



ARMATURA

RC J12/13/1991 CUI RO199001 IBAN RO28RNCB0106026615010001 B.C.R. Cluj-Napoca Capital Social: 4.000.000 RON

S.C. ARMATURA S.A.  
400267 Cluj-Napoca, str. Gării nr.19  
Tel: +40 264 435 367, Fax: +40 264 435 368  
E-mail: office@armatura.ro, web: www.armatura.ro

**Report dated August 4, 2025**  
**of the Board of Directors of ARMATURA S.A.**  
**regarding the revocation of the Resolution of the Extraordinary General Meeting of Shareholders dated**  
**June 24, 2025, and the proposal for the voluntary dissolution of the Company due to the impossibility of**  
**achieving its business objective**

The undersigned,

1. **BOGDAN STEFAN**, Romanian citizen, born on [REDACTED], in Bucharest, [REDACTED] identified with Identity Card series [REDACTED] issued on [REDACTED] valid until [REDACTED] – Chairman of the Board of Directors
2. **DAMIR RUTAR**, Slovenian citizen, born on [REDACTED], in Sempeter pri Gorici, residing in Tolmin, Republic of Slovenia, holding passport no. [REDACTED] issued by the authorities of the Republic of Slovenia on [REDACTED], valid until [REDACTED] – Director
3. **WALTER SIMMEL**, Austrian citizen, born on [REDACTED] in Vienna, Austria, residing in Vienna, Austria, holding passport no. [REDACTED] issued by the Austrian authorities on [REDACTED], valid until [REDACTED] – Director
4. **ZORAN BANKOVIC**, Serbian citizen, born on [REDACTED], in Negotin, Republic of Serbia, residing in Negotin, Republic of Serbia, holding passport no. [REDACTED] issued by the authorities of the Republic of Serbia [REDACTED] valid until [REDACTED] – Director,

We have prepared this Report regarding the revocation of the Resolution of the Extraordinary General Meeting of Shareholders dated June 24, 2025, and the proposal for the dissolution of the Company, taking into account the following:

**Recitals**

- On June 24, 2025, the Extraordinary General Meeting of Shareholders adopted a resolution whereby, under item 1, the dissolution and initiation of the liquidation procedure were approved, as a result of the reduction of the Company's net assets (determined as the difference between total assets and total liabilities) to less than half of the subscribed share capital and the impossibility of achieving the Company's business object, pursuant to Article 153<sup>24</sup> and Article 227 paragraph (1) letter b) of Law No. 31/1990.
- The resolution of the Extraordinary General Meeting of Shareholders was based on the report prepared by NOA TAX ADVISORS on May 9, 2025, a supporting document for the EGM ("the NOA Report"), which, in its Romanian version, erroneously referred to a share capital value of RON 18,110,957 and equity of RON 6,945,660. This erroneous statement served as the basis for the decision to dissolve the Company due to the reduction of net assets to less than half of the subscribed share capital.
- All legal procedures related to this resolution have been duly completed, the resolution having been submitted to the Financial Supervisory Authority (ASF), the Bucharest Stock Exchange (BVB), and the Trade Register, and published on the Company's website.
- On July 31, 2025, the Financial Supervisory Authority (ASF) sent letter no. 11363 (attached), requesting clarifications regarding the financial information referred to in the EGM Resolution dated June 24, 2025, in view of the contradiction between the data included in the 2024 Annual Report (published on the Company's and BVB's websites), the annual accounting report prepared and submitted in the specific format required by the Ministry of Finance, and the information presented in the NOA Report.
- Following verification, it was found that the amount of RON 18,110,957 was erroneously included in the Romanian version of the NOA Report in the analysis related to the net asset test provided under Article 153<sup>24</sup> of Law No. 31/1990. This amount was subsequently included in the EGM documentation. NOA later confirmed that this figure was no longer mentioned in the English version of the report, nor in the final conclusions, having been previously removed. However, in the Romanian version, the reference

- remained due to a material translation error, which went unnoticed prior to the adoption of the EGM Resolution.
- The statutory auditor confirmed that the amount of RON 18,110,957 includes historical IFRS adjustments made in 2012, and that the subscribed and paid-up share capital, as reflected in the 2024 financial statements, is RON 4,000,000.
  - Consequently, although the legal conclusion regarding the necessity of dissolution was, at that time, in accordance with the legal provisions and based on the available information, the factual basis concerning the net asset test was subsequently found to be incorrect. For this reason, we consider that this specific ground for dissolution can no longer be upheld.
  - The NOA Report (Romanian version) has been revised, in the sense that the erroneous references regarding the reduction of the net assets to less than half of the subscribed share capital have been removed.
  - Nevertheless, the ground for the dissolution of the Company — also included in the EGM Resolution of June 24, 2025 — remains valid, namely the impossibility of achieving the Company's business object, as established in the NOA Report.

#### 1. Legal basis

Since the dissolution of the Company was approved by the EGM Resolution dated June 24, 2025, based on the erroneous ground that the net assets had decreased to less than half of the subscribed share capital, this resolution must be revoked.

Nevertheless, the ground set out in the NOA Report dated May 9, 2025 — namely, the Company's inability to carry out its business object — remains valid, leading to the same conclusion: the necessity of the dissolution of the Company.

Therefore, this report is drawn up in accordance with the provisions of Article 231 of Company Law No. 31/1990, republished, as subsequently amended and supplemented, regarding the possibility of revoking the dissolution resolution, as well as Article 227(1)(b) of the same law, taking into account the fact that the Company can no longer achieve its business object.

We reiterate the conclusions of the NOA Report, which support the solution of dissolution:

#### **1. The Company has not carried out any operational activity since 2020**

- The Company's operational activity was suspended starting in 2020. Since then, a significant portion of its assets has been sold and the majority of its employees have been laid off. As of December 2024, only 6 employees remained. Considering that the Company no longer has the material base necessary to carry out its main NACE code activity (Manufacture of taps and valves), it will no longer be possible to generate operational revenues in the future to support the Company's activity and existence, unless the resource base is reconstituted.
- Even if, during the reviewed period, the Company generated other types of income (e.g., from the sale of assets and scrap metal or from issuing certificates for former employees), such revenues are exceptional in nature and not related to the Company's core business activity.

#### **2. Currently, the main source of income is a sublease agreement, which does not generate sufficient revenue to cover administrative and operational costs, resulting in a projected negative cash flow**

- 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 approximately RON 21,000 plus VAT starting from April 1, 2025.
- However, the revenue generated from this contract does not cover the Company's salary expenses, utilities, and other fixed administrative costs. These amounted to approximately RON 1,500,000 in 2024, while the net rent income received by the Company is around RON 850,000 per year.
- Therefore, if these conditions remain unchanged in the future, the Company will continue to generate negative operational cash flows.

#### **3. The value of the Company's cash reserves has been eroded during the analyzed period.**

- The Company's cash reserves have steadily decreased during the reviewed period, mainly due to negative operational cash flows.

- These cash reserves originated from capital increases prior to the reviewed period, and not from the Company's operational activities. As such, the Company has been primarily financed through shareholder funding rather than resources generated by operational activity, meaning that current liabilities are being settled from non-operational sources.
- In conclusion, the Company will no longer generate operational cash flows necessary to sustain its existence, but will instead consume its existing financial resources, which are supported by the shareholders.

**Conclusions**

In light of the above, the Board of Directors considers that the conditions set out under Article 227(1)(b) of Law No. 31/1990 are met, namely the impossibility of achieving the Company's business object, and unanimously recommends the dissolution of Armătura S.A., as the only reasonable and responsible measure to protect the interests of the shareholders and to avoid further deterioration of the Company's financial position.

Therefore, we propose convening the Extraordinary General Meeting of Shareholders for the adoption of a resolution to (1) revoke the EGM resolution dated June 24, 2025, given the erroneous reference to the ground provided under Article 153<sup>24</sup> of Law No. 31/1990 and (2) approve the voluntary dissolution of the Company and the initiation of liquidation procedures, on the ground provided under Article 227(1)(b) of Law No. 31/1990, namely the impossibility of achieving the Company's business object.

This Report is made available to the shareholders as a reference document, together with the corrected Financial Analysis Report dated May 9, 2025, prepared by NOA Tax Advisors S.R.L., the letter from NOA Tax Advisors dated August 1, 2025, the ASF letter no. 11363/31.07.2025, and the letter from the financial auditor PREMIER CLASS AUDIT dated August 1, 2025. These documents shall form an integral part of the Decision to convene the Extraordinary General Meeting of Shareholders of Armătura S.A

**BOGDAN STEFAN**  
President of Board of Directors



**DAMIR RUTAR**  
Administrator



**WALTER SIMMEL**  
Administrator



**ZORAN BANKOVIC**  
Administrator

