT S.R.L.

Registered in the Public Register of Auditors

financial institutions and audit firms with FA number 1195

Cluj Napoca 07.03.2025