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**Armatura S.A.**

**May 2025**

**Financial Analysis Report**

**Dear Sirs,**

We are delighted to have the chance to collaborate on this project and, on behalf of the NOA team, we sincerely thank you for the opportunity..

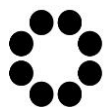
We are sending you our final financial analysis report.

We remain at your disposal for any necessary clarifications.

Yours faithfully,

**Mircea Dumitrașcu**

Partner





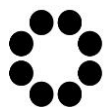
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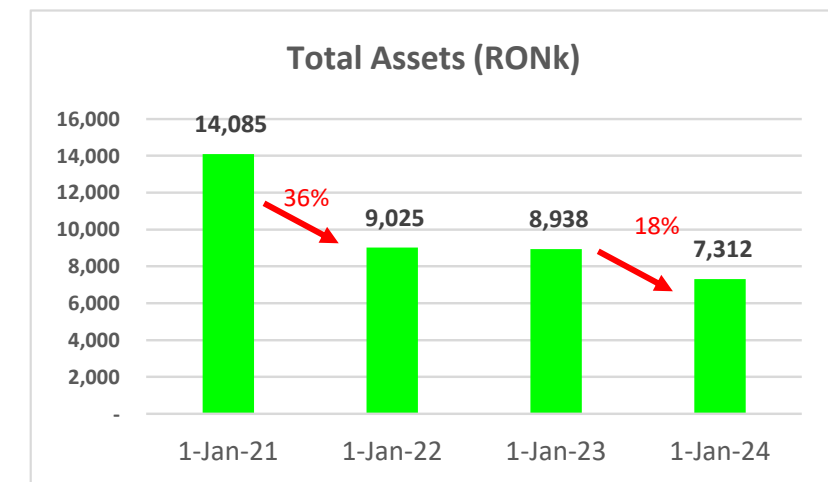
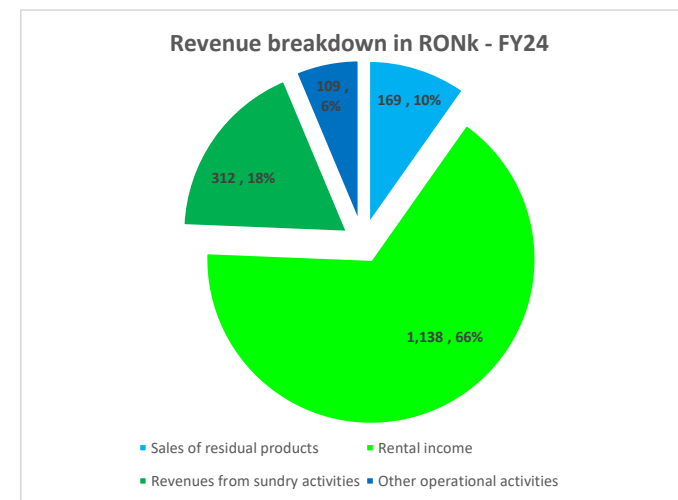




Key issue	Details
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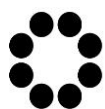
- Revenue breakdown and profitability

- The Company's operational activity has been shut down starting 2020 and since then, revenues have been sustained by selling residual products and remaining assets and by means of a subletting agreement.
- As such, the Company is dependent on one rental agreement, as most of its revenues are generated by this activity.
- The rental agreement between the Company and Koro Lando (the lessor) is valid until 30 June 2026 and the monthly rent starting 1 April 2025 for a period of 6 months is RON 21k + VAT.
- Moreover, the difference between rental revenues and rental costs (approx. RON 850k) appears not to cover salary costs, utilities and other third-party services, at their FY24 level (RON 1.5 mln ).



- Asset Base available Cash

- and
- The Company's Asset base has continuously decreased in the last years, declining from RON 14 mln as of 31.12.2021 to RON 7.3 mln as of 31.12.2024
  - This decrease was mainly generated by the consumption of available cash resources, following the termination of its operations in FY21 and settlement of remaining Trade receivables. As such, Cash decreased by 5% in 2023 vs. 2022 and by a further 13% in 2024.





## Balance Sheet Review [1/2]

### Statement of Financial Position

RONk	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	Δ 22/21	Δ 23/22	Δ 24/23
Tangible assets	248	109	118	112	-56%	8%	-5%
Intangible assets	0						
Right-of-use Assets	1,189	382	708	-	-68%	85%	-100%
<b>Non-current Assets</b>	<b>1,437</b>	<b>491</b>	<b>826</b>	<b>112</b>	<b>-66%</b>	<b>68%</b>	<b>-86%</b>
Inventories	1			1			
Trade and other receivables	11,813	527	509	555	-96%	-3%	9%
Cash and cash equivalents	658	7,854	7,439	6,488	1094%	-5%	-13%
<b>Current Assets</b>	<b>12,471</b>	<b>8,381</b>	<b>7,948</b>	<b>7,043</b>	<b>-33%</b>	<b>-5%</b>	<b>-11%</b>
Deferred tax asset	177	153	164	157	-14%	7%	-5%
<b>Total Assets</b>	<b>14,085</b>	<b>9,025</b>	<b>8,938</b>	<b>7,312</b>	<b>-36%</b>	<b>-1%</b>	<b>-18%</b>
Share capital	18,111	18,111	18,111	18,111	0%	0%	0%
Reserves	1,304	1,304	1,304	1,304	0%	0%	0%
Retained earnings	(10,480)	(11,365)	(11,872)	(12,469)	8%	4%	5%
<b>Equity</b>	<b>8,936</b>	<b>8,050</b>	<b>7,543</b>	<b>6,946</b>	<b>-10%</b>	<b>-6%</b>	<b>-8%</b>
Leasing liabilities	392	392	397	-	0%	1%	-100%
Trade and other payables	3,649	366	389	182	-90%	6%	-53%
Short term leasing	797	9	401	14	-99%	4618%	-97%
Provisions	313	208	207	171	-33%	0%	-18%
<b>Total liabilities</b>	<b>5,150</b>	<b>975</b>	<b>1,394</b>	<b>366</b>	<b>-81%</b>	<b>43%</b>	<b>-74%</b>
<b>Total liabilities &amp; Equity</b>	<b>14,086</b>	<b>9,025</b>	<b>8,937</b>	<b>7,312</b>	<b>-36%</b>	<b>-1%</b>	<b>-18%</b>

Source: Company Financial Statements

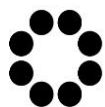
- The Company's Asset base has constantly decreased during the reviewed period, by 36% from FY21 to FY22 and by a further 18% from FY23 to FY24.
- This decrease was mainly generated by the consumption of available cash resources, following the termination of its operations in FY21 and settlement of remaining Trade receivables. As such, Cash decreased by 5% in 2023 vs. 2022 and by a further 13% in 2024.
- Another contributor for the asset decrease was the depreciation of Non-current assets.

### Fixed assets breakdown

RONk	31-Dec-22	31-Dec-23	31-Dec-24	Δ 23/22	Δ 24/23
Intangible assets GBV	270	269	269	-1%	0%
Intangible assets amortisation	(270)	(269)	(269)	-1%	0%
<b>Intangible assets NBV</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>
Equipment & vehicles GBV	2,225	2,221	2,236	0%	1%
Equipment & vehicles depreciation	(2,116)	(2,103)	(2,127)	-1%	1%
<b>Equipment &amp; vehicles NBV</b>	<b>109</b>	<b>118</b>	<b>110</b>	<b>8%</b>	<b>-7%</b>
Furniture GBV	49	49	53	0%	7%
Furniture depreciation	(49)	(49)	(50)	1%	2%
<b>Furniture NBV</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>-93%</b>	<b>4862%</b>
<b>Total NBV</b>	<b>109</b>	<b>118</b>	<b>112</b>	<b>8%</b>	<b>-5%</b>

Source: Company Trial Balances

- Intangible assets refer to software licenses and are fully amortised.
- Tangible assets refer to remaining equipment and 2 vehicles. The vehicles are completely depreciated.
- The actual GBV of the remaining equipment is RON 1,137k (with an NBV of RON 66k) → assets with a value of RON 1.1 mln were sold in FY24, but this transaction is not reflected in the accounting books, due to an error from the system, which will be corrected in 2025.





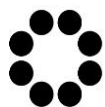
## Balance Sheet Review [2/2]

### Statement of Financial Position

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Source: Company Financial Statements

- Most of the remaining assets no longer contribute to the Company's activity and the only way to produce any income from their use is through their sale.
- Trade receivables amount to RON 434k and mainly refer to clients from subletting activities. However, out of this amount, RON 64k represent amounts older than 365 days, and as such have a lower probability of collection and should be considered for impairment.
- There is a value of RON 807k representing doubtful receivables which are fully impaired as of 31.12.2024, so they have a 0 value in the Balance Sheet and very low chances of collection.
- Other receivables include an amount of RON 22k still to be collected from the sale of fixed assets.
- Trade and other payables as of 31.12.2024 mainly refer to:
  - Current trade receivables: RON 23k
  - Personnel related debts and taxes: RON 78k
  - Accrued income: RON 81k





## Income Statement Review [1/2]

### Statement of Profit and Loss

RONk	FY22	FY23	FY24	Δ 23/22	Δ 24/23
<b>Revenues</b>	<b>2,095</b>	<b>1,822</b>	<b>1,728</b>	<b>-13%</b>	<b>-5%</b>
Other operating income	3	43	139	1288%	226%
Inventory variation	54	0	-		
Raw materials & materials	(103)	(87)	(81)	-15%	-7%
Cost of goods sold	(61)	(25)	(11)	-59%	-56%
Personnel cost	(939)	(806)	(821)	-14%	2%
Utilities	(452)	(405)	(183)	-10%	-55%
Third party services	(546)	(476)	(546)	-13%	15%
Other operating expenses	(45)	(43)	(107)	-4%	146%
Net other income/ expenses	(106)		136	n/a	n/a
<b>EBITDA</b>	<b>(98)</b>	<b>21</b>	<b>254</b>		
Depreciation & Amortisation	(840)	(891)	(525)	6%	-41%
Net movement in provisions	84	(53)	31	-163%	-159%
<b>EBIT</b>	<b>(854)</b>	<b>(922)</b>	<b>(241)</b>	<b>8%</b>	<b>-74%</b>
Financial revenues	55	422	265	669%	-37%
Financial expenses	(63)	(14)	(7)	-77%	-52%
<b>Financial result</b>	<b>(8)</b>	<b>408</b>	<b>259</b>	<b>-5185%</b>	<b>-37%</b>
<b>EBT</b>	<b>(862)</b>	<b>(515)</b>	<b>18</b>	<b>-40%</b>	<b>-103%</b>
Income tax	(24)	8	(5)	-135%	-159%
<b>Net result</b>	<b>(886)</b>	<b>(506)</b>	<b>13</b>	<b>-43%</b>	<b>-103%</b>

Source: Company Trial Balances

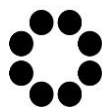
- The revenue structure is presented in the table below:

### Revenues breakdown

RONk	FY22	FY23	FY24	Δ 23/22	Δ 24/23
Sales of residual products	651	293	169	-55%	-42%
Rental income	924	1,132	1,138	23%	0%
Revenues from sundry activities	411	368	312	-11%	-15%
Other operational activities	110	29	109	-74%	283%
<b>Total</b>	<b>2,095</b>	<b>1,822</b>	<b>1,728</b>	<b>-13%</b>	<b>-5%</b>

Source: Company Trial Balances

- Sale of residual goods relate to the previous activity of the Company, have decreased by a total of 75% from FY22 to FY24 and are not sustainable in the future.
- Revenues from sundry activities have also decreased by a total of 24% during the reviewed period.
- Part of sundry revenues relate to charging former employees for issuing income certificates. One full-time employee and one part-time employee were used for this activity. Starting December 2024, this service was externalized and therefore these revenues will no longer be generated in the future.
- Other Operating revenues refer to sale of assets and other non-core activities.





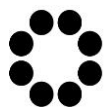
## Income Statement Review [2/2]

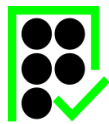
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Net movement in provisions	84	(53)	31	-163%	-159%
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<b>Net result</b>	<b>(886)</b>	<b>(506)</b>	<b>13</b>	<b>-43%</b>	<b>-103%</b>

Source: Company Trial Balances

- The main revenue source comes from subletting the space which in turn, the Company leases from Koro Lando.
- In FY24, rental revenues amounted to RON 1.1 mln, while rent payments to Koro Lando amounted to RON 594k – 86% mark-up. In FY23, rental revenues were RON 1.1 mln, while rent payments were RON 807k.
- The rental agreement between the Company and Koro Lando (the lessor) is valid until 30 June 2026 and the monthly rent starting 1 April 2025 for a period of 6 months is RON 21k + VAT, according to the most recent additional act.
- Monthly rental income in FY24 ranged between RON 90k and RON 105k.
- Consequently, the company is dependent on the prolongation of this rental agreement. Moreover, the remaining difference between rental revenues and rental costs (approx. RON 850k) does not cover salary costs, utilities and other third-party services, at their FY24 level (RON 1.5 mln ).
- Armatura had 6 employees at the end of 2024.
- Third party services refer mostly to administrative costs and the most significant costs is with security (RON 233k in FY24).
- The Company recorded a small profit in FY24 (RON 13k), sustained by financial revenues of RON 265k – interest revenues on deposits, using the Company's current cash reserves.
- In previous years, the Company recorded losses.





## CONCLUSIONS

### 1. The company has terminated its operational activity since 2020

- The Company's operational activity has been terminated since 2020. From 2020 to date, a large part of the assets have been sold and most of the employees have been laid off. As of December 2024, there were only 6 employees left. Given that the Company no longer has a material base to carry out the activity related to the main NACE code (Manufacture of faucets), in the future it is no longer possible to generate operating income to sustain the activity and existence of the Company without reconstituting the resource base.
- If during the revised period the Company has generated other types of income (for example from the sale of assets and scrap metal or from the issuance of certificates for former employees), these types of income are exceptional and are not related to the Company's activity.

### 2. Currently, the main source of income is a sublease contract, which does not generate enough revenue to support administrative and operational costs, resulting in negative cash flow in the future

- During the analyzed period, the Company's main source of income was a sublease agreement, valid until June 30, 2026, with a monthly rent of RON 21k plus VAT starting with April 1, 2025.
- However, the revenues from this contract do not cover the salary costs, utilities and other fixed administrative costs that the Company has. These were worth RON 1.5 million in 2024, and the net rent collected by the Company is approximately RON 850k per year.
- Thus, if these conditions remain similar in the future, the Company will generate negative operating cash flows.

### 3. The value of cash availabilities has been eroded during the period under review

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- The value of the Company's cash equivalents decreased steadily during the period under review, mainly due to the negative operating cash flows generated.
- Our understanding is that the cash resources come from capital increases prior to the period under review, and not from the Company's operating activities. Thus, the Company was financed primarily from funds from shareholders, rather than from resources generated by an operating activity, so that current debts are extinguished from non-operational sources.
- In conclusion, the Company will no longer generate operational cash flows necessary to sustain existence, but will consume the existing financial resources, supported by the shareholders.





# Contact

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