ARMĂTURA SA

YEARLY FINANCIAL STATEMENTS

YEAR ENDING 31st of December 2023

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION**

ARMATURA

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(in Romanian Lei, if not otherwise specified)

	Notes	31st December 2023	31st December 2022
Assets			
Fixed Assets			
Tangible Assets	**6**	117,598	109,134
Intangible Assets	**7**	0	0
Rights to Use Leased Assets	**16**	707,774	382,375
Total Fixed Assets		**825,372**	**491,509**
Current Assets			
Inventories	**11**	0	0
Customers and other Receivables	**10**	508,558	526,823
Cash and Cash Equivalents	**12**	7,439,622	7,853,999
Short-term Investments		0	0
Total Current Assets		**7,948,180**	**8,380,822**
Deferred Income Tax Receivables	**17**	**164,178**	**153,012**
Total Assets		**8,937,730**	**9,025.343**
Equity and Payables			
Paid-in Capital	**13**	18,110,957	18,110,957
Reserves		1,304,075	1,304,075
Retained Earnings		-11,871,593	-11,365,151
Total Equity		**7,543,439**	**8,049,881**
Long-term Debts			
Loans	**15**	0	0
Deferred Tax Liabilities	**17**	0	0
Debts relating to Leases	**16**	397,032	392,431
Suppliers and other Liabilities		0	0
Total Long-term Liabilities		**397,032**	**392,431**
Current Liabilities			

ARMĂTURA S.A.
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED ON 31st of December 2023
(in Romanian Lei, if not otherwise specified)

Suppliers and other Liabilities	**14**	389,056	366,477
Shareholders Receivables Related to Capital Paid-in		100	100
Loans	**15**	0	0
Debts of Leases	**16**	401,019	8,588
Provisions for Risks and Charges	**18**	207,084	207,966
Total Current Liabilities		**997,259**	**579,721**
Total Liabilities		**1,394,291**	**975,462**
Total Equity and Debts		**8,937,730**	**9,025,343**

The financial statements were signed today, 04.03.2024

Administrator,
Ştefan Bogdan

Drawn up by,
Ec. Rus Dana

SOCIETATEA COMERCIALĂ ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMANIA

The enclosed notes are integral part of these financial statements.

ARMĂTURA S.A.
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED ON 31st of December 2023
(in Romanian lei, if not otherwise specified)

	Notes	Year ended on 31st December 2023	Year ended on 31st December 2022
Revenues		1,821,867	2,095,330
Other Operating Revenues		42,601	1,092
Variation in Finished Products Inventory and Work in Progress		0	54,210
Raw Materials and Consumables		-87,177	-102,657
Cost of Goods		-55,252	-55,252
Expenditure on Staff	**21**	-806,189	-938,661
Utilities Expenses		-404,813	-326,726
Third Party Services		-476,240	-343,419
Amortisation and Impairment of Non-current Assets		-943,955	-774,872
Net Movement of the Provision for Risks and Charges	**18**	-52,840	117,807
Other Operating Expenses	**20**	-17.350	-15,859
Other Incomes / (Losses), Net	**19**	56,881	-170,763
Operating Results		**-922,467**	**-853,772**
Financial Revenues		421,953	54,888
Financial Expenses		-14,382	-62,904
Net financial profit/loss	**22**	**407,571**	**-8,016**
Profit/Loss before Taxes		**514,896**	**-861,788**
Revenue / (Expenses) with Current Income Tax and Deferred Tax	**23**	8,453	-23,811
Net Profit/Loss of the Financial Exercise		**-506,443**	**-885,599**
Number of Issued Shares		40,000,000	40,000,000
Diluted and Per Share Earnings		**-0.012661**	**-0.0222**

The enclosed notes are integral part of these financial statements.

ARMĂTURA S.A.
STATEMENT OF THR GLOBAL RESULT
FOR YEAR ENDED ON 31st of December 2023
(in Romanian Lei, if not otherwise specified)

	Notes	Year Ended on 31st December 2023	Year Ended on 31st December 2022
Net Profit of the Financial Exercise		**-506,443**	**-885,599**
Other Elements of the Overall Result:			
Gain/(Loss) of Building Revaluation		-	-
Impact of Deferred Tax on Revaluation Reserves		-	-
Other Elements of Overall Result for the Year, Net Tax		**-**	**-**
Grand Total of the Period		**-506,443**	**-885,599**

The financial statements were signed today, 04.03.2024

Administrator,
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SOCIETATEA COMERCIALA ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMANIA

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ARMĂTURA SA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON 31st December 2023
(In Romanian Lei, If not otherwise specified)

	Paid-in capital	Reserves of revaluation	Other reserves	Retained earnings	Total
Balance on 1st of January 2022	18.110.957	0	1.304.075	-10.479.551	8.935.480
Profit/Loss of the Year 2022	-	-	-	-885,599	-885,599
Other Elements of the Overall Result	-	-	-	-	-
Reserves of Revaluation	-	-	-	-	-
Grand Total	-	-	-	**-885,599**	**-885,599**
Balance on 31st December 2022	18.110.957	0	1.304.075	-11.365.151	8.049.881
Balance on 1st of January 2023	18.110.957	0	1.304.075	-11.36.151	8.049.881
Profit/Loss of the Year 2023	-	-	-	-506,443	**-506,443**
Other Elements of the Overall Result					
Total overall	-	-	-	**-506,443**	**-506,443**
Balance on 31st December 2023	18.110.957	-	1.304.075	-11.871.593	7.543.439

The financial statements were signed today,.04.03.2024

Administrator,
Ştefan Bogdan

SOCIETATEA COMERCIALA ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMANIA

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ARMĂTURA SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st of December 2023
(in Romanian Lei, if not otherwise specified)

	Notes	Year ended on 31st December 2023	Year ended on 31st December 2022
Cash Flows from Operating Activities			
Cash from Operations	24	-300,481	7,249,310
Paid Interests		-	-
Net Cash from Operating Activities		-300,481	7,249,310
Cash Flows from Investments			
Tangible Assets Acquisition		-	0
Net Receipts from Sale of		-	-
Tangible Assets		-	2.435
Interest Receivable		113,896	51,320
Net cash for Investment Operations		113,896	53,755
Cash Flows from Financing Activities			
Loan Reimbursement		-	-
Reimbursement of Loan Interest		-	-
Net Cash for Financing Activities		-	-
Net Change in Cash and Cash Equivalents		-414,377	7,195,556
Cash and Cash Equivalents at the Beginning of Year	12	7,853,999	658,444
Increases /- Decreases		-414,377	7,195,556
Cash and Cash Equivalents at End of Year	12	7,439,622	7,853,999

The financial statements were signed today. 04.03.2024

Administrator,
Ştefan Bogdan

SOCIETATEA COMERCIALĂ ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMÂNIA

Drawn up by,
Ec. Rus Dana

1 GENERAL IINFORMATION

ARMATURA SA ("the Company") was registered at the beginning of 1991 at the Cluj Trade Register as a joint-stock company, and at the end of 1996 it completed the privatization process and is now a wholly privately owned commercial company. The company has its registered office in Cluj Napoca, 19 Garii Street, where it also carries out its production activity.

The company's activity is "Manufacture of valves and fittings", CAEN code 2814 and it is active in the field of metal fittings with an experience in the production of fittings for thermal and water and gas supply installations, incorporating today in its product portfolio more than 1,500 type-dimensional articles. The company's customers 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 2023 the main shareholder is HERZ ARMATUREN Ges.m.b.H Austria.

The company has no open subsidiaries, is not in association with other companies and does not hold equity securities.

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

As from 2021, when the Company will be sub-letting space, this risk is no longer applicable, as customers are mainly internal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the years presented, unless otherwise stated.

2.1 Basis for Statements

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, approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified.

These provisions correspond to the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). Effects of exchange rate changes on the functional currency. For the purposes of preparing these financial statements in accordance with Romanian legislative requirements, the Company's functional currency is considered to be RON ("Romanian Leu").
For the year ended 31 December 2011 and for all previous financial years, the Company has prepared its financial statements in accordance with Romanian accounting regulations (local accounting principles) represented by OMF 3055/2009 for the years 2011 and 2010. As at 31 December 2012 the Company prepared its first set of financial statements in accordance with IFRS as adopted by the EU.

The preparation of financial statements in accordance with IFRS requires the use of critical accounting estimates. It also requires management to use judgment in the process of applying the Company's accounting policies. Areas involving a greater degree of complexity and application of such judgement or where assumptions and estimates have a significant impact on the financial statements are disclosed in note 4.

2.1.1. Business continuity

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in business for the foreseeable future.

The nature of the Company's business may bring unpredictable variations in cash inflows in the future. Management has considered the appropriateness of preparing the financial statements based on the going concern principle.

As at 31 December 2023, the Company recorded a loss of 506,443 lei.

The situation of fixed assets disposed of between January and December 2023 was 39,037.51 lei because there is no way to reuse or recover them.

2.1.2 New accounting regulations

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

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reform of the Interest Rate Benchmark - Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods beginning 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 1 January 2023.

Amendments to IFRS 16 LeasesAdopted by the EU on 30 August 2021 and applicable after 30 June 2021.

From 1 January 2018, the Company has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a five-step model to be applied for revenue recognition 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-operating assets that are not the result of the entity's ordinary activities (e.g. the sale of property, plant and equipment and intangible assets). Extensive disclosures will be required, including disaggregation of total revenue, information about performance obligations, changes in contract balances of assets and liabilities between periods and key judgements and estimates.

The *company* obtained income during the year from the rental of premises to other companies until the date of sale of the buildings, and the income is measured at the fair value of the net proceeds. Income from the rental of premises is recognised when there is an obligation to register a contract, i.e. if the following conditions have been met:

- The parties to the contract approved the contract in writing
- The company can identify the rights of each party with regard to the services to be transferred
- The company can identify the terms of payment for rent
- The contract has commercial content
- As of 31.12.2023 the company has 38 tenants.
- 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, namely the increase in the number of tenants and the extension of their existing contracts, is clear; no significant effect has been 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 ending 31 December 2023, therefore not adopted***:**

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued on 14 May 2020) - applicable for periods beginning on or after 1 January 2022.

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

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

Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 IFRS: Presentation of Accounting Policies (published 12 February 2021) - effective for periods beginning on or after 1 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 in the period of initial application.

There are no other IFRS or IFRIC interpretations not yet effective 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 certain geographical environment (geographical segment) and is subject to different risks and rewards than the other segments. In terms of business segments, the Company does not identify distinct components in terms of risks and rewards.

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

Disclosure of information on 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 business segment, taking into account the quantitative thresholds and aggregation criteria set out in the standard. Taking into account the quantitative thresholds and aggregation criteria provided by the standard, in terms of business segments, the Company does not identify distinct components in terms of risks and rewards.

(in Romanian Lei, if not otherwise specified)

	Sales	Percentage from total sales
Goods sale internal	1,454,254	80%
Services sale internal	367,613	20%
Goods sale external	-	
Services sale external	-	-
Total	**1.821,867**	**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 its accounting records in RON, prepares and presents its financial statements in accordance with the specific legislation on the subject and with the Regulations on accounting and financial-accounting reports issued by the Ministry of Public Finance.

(b) Transactions and balances

Foreign currency transactions are converted into functional currency using the exchange rate valid on the date of the transactions. Gains and losses arising from exchange rate differences on the conclusion of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are reflected in the profit and loss account.

Exchange rate gains and losses relating to loans and cash and cash equivalents are presented in the profit and loss account under 'financial income or expense'. All other exchange rate gains and losses are presented in the profit and loss account under 'other (losses)/gains - net'.

Monetary assets and liabilities denominated in foreign currency are expressed in lei at the balance sheet date. As at 31 December 2023, the exchange rates used for the conversion of foreign currency balances are EUR 1 = RON 4.9746. Gains and losses resulting from the translation of monetary assets and liabilities are reflected in the income statement during the year.

2.4 Accounting for the effects of hyperinflation

The Romanian economy has experienced periods of relatively high inflation and has been considered hyperinflationary under IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29").
IAS 29 requires financial statements prepared in the currency of a hyperinflationary economy to be restated in terms of purchasing power at the balance sheet date. Amounts expressed in terms of purchasing power at 31 December 2004 (the date of the end 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 31 December 2012. The impact of these adjustments has been reflected in the value of land, equity and retained earnings.

2.5 Tangible fixed assets

Type	Number of years
Tools	2 - 12
Vehicles	3 - 15

The residual value of an asset is the estimated amount that could be obtained by the Company from the sale of that asset less the estimated costs of the sale, if the asset is already old and meets the end-of-life conditions. The residual value of an asset is zero if the Company expects to use 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.

Gains and losses on disposals are determined by comparing the amounts obtained from disposals with the carrying amount, and are recognised under 'Other (losses)/gains-net' in the income statement.

On sale of revalued assets, amounts included in other reserves are transferred to retained earnings.

2.6 Intangible assets

Computer programs

Purchased licences relating to software usage rights are capitalised on the basis of the costs incurred in acquiring and putting into operation the software concerned. These costs are amortised over their estimated useful life (three years). Software development or maintenance costs are recognised as expenses in the period in which they are incurred.

2.6 Intangible assets (continued)

Other intangible assets

Other intangible assets include software created by the entity or purchased from third parties for its own use and other intangible assets held by the Company.

Expenditure that enables intangible assets to generate future economic benefits in excess of their original expected performance is added to their original cost. These expenses are capitalised as intangible assets if they are not an integral part of property, plant and equipment.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The impairment loss is the difference between the carrying amount and the recoverable amount of the asset. The recoverable amount is the higher of the asset's fair value less costs to sell and 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 quoted in an active market. They are included in current assets, except those with a maturity period of more than 12 months from the balance sheet date. They are classified as non-current assets.

Recognition and evaluation

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to buy or sell the 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 rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method. The Company's loans and receivables are classified as "cash and cash equivalents" and "trade and other receivables" respectively in the balance sheet (notes 2.12 and 2.15).

2.9 Clearing of financial instruments

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

2.10 Stocks

On 31.12.2023 the company no longer holds stocks of materials, finished products.

2.11 Trade receivables

Receivables are stated at nominal value less adjustments for impairment.

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

The provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due to it under the original terms of the receivables. Significant difficulties faced by the debtor, the likelihood that the debtor will enter bankruptcy or financial reorganisation proceedings, non-payment or non-fulfilment of the terms of payment are considered as indications of impairment of trade receivables.

The carrying amount of the asset is reduced by the use of a provision account and the amount of the loss is recognised in the income statement under 'other gains/(losses) - net' in the income statement. When a trade receivable is irrecoverable, it is charged to expense with a corresponding reversal of the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

2.12 Cash and cash equivalents

For the cash flow statement, cash and cash equivalents comprise cash in hand, bank accounts, bank demand deposits, other short-term financial investments overdraft facilities, and the short-term portion of restricted bank accounts.

2.13 Share capital and reserves

The share capital composed of common shares is recorded at the value established on the basis of the instruments of incorporation and additional instruments, as the case may be, as well as the supporting documents relating to capital payments.

Own shares repurchased in accordance with the law are shown in the statement of assets, liabilities and equity as an adjustment to equity

Gains or losses arising from the issue, redemption, sale, disposal for free or cancellation of the entity's own equity instruments are recognised directly in equity in the 'Gains / or losses on equity instruments' line.

2.14 Trade debts

Trade payables are recognised at fair value.

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

2.15 Loans

On 31.12.2023 the company no longer holds any loans.

2.16 Current and deferred income tax

The company records current income tax at a rate of 16% of the taxable profit resulting from the statutory financial statements, by adjusting for non-deductible expenses and non-taxable income, in accordance with the Romanian Tax Code and related regulations.

Tax expense for the period includes current tax and deferred tax. Tax is recognised in the income statement 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 comprehensive income or directly in equity.

Current income tax expense is calculated based on the tax regulations in force at the balance sheet date in Romania. Management periodically evaluates the positions in the tax returns for situations where the applicable tax regulations are interpretable. It makes provisions, where appropriate, based on amounts estimated to be due to the tax authorities.

Deferred income tax is recognised using the balance sheet liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax that arises 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 accounting or taxable profit, is not recognised. Deferred income tax is determined on the basis of tax rates (and laws) enacted at the balance sheet date and to be applied in the period in which the deferred tax to be recovered will be recovered or the deferred tax payable will be paid.

Deferred tax to be recovered is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

2.17 Uncertain tax positions

The Company's uncertain tax positions are reviewed by management at each balance sheet date. Liabilities are recorded for tax positions for which management believes that it is probable that additional tax would be payable if these positions were audited by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted at the balance sheet date. Liabilities for penalties, interest and taxes, other than income tax, are recognised based on management's best estimate necessary to settle the liability at the balance sheet date.

2.18 Employee benefits

During the financial year the *Company* makes payments to the Social Insurance 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 or post-retirement benefit plan and has no other obligations of the kind mentioned for its employees.

Termination benefits

In the Company's collective labour contract, valid for the previous period, it was stipulated that the *Company's* employees receive on retirement an award equivalent to one/two basic salaries received in the month prior to retirement. The Company made an estimate of the present value of this promised benefit in order to establish the necessary provision, but this did not materialise as it is not considered to have a significant impact on the financial statements.
Also, in the Company's collective labour contract, valid for the previous period, it was provided that the Company's employees receive compensatory payments in case of termination of the individual labour contract due to reasons related to the Company. The Company has made an estimate of the present value of this promised benefit, and has made the necessary provision on the financial statements as at 31 December 2023.

The company did not pay any compensation payments in 2023.

In view of the situation generated by Covid-19 within the *Company*, the following decisions were issued in order to prevent the impairment of the proper conduct of business:

- By Decision no.20/01.09.2020 people in the vicinity of those infected with Covid-19 have benefited from the settlement by the unit of the Covid-19 test.
- As an additional protective measure for employees, in some cases, it was chosen to change the employment contract into an employment contract with a teleworking clause.
- Employees have been kept informed of legislative changes and updates to Covid-19 affected areas.

2.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the liability can be measured reliably.

Provisions for taxes are established for amounts due to the state budget, provided that these amounts are not reflected as a liability to the state.

Provisions are reviewed at the date of the financial statements and adjusted to reflect Management's best current estimate in this regard. If an outflow of resources is no longer probable for the settlement of an obligation, the provision should be reversed through a reversal to income.

2.20 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the assets are transferred to the customer. Revenue amounts do not include sales taxes (VAT), but include trade discounts granted. Financial discounts granted to customers (discounts) reduce the amount of the Company's revenue.

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 is recognised periodically on a pro rata basis as the income is earned, on an accrual basis.

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, which grants a company the right to use an asset (the underlying asset) for a certain period of time in return for a consideration. The company, as lessee, obtains the right to use a supporting asset for a certain period of time in return for a consideration.

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 right of use asset includes:

- The amount of the initial valuation of the debt arising from the lease;
- Any lease payments 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 and removal of the underlying asset, for the restoration of the site on which it is located or for bringing the underlying asset to the condition required by the terms and conditions of the lease, unless such costs are incurred for the production of inventory.

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 ownership is transferred at the end of the lease, depreciation will be recognised as an expense over the useful life of the asset.
- Otherwise, depreciation will be recognised over the shorter of the useful life of the asset and the lease term.

In 2023, the Company had a leasing contract in place, namely the lease of buildings and land from Koro Lando Real Estate SRL.

2.22 Distribution of dividends

Dividend distributions are recognised as a liability in the Company's financial statements in 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 currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures.

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

(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 the Euro. Foreign currency risk arises mainly from the Company's loans, receivables and trade payables.

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

(ii) Cash flow interest rate risk and fair value

The company has no significant interest-bearing assets. Interest rate risk in the Company arises from long-term borrowings. The borrowings are at variable interest rates and expose the Company to cash flow interest rate risk, which is partially offset by cash held at variable rates. In 2021 and 2020, the Company's borrowings at a variable rate were denominated in Euro.

The Company dynamically analyses its interest rate exposure. Different scenarios are simulated, taking into account refinancing, rollover of existing positions and alternative financing. Based on these scenarios, the Company calculates the profit and loss impact of interest rate changes. For each simulation, the same percentage change in interest rates is used for all currencies. The scenarios apply only to debt that is a major interest-bearing position.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and customer credit exposures, including outstanding receivables and committed transactions. In the case of banks and financial institutions, only those independently rated with a minimum rating of 'BB' are accepted. For customers, there is no independent rating, management assesses the financial creditworthiness of the customer, taking into account financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings, according to limits set by the Board of Directors. The use of credit limits is regularly monitored. See note 9 for further disclosures on credit risk.

(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 forecasts of the Company's cash requirements to ensure that there is sufficient cash to meet operational requirements. These forecasts take into account the Company's debt financing plans, compliance with covenants, compliance with internal targets for balance sheet indicators.

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

The table below analyses the Company's financial liabilities by relevant maturity groupings, based on the period remaining at the balance sheet date to the contractual maturity date. The amounts shown in the table represent the respective gross amounts at the balance sheet date.

(in Romanian Lei, if not otherwise specified)

On 31st of December 2022	below 1 year	1 - 5 years	More than 5 years	Total
Loans	-	-	-	-
Leasing debts	8,588	392,431		401,019
Suppliers and other debts	366,477	-	-	366,477
Total	**375,065**	**392,431**	**-**	**767,496**

At 31st of December 2023	below 1 year	1 - 5 years	More than 5 years	Total
Loans				
Leasing debts	401,019	790,117	-	1,191,136
Suppliers and other debts	389,156	-	-	389,156
Total	**790,175**	**790,117**	**-**	**1,580,292**

3.2 Capital risk management

The Company's objectives with respect to capital management are to safeguard the Company's ability to continue as a going concern in the future so as to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce capital expenditure.

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

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

	31st December 2023	31st December 2022
Total loans (note 15)	-	-

Less: cash and cash equivalents at Company disposal (note12)	-	-
Net debt	-	
Total equity	-	-
Total capital	-	
Degree of indebtedness	-	-

3.3 Estimation at fair value

The Company does not hold financial instruments measured in the balance sheet at fair value and therefore disclosures related to fair value measurements by level do not apply.

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Critical Accounting Estimates and Rationale

Critical accounting estimates and assumptions

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

(a) *Corporate tax*

Significant valuations are required to establish the provision for income taxes. There are several transactions and calculations for which the final tax determination is uncertain. The Company recognizes liabilities for issues anticipated to result from tax audits based on estimates of additional tax payments. If the final tax outcome of these transactions is different from the amounts originally recorded, the differences will affect the current or deferred income tax receivables and payables in the period in which the determination is made. The recognition of a deferred income tax asset takes into account a detailed analysis as to whether it is realisable.

Determining the impairment loss for equipment requires significant judgement as described in note 2.8. When making this estimate, the Company compares the net book value of such equipment to the higher of the estimated selling price and the net present value of the cash flows that will be generated by the equipment over its remaining useful life

5 RETAINED EARNINGS

On 31 December 2023 the Company has a retained earnings of 43,372 lei.

(in Romanian Lei, if not otherwise specified)

6. TANGIBLE ASSETS

	Lands and Buildings	Vehicles and Machines	Furniture, supplies and equipment	Assets on progress	Real Estate Investments	Total
Financial exercise ended on 31 December 2022						
Initial net book value	**-**	**303,650**	**8,657**	**-**	**-**	**312,307**
Equity revaluation increases	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Entries	-	2,542	-	-	-	2,542
Outputs	-	-641,032	-12,703	-	-	-653,735
Amortisation costs	-	-31,405	-1,453	-	-	-32,858
Accruals for depreciation	-	474,822	6,056	-	-	480,878
Comprehensive result revaluation increases	-	-	-	-	-	-
Net final book value	**-**	**108,577**	**557**	**-**	**-**	**109,154**
On 31st December 2022						
Cost or evaluation	-	2,224,803	49,303	-	-	**2,274,126**
Accrued amortisation	-	2,116,226	48,746	-	-	**2,164,972**
Net book value	**-**	**108,577**	**557**	**-**	**-**	**109,154**

(in Romanian Lei, if not otherwise specified)

6. TANGIBLE ASSETS (continuation)

	Lands and Buildings	Vehicles and Machines	Furniture,supplies and equipment	Assets on progress	Real Estate Investments	Total
Financial exercise ended on 31st December 2023						
Initial net book value	**-**	**108,577**	**557**	**-**	**-**	**109,134**
Revaluation increases in equity	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Entries	-	33,840	-	-	-	33,840
Outputs	-	-37,633	-	-	-	-37,633
Depreciation expense	-	-2153	-516	-	-	-2,669
Cumulative depreciation of outflows	-	-23,223	-	-	-	-23,223
Impairment adjustments	-	38,149	-	-	-	38,149
Revaluation increases in the overall result	-	-	-	-	-	-
Net final book value	**-**	**117,557**	**41**	**-**	**-**	**117,598**
At 31st December 2023						
Cost or valuation	-	181,082	557	-	-	181,639
Accumulated depreciation	-	25,376	516	-	-	**25,892**
Impairment adjustments	-	38,149	0	-	-	**38,149**
Net book value	**-**	**117,557**	**41**	**-**	**-**	**117,598**

6 TANGIBLE ASSETS (continuation)

The depreciation method for property, plant and equipment in financial year 2023 was straight-line. No residual value has been established for them.

In the CPP, rental income from real estate investments in the amount of 665,769 lei was recognized in 2021, and 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 by the Company and those leased to third parties (recognized as investment property) were sold to another company. As a result, the buildings and land sold were derecognised at their book value on disposal, so as at 31.12.2021 the Company no longer owns any buildings and land.

The derecognition of these items of property, plant and equipment resulted in a gain of 18,733,846 lei which was included in the profit of the Company. According to the sale-purchase agreement, the sale price was established on the basis of a valuation report prepared by an independent appraiser, member of ANEVAR.

7. INTANGIBLE ASSETS

	Leasing Assets	Advance payments and other intangible assets	Total
Financial exercise ended on 31 December 2022			
Net book value			
Initial balance	270	-	270
Inputs			
Outputs	-3,984	-	-3,984
Amortisation costs	-	-	-
Accrued amortisation	3,714	-	3,714
Final balance on 31 December 2022	**0**	**-**	**0**
Cost	-	-	-
Accrued amortisation and impairment	-	-	-
Net book value	**0**	**-**	**0**

	Information programmes	Advance payments and	Total

		other intangible assets	
Financial exercise ended on 31 December 2023			
Net book value			
Initial balance	0	-	0
Inputs		-	
Amortisation costs	0	-	0
Outputs	0	-	0
Accrued amortisation corresponding to outputs	0	-	0
Final balance on 31 December 2023	**0**	**-**	**0**
Cost	0	-	0
Accrued amortisation and impairment	0	-	0
Net book value	**0**	**-**	**0**

Intangible assets consist of computer software. They are valued at cost less accumulated depreciation**.**

8 FINANCIAL INSTRUMENTS by CATEGORIES

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

	31 December 2023	**31 December 2022**
Customers and other receivables	508,558	526,823
Cash and cash equivalents (Note 12)	7,439,622	7,853,999
Total	**7,948,180**	**8,380,822**

All of the Company's financial liabilities are financial liabilities accounted for under the amortised cost model:

	31 December 2023	**31 December 2022**
Loans	-	-

Trade payables and other debts (excluding statutory liabilities and deferred income)	997,259	583,031
Total	**997,259**	**583,031**

9 CREDIT RISK FOR FINANCIAL ASSETS

The credit risk related to financial assets that are neither past due nor impaired can be assessed against historical default rate data for third parties, as there are no independent external ratings for the Company's customers:

	2023	2022
Trade receivables not outstanding, nor depreciated:		
Group 1	134,289	393,926
Of wich related parties	-	-
Group 2	-	-
Of wich related parties	-	-
Group 3	-	-
Of wich related parties	-	-
Group 4		
	134,289	**393,926**

Trade receivables detailing depending on the loan risk has been made on historical information basis from the financial year 2023 and where possible from the financial year 2022, taking into account the following criteria:

- Group 1: debtors with historical average period of collection between 1-60 days;
- Group 2: debtors with historical average period of collection between 61-90 days;
- Group 3: debtors with historical average period of collection between 91-180 days;
- Group 4: debtors with historical average period of collection between 180 - 360 days.

10 CUSTOMERS AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Trade Receivables	1,124,352	1,139,850

Less: provision for trade receivables depreciation	-802,073	-748,349
Trade receivables – net	322,279	391,501
- as related with associates (note 26)	0	1,262
VAT to collet	140,861	112,026
Advance payments	12,020	6,372
Advance payments for suppliers	22,626	1,162
Less: provision for advance payments depreciation	-	-
Other debtors	7,000	7,000
Other receivables	6,485	7,553
Current part of trade receivables and of other receivables	**511,271**	**525,614**

The ageing analysis of trade receivables that are past due but not impaired is as follows:

	31 December 2023	**31 December 2022**
Between 1 and 3 months	210,491	298,661
Between 3 and 6 months	68,678	13,499
Over 6 months	845,183	827,690
Total	**1,124,352**	**1,139,850**

The carrying amounts of the Company's customers and other receivables are expressed in the following currencies:

	31 December 2023	**31 December 2022**
RON	322,279	391,502
EUR	0	1,262
Total	**322,279**	**392,764**

10 CUSTOMERS AND OTHER RECEIVABLES (continued)

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

	2023	2022
1st of January	802,073	748,349
Impairment of receivables	-	-
Amounts reassigned during the period	-	-
At the end of the period	**802,073**	**748,349**

11 STOCKS

	31 December 2023	31 December 2022
Raw materials and other materials	-	-
Provisions for raw materials and other materials	-	-
Production in progress	-	-
Provisions for products in progress	-	-
Goods	-	-
Provisions for goods	-	-
Finished products	-	-
Provisions for finished products	-	-
Other stocks	-	-
Provisions for other stocks	-	-
Total	**0**	**0**

12 CASH AND CASH EQUIVALENTS

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

	31 December 2023	31 December 2022
Cash at bank	7,419,081	7,836,088
- amounts in LEI	7,315,446	7,733,905
- amounts in other currency	103,635	102,183
Restricted bank accounts	-	-
- short-term		
- LEI	-	-
- foreign currency	-	-
Cash in	20,541	17,911
- amounts in LEI	20,515	17,885
- amounts in other currency	26	26
Bank deposits	-	-
- amounts in LEI	-	-
- amounts in other currency	-	-
Total cash or cash equivalent at Company's disposal	**7,439,622**	**7,853,999**
Restricted bank accounts Short-term / lei	-	-
Total	**7,439,622**	**7,853,999**

(in Romanian lei, if not otherwise specified)

13 SOCIAL CAPITAL

Shares

On 31 December 2022 shareholders' structure was as follows:

	31 December 2022 Number of shares	31 December 2022 Value of subscribed and paid capital (LEI)	31 December 2022 Percentage owned (%)
Herz Armaturen GesbH	13,197,352	1,319,735	32.9934
Hric Beteiligungs Ges.m.b.h	10,400,000	1,040,000	26.0000
Tridelta Heal Herz Beteiligungsgesellschaft	6,703,418	670,342	16.7585
Natural persons	5,706,897	570,689	14.2672
Legal bodies	3,992,333	399,234	9.9809
Total	**40,000,000**	**4,000,000**	**100.0000**

The total authorised number of the shares is of 40,000,000 with a net value of 0.1 Lei per share.

On 31 December 2023 shareholders' structure was as follows:

	31 December 2023 Number of shares	31 December 2023 Value of subscribed and paid capital (LEI)	31 December 2023 Percentage owned (%)
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 Beteiligungsgesellschaft SA	6,703,418	670,341	16,7585
Natural persons	5,684,553	568,456	14,2114
Legal persons	1,220,927	122,093	3,0523
Total	**40,000,000**	**4,000,000**	**100.0000**

The total authorised number of the shares is of 40,000,000 with a net value of 0.1 Lei per share.

(in Romanian lei, if not otherwise specified)

14 SUPPLIERS AND OTHER DEBTS

	31 December 2023	**31 December 2022**
Trade payables	170,105	184,763
- related with associates (note 27)	-	-
Settlement with affiliates regarding capital	100	100
Employee related debts, contributions, social securities	121,620	84,137
Value-added tax	-	-
Debts of income tax (note 17)	-	-
Other debts	97,231	97,477
	389,056	**366,477**
Less long-term segment:	-	-
Current segment of trade payable and of other debts	**389,056**	**366,477**

15. LOANS

	31 December 2023	**31 December 2022**
Short-term		
Short-term loan	-	-
Long-term loans		
Long-term loans	-	-

In 2021 SC ARMATURA SA received a notification from Herz Armaturen Ges.m.b.H informing that they have concluded with Koro Lando Real Estate SRL, a contract for the assignment of the entire claim that Herz Armaturen Ges.m.b.H has towards the subscriber Armatura SA as a consequence the Company has compensated the debt towards the assignee Koro Lando Real Estate at the end of December 2021 with the debt towards the latter resulting from the sale of buildings and land, so that as of 31.12.2021 the Company Armatura SA no longer records debts from loans received nor related interest.

(in Romanian lei, if not otherwise specified)

Loans are guaranteed in this follows:

	31 December 2023	**31 December 2022**
Tangible non-current assets	-	-

16. LEASING AND RIGHT TO USE THE ASSETS

As at 31 December 2021, the Company had entered into a lease agreement with Koro Lando Real Estate SRL for the lease of buildings and land, starting from 16 December 2021 until 31 December 2024. For this contract the Company has applied the IFRS 16 treatment.

Thus, the situation of the right of use of the leased assets as of 31 December 2022 is as follows:

Right of use	**Lands and Buildings**	**Total**
Cost		
Value at 1 January 2022	**-**	**-**
Transfers	-	-
Inputs	1,222,711	1,222,711
Outputs	-	-
Value on 31 December 2022	**1,222,711**	**1,222,711**
Amortisation		
Value on 1 January 2022	-	-
Amortisation during the year	840,336	840,336
Value on 31 December 2022	**840,336**	**840,336**
Net book value	**382,375**	**382,375**

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

Right of use	**Land and Buildings**	**Total**
Cost		
Value on 1 January 2023	**1.222.711**	**1.222.711**
Transfers	-	-
Entries	1.191.135	1.191.135
Outputs	-	-
Value at 31 December 2023	**2.413.846**	**2.413.846**
Depreciation		

Value on 1 January 2023	840.336	840.336
Depreciation in year	865.737	865.737
Value at 31 December 2023	**1.706.072**	**1.706.072**
Net book value	**707.774**	**707.774**

16. LEASING AND RIGHT TO USE THE ASSETS (continuation)

The maturity of lease payments at the end of 2023 is shown in the table below:

Maturity of leasing payments	Total value	Interest	Net value
Year 31.12.2023	401,019	10,277	390,742
Total	**401,019**	**10,277**	**390,742**

17. CURRENT AND DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	31 December 2023	31 December 2022
Deferred tax receivables:		
– Deferred tax receivables to recover in less than 12 months	164,464	153,012
Deferred tax liabilities:		
– Deferred tax liabilities		
to recover in more than 12 months	-	-
to recover in less than 12 months		
	164,464	**153,012**

(in Romanian lei, if not otherwise specified)

17. CURRENT AND DEFERRED INCOME TAX

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

	On 31 December 2022	(Debit) / credit in profit and losses account	Credited in the overall result	On 31 December 2023
Payables for deferred tax			**-**	**-**
Provision for trade receivable	-119,736	-8,595	-	-128,331
	-	-	-	-
Provision for inventories	-	-	-	-
Provision for fixed assets				
	-	-		-
Provisions for unused holidays, provision reorganization				
	-33,276	143		-33,133
Receivables in respect of deferred tax	**-153,012**	**-8,452**	**-**	**-161,464**
Effect of deferred net tax	**-153,012**	**-8,452**	**-**	**-161,464**

(in Romanian lei, if not otherwise specified)

In determining the book and tax value of debts and receivables we have taken into account:

- under provisions the credit balance of account 151 "provisions" with the mention that the items representing adjustments to provisions have been taken into account when determining taxable profit;
- as regards the value of machinery in year 2023 there were no "Operating expenses on adjustments for depreciation of fixed assets" (account 6813);
- In establishing the book value of receivables we used the Closing debit balance of account 4111 + Closing debit balance of account 418 - Closing credit balance of account 491. When calculating the tax value at book value we added the future deductible amounts (credit balance of account 491).

Thus, the final debit balance of account 4412 representing the deferred income tax receivable is 164,464 lei, following which the amount of 8,452 lei (SF - SI) will be recorded in the accounts through the accounting note:

4412=792 8,452

The composition of the debit balance of account 4412 as at 31.12.2023 is :

- Receivable from provisions = 33.133 lei
- Receivable from customers = 128,331 lei.

17. CURRENT AND DEFERRED INCOME TAX (continued)

	31 December 2023	**31 December 2022**
Initial balance	-	-
Income tax of the year	-	-
Income tax payment along the year	-	-
Balance at the end of the year	**-**	**-**

18. PROVISIONS FOR RISKS AND COSTS

	Provisions for customers guarantees	**Provisions for restructuring**	**Other provisions**	**Total**
On 1st January 2022	16,955	288,656	7,080	**312,691**
On 31 December 2023	**0**	**177,888**	**29,196**	**207,084**

(in Romanian lei, if not otherwise specified)

(a) Other provisions

At the end of each period, the Company establishes provisions for the amount of unused vacation leave of its employees. The Company has also made provisions for possible penalties from suppliers due to late payment of overdue trade debts.

(b) Provisions for restructuring

As a result of the cessation of the production activity, the Company has set up a provision for compensation payments for all employees in the amount of 288,656 ron according to the collective labour agreement valid in the previous year at Company level.

19. OTHERS (LOSSES) / GAINS - NET

	2023	**2022**
(Loss)/gain from tangible assets assignment	-	-
(Cost) / reassignment of provision for inventories	-	-
(Cost) / reassignment of provision for receivables	28,373	10,300
Other net costs / gains	-	-
Total	**28,373**	**10,300**

20. OTHER OPERATING EXPENSES

	2023	**2022**
Travel and per diem expenses	36,838	14,034
Rents	69	611
Insurances	8,985	15,334
Repairs and maintenance	40,815	23,754
Transportation	12,891	9,244
Taxes and similar fees	30,418	26,429
Advertising and protocol	26,867	16,728
Commissions and fees	2,058	2,432
Others	317,299	398,285
Total	**476,240**	**506,851**

(in Romanian lei, if not otherwise specified)

21. PERSONNEL EXPENSES

	2023	**2022**
Salaries and allowances	785,026	916,135
Social security costs	21,163	22,526
Subsidies for wages and salaries	-	-
Total	**806,189**	**938,661**

21 PERSONNEL EXPENSES (CONTINUATION)

Number of employees

	2023	**2022**
Number of employees	8	7
Management personnel	1	1
Administration personnel	4	3
Production personnel	3	3

22 FINANCIAL INCOMES AND EXPENSES

	2023	**2022**
Interest expenses:		
- Loans contracted from shareholders	-	-
Exchange rate differences	1,762	44,260
Exchange rate incomes	2,322	3,570
Net financial expenses	561	40,690
-Interest expenses	12,620	18,644
- Incomes from interests of short-term bank deposits	419,631	51,320
Financial incomes	**407,011**	**-32,676**
Financial costs, net	**407,572**	**8,016**

(in Romanian lei, if not otherwise specified)

23 INCOME TAX

	2023	2022
Current tax:		
Current tax on the tax corresponding to the year	-	-
Total current tax	-	-
Deferred tax (note 16):	-	-
Temporary difference occurrence and reassignment	-	-
Total deferred tax	-	-
Income tax cost	-	-

24 INCOMES by CATEGORIES

Analysis of incomes by categories

	31 December 2023	31 December 2022
Sales of goods	1,821,867	2,088,674
Revenue from services	-	6,656
	1,821,867	**2,095,330**

Revenue analysis by geographical area

	31 December 2023	31 December 2022
Intra-community sales - Europe	-	1,262
Internal revenue	1,821,867	2,094,068
	1,821,867	**2,095,330**

24 CONTINGENCIES

(a) Litigation

The company has disputes with business partners arising in the normal course of business activity 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 concern 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 and duties were paid or accrued at the date of the financial statements. The tax system in Romania is in the process of consolidation and harmonization with European legislation, and there may be different interpretations by the authorities regarding tax legislation, which may give rise to additional taxes, duties and penalties. In case the state authorities discover violations of the Romanian legal provisions, they may determine as appropriate: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment surcharges applied to the amounts actually outstanding). Therefore, the tax penalties resulting from violations of legal provisions may reach significant amounts to be paid to the State. The company considers that it has paid all taxes, duties, penalties and penalty interest, to the extent applicable, on time and in full.
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 price

Under the relevant tax legislation, the tax assessment of a related party transaction is based on the concept of the market price of that transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between entities between which there is no affiliation and which act independently, based on "normal market conditions".

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

(b) Financial crisis

Recent volatility in 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 and casual sectors, higher interbank lending rates and very high stock market volatility.

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 continued decline in financial market liquidity and the increased volatility of national currency exchange rates and equity market indices. Management believes that it has taken all necessary steps to ensure the Company's continuity under current conditions.

Impact on liquidity:

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

Impact on clients/borrowers:

The Company's customers and other debtors 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 cash flow forecasts and assessment of impairment of financial and non-financial assets. To the extent information is available, management has appropriately reflected revised estimates of future cash flows in the impairment assessment.

26.TRANSACTIONS WITH RELATED PARTIES

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

Herz Armaturen Ges.m.b.H - shareholder;
Herz d.o.o - entity under common control
Koro Lando Real Estate SRL - entity under common control
Herz Armatura i Systemy Grzenwcze sp. Z. O.o - entity under common control Herz Industries G.m.b.H - entity under common control

Goods and Services Sale

	2023	**2022**
Goods sale	-	-
Shareholder	-	-
Entities under mutual control with the shareholder	-	-
Services sale	-	-
Shareholder	-	-
Entities under mutual control with the shareholder	-	-
Total	**-**	**-**

(in Romanian lei, if not otherwise specified)

26. TRANSACTION WITH RELATED PARTIES (continuation)

Purchases of goods and services

	2023	**2022**
Purchases of goods	-	-
Shareholder	-	-
Entities under mutual control with the shareholder	-	-
Purchases of services	-	*806,722*
Significant shareholder	-	-
Entities under mutual control with the shareholder	-	-
Purchases of fixed assets	-	-
Significant shareholder	-	-
Entities under mutual control with the shareholder		-
Total	**0**	**806,722**

Compensation of key management personnel

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

	2023	**2022**
Members of Board	-	-
Management personnel	214,422	195,044

Year-end balances resulting from sales/purchases of goods/services

	2023	**2022**
Trade receivables from the shareholder	-	-
Trade receivables from the entities under mutual control with the shareholder	-	-
	-	**-**
Trade payables with the shareholder	-	-
Trade payables with the entities under mutual control with the shareholder	-	-
Advances from the shareholder	-	
	-	**-**

	2023	2022
Loans from the shareholder	-	-
Interest of the year	-	-
Interest to be paid at the end of the period	-	-

Receivables from related parties arise mainly from sale transactions and are due between 30 and 90 days from the date of sale, depending on the contractual terms negotiated. The receivables are unsecured and non-interest bearing. The receivable from Koro Lando Real Estate SRL, acquired following the sale of the properties that the Company owned, is due on 31 December 2022.

As at 31 December 2022 and 31 December 2023 no provision has been made for receivables from related parties.

On 14 December 2021, the sale-purchase contract was concluded, authenticated under number 9617/14.12.2021 by the Notary Professional Society Gorun&Asociații, whereby ARMĂTURA SA sold the real estate it owned, located in Cluj-Napoca, 19 Gării Street, Cluj County, to KORO LANDO REAL ESTATE SRL.

The sale was carried out on the basis of 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 RON equivalent of 9,500,000 EURO, at the BNR exchange rate on the day of payment. The receivable resulting from the sale of the properties was partially offset against the Company's debts to the transferee company Koro Lando Real Estate SRL, and the remaining receivable in the amount of EUR 2,149,114.50 was collected in October 2022.

Our company has prepared the financial statements as at 31/12/2023 in electronic xhtml 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 has no direct exposure to Russia or Ukraine and has no customers, suppliers or operations in these countries.

Our company is closely monitoring events inside Ukraine, and the outbreak of this war has naturally generated a major stock market correction that has spread globally. At the time of preparation of these financial statements the company is not in a position to reliably estimate the impact, as events are in a constant state of flux from day to day.

28 EVENTS AFTER THE BALANCE SHEET DATE

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

The financial statements were signed today 04 March 2024.

Administrator,
Ştefan Bogdan

Drawn up by,
Ec. Rus Dana

SOCIETATEA COMERCIALĂ ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMANIA

ARMĂTURA SA

ANNEX A : ADMINISTRATORS' REPORT

MANAGEMENT REPORT

2023

Company data:

Registered office: 400267 Cluj-Napoca. Str. Gării. Nr. 19
Telephone: +40 371 784 884
Fax: +40 371 784 881
E-mail: office@armatura.ro
Website: www.armatura.ro
Unique registration code: RO 199001
Trade Register number: J 12/13/1991
Authorised capital subscribed and paid: 4,000,000 RON
The Company has no subsidiaries.

Data on shareholders and shares issued:

Consolidated summary shareholder structure as of 31.12.2023, according to information provided by the Central Depository:

Holder's denomination	**Percentage %**
Herz Armaturen	32.9934
Hric Beteiligungs	32.9844
Tridelta Heal Beteiligungsgesellschaft	16.7585
Natural persons	14.2114
Legal bodies	3.05232
Total	**100.00**

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

Main features of the securities issued by the company:

- Number of shares: 40,000,000;
- Nominal value: 0.1 RON/share;
- Nominative shares issued in dematerialised form, registered in independent register SC Depozitarul Central SA;
- The Company has not acquired own shares during financial year 2023;
- There are no restrictions related to securities transfer issued by the Company;
- There are no securities holders as issued by the Company having special rights of control and a description of these rights;

- There are no plans of granting shares to the employees;
- There are no restrictions regarding voting rights;
- There is no knowledge about shareholders agreements known by the entity and which may have as result restrictions related to securities transfer and / or to voting rights;
- Designation or replacing the members in the Board of Directors and company acts amendment shall be done with OGMS approval.

Corporate governance:

The Company has shares listed to Bucharest BVB. Consequently, the company applies all the legal, in force regulations: the updated Act 31/1990, OMFP 2844/2016 for the approval of Accounting Regulations pursuant the International Financial Reporting Standard, ASF 05 / 2018 regulation on reports, Act 297 / 2004 on capital market, BVB regulations and others. All these documents are public. Up to the date of this report, the Company had not yet adhered to the Corporate Governance Code issued by Bucharest Stock Exchange in 2015. The Company had implemented an Organisation and Operating Regulation as well as an Internal Regulation Policy intended to ensure operations under safety parameters and achieving Company's objectives. The internal control system fulfils the intended objectives and no significant deficiencies were found in the internal system functioning. The implemented principles of the internal control system are the segregation of decisions, the existence of automatic controls integrated in the information application, authorisation limitations, cyclic reporting, etc. The company has designated an internal auditor but not an audit board. There is not a separate investors care department. The Company entered into a contract with an authorised financial auditor, pursuant the legal requirements checking the financial statements pursuant the legal in force provisions. The General Meeting has the competences provided by Act 31/1990 with the corresponding amendments and by the company act in force at the date of general meeting. The method for Shareholders General Meeting organisation and its key responsibilities are in compliance with the in-force legislation and with Company's Memorandum and Articles of Association. The shareholders' rights and the method of their exercising are provided by applicable legislation.

Members of the Board of Directors:

- Ştefan Bogdan- chairman of the board of directors
- Damir Rutar – member
- Walter Simmel – member
- Zoran Bankovic – member
- Matthias Haider - member

Activity data:

The object of activity of SC Armatura SA: "Manufacture of valves and fittings".

The main focus of the company from 2021 is the sub-envelopment of commercial and industrial spaces.

Presentation of financial statements:

The documents relating to the economic and financial operations for the reporting period were correctly recorded, in compliance with the accounting principles, rules and accounting methods laid down by the regulations in force.

The rules for the preparation of the financial statements, provided for in the Law no. 82/1991 and the Order of the Ministry of Public Finance no. 2844/2016, have been respected, the data recorded in the Statement of Financial Position correspond to the data recorded in the accounts and are in line with the actual situation of the assets and liabilities.

The statement of comprehensive income faithfully reflects the income, expenses and financial results for the reporting period.

Elements of Financial Position Statement:

No.	Indicator	Balance	
		01.01.2023	31.12.2023
	TANGIBLE ASSETS		
1	Intangible assets	0	0
2	Tangible assets	109,134	117,598
3	Leasing assets right of use	382,375	707,774
4	Financial assets	-	-
5	**INTANGIBLE ASSETS - TOTAL (row 01 to 04)**	**491,509**	**825,372**
	CURRENT ASSETS		
6	Inventories	0	0
7	Receivables	520,450	499,251
8	Advance payments	6,372	12,020
9	Petty cash and bank accounts	7,853,999	7,439,622
10	**CURRENT ASSETS - TOTAL (row 06 to 09)**	**8,380,823**	**7,950,893**
11	**Receivables on deferred income tax**	**153,012**	**161,464**
12	**TOTAL ASSETS (row 5 + row 10 + row 11)**	**9,025,343**	**8,937,729**
	EQUITY AND DEBTS		
	EQUITY		
13	Authorised capital	18,110,957	18,110,957
14	Reserve	1,304,075	1,304,075
15	Retained earnings	-11,365,151	-11,871,593
16	**EQUITY – TOTAL (row 13 to 15)**	**8,049,881**	**7,543,439**

	DEBTS		
17	LONG-TERM DEBTS	392,431	397,032
18	SHORT-TERM DEBTS and PROVISIONS	583,031	997,258
19	**TOTAL DEBTS (row 17 + row 18)**	**975,462**	**1,394,290**
20	**TOTAL EQUITY AND DEBTS (row 16 + row 19)**	**9,025,343**	**8,937,729**

Stock analysis:

On 31.12.2023 the company has no stocks.

The average stock turnover calculated as the ratio of average stock to turnover is as follows:

- *raw materials. materials*

DMRmp = average stock mp / Turnover * 360 days

2022: DMRmp = -not calculated
2023: DMRmp - not calculated

Analysis of claims:

On 31 December 2023, Company's receivables amounting 511,271 RON had the following structure:

	Value lei	**% in total**
Trade receivables:	322,279	63,03 %
Other receivables	188,992	36,97 %

Average time of receivables collection (DM ic):

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

2022: DM ic = [(11.804.576 + 391.502) / 2] /2.095.330 * 360 days = 1.047 days
2023: DM ic = [(391,502 + 322,279) / 2] /1,821,867 * 360 days = 70.52 days

At the end of 2023, the company has provisions, from previous years, for the impairment of trade receivables in the amount of 802,072 lei.

Analysis of payment obligations:

The company's payment obligations at 31.12.2023 are structured as follows:

Category	Balance in Lei
Suppliers	170,305
Settlements with associates for capital	100
Personnel-related debts and corresponding social contributions	98,227
Value-added tax	-
Current profit tax	-
Other debts	120,524
TOTAL	**389,156**

Analysis of loans and other loans:

The company no longer holds loans.

Statement of comprehensive income as at 31.12.2023

The statement of comprehensive income as at 31.12.2023 comprises: net turnover, income and expenses for the year, grouped by type, and the result for the year.

No. Crt.	Indicator name	Financial year : 31.12.2023	31.12.2022
1	Net turnover	1.821.867	2.095.330
2	Operating result Profit	-	-
	Losing	922.467	853.772
3	Financial result Profit	407.571	-
	Losing	-	8.016
4	Gross Profit Profit	514.896	-
	Losing		861.788
5	Current and deferred income tax	8.452	23.811
6	Net Profit Profit	-	-
	Losing	506.443	885.599

Risks and uncertainties:

The management of the company constantly identifies, analyses and develops strategies to combat the risks to which the company is exposed in the course of its business.

Given that a significant portion of the company's sales were for export, a risk of the company that was closely monitored was the currency risk. As of 2021, when the Company is engaged in the sub-leasing of space, this risk is no longer applicable, as customers are mainly domestic.

Due to the general economic environment, the liquidity and cash flow risk was a major concern for the company's management and attempts were made to find optimal solutions to combat these risks, including: analysis of bond maturities, debt recovery efforts, optimal use of banking resources, etc.

On 14 December 2021, the sale-purchase contract was concluded, authenticated under number 9617/14.12.2021 by the Notary Professional Society Gorun&Asociații, whereby ARMĂTURA SA sold the real estate it owned, located in Cluj-Napoca, 19 Gării Street, Cluj County, to KORO LANDO REAL ESTATE SRL.
The sale was carried out on the basis of 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 RON equivalent of 9,500,000 EURO, at the BNR exchange rate on the day of payment. As a result of the sale of the buildings, Armatura SA fully offset the loan of EUR 5,000,000 due to the transferee Koro Lando Real Estate and the related interest with the receivable from the sale of the buildings.

Significant events after the end of the financial year

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

Cluj Napoca

Administrator,
Stefan Bogdan

SOCIETATEA COMERCIALA ARMĂTURA S.A. CLUJ-NAPOCA ROMANIA 2

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 31.12.2023
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 31.12.2023 and hereby confirm that:

a. The annual financial statements on 31.12.2023 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

SOCIETATEA COMERCIALĂ ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMANIA

In attention of:***Bucharest Stock Exchange***

Financial Supervisory Board

DECLARATION OF COMPLIANCE WITH
BUCHAREST STOCK EXCHANGE CORPORATE GOVERNANCE CODE

31st of December 2023

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 investors before appointment and during his/her office.		No	Pending for implementation

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 company and its subsidiaries with related parties.		No	The audit committee is not implemented.

B.6 The audit committee should evalu- ate 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 com- pany 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 relevant information of interest for the investors, included:		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".
D.1.2 Professional CVs of the members of its governing bodies, a Board mem- ber's other professional commitments, including	Yes		The CVs of the members of the Management Board are published on the website

executive and non-executive Board positions in companies and not-for-profit institutions;			
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 de- tailed 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 Directors
Stefan Bogdan

SOCIETATEA COMERCIALĂ ARMĂTURA S.A. 2 CLUJ-NAPOCA ROMÂNIA

S.C. ARMĂTURA S.A.
CLUJ - NAPOCA
Nr. INTRARE 57
IEŞIRE
ANUL 2024 LUNA 03 ZIUA 04

PREMIER CLASS AUDIT

INDEPENDENT AUDITOR'S REPORT

To,

ARMĀTURA S.A. COMPANY SHAREHOLDERS

Report on the financial statements

OPINION

We audited the attached individual financial statements of the company ARMĂTURA S.A., with headquarters in Cluj - Napoca, Str. Gării no. 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 the amendments and clarifications subsequent ones, which include the statement of the financial position as of December 31, 2023, the statement of the overall result, the 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:

• Net assets / Total capital	7,543,439 lei
• Financial year result / Loss	506,443 lei

In our opinion, the financial statements of ARMĂTURA S.A. faithfully presents under all significant aspects the financial position of the company on December 31, 2023, its financial performance and cash flows for the exercise 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 International Auditing Standards ("ISA"), EU Regulation no. 537/2014 of the European Parliament and Council of April 16, 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 Financial Statements" section of our report.

We are independent from the Company, according to the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA code), according to the ethical requirements that are relevant for the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled ethical responsibilities under these requirements and under 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 the international level on the Russian Federation, respectively Belarus, and the energy crisis implicitly determines the existence of a risk regarding the possibility of unpredictable developments regarding the level of economic and financial indicators budgeted by the Company, respectively reconsidering the aspects that were the basis for estimating the inventory values for the Company's assets.

The management of the Company's financial situation depends on how management approaches 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 date of the audit report, the company has taken specific measures to ensure that the company's activity runs smoothly and under normal conditions.

Our audit opinion does not contain a reservation in relation to the said matter.

Key audit matters

Key audit matters are those matters that, based on professional judgment, had the greatest importance in performing the audit of the financial statements and were addressed in the context of the audit of the financial statements as a whole and in forming our opinion on them, and we do not provide a separate opinion with regarding these key aspects.

Key audit matters	Approach within the audit mission
Revenues mainly include revenues from the subletting of commercial and industrial premises. We have identified revenue recognition as a key audit matter because revenue represents one of the Company's key performance indicators and therefore there is an inherent risk in relation to its recognition by management to meet specific objectives or expectations.	Our audit procedures for evaluating revenue recognition included the following: • Testing the effectiveness of the Company's key controls to prevent and detect fraud and errors in revenue recognition. This procedure included testing the controls for revenue recognition based on the services performed by reference to a sample of transactions; • Inspection of contracts with customers, on a sample basis, to understand the terms of sublease transactions, to assess whether the company's revenue recognition criteria were in accordance with the requirements of the accounting standards in force;

	• Evaluation, on a sample basis, of the recognition in the financial period corresponding to the 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: • Reviewing the sales ledger after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related revenue has been accounted for in the appropriate financial period;
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 regarding reporting; • Law 297/2004 on the capital market; • BVB regulations, etc.	• In the 2023 financial year, the economic activity of the company as a whole is lower than in previous years, a fact that required additional audit diligence to issue the audit opinion; • Issuing an audit opinion required the identification of values and amounts that significantly influence the values from the annual financial statements and which are in the category of values that require additional procedures on the part of the auditor to reduce the audit risk; • Obtaining and evaluating responses received from Company management and discussing potential exposures with Company management. In this sense, special attention was paid to the analysis of the company's development strategy for the next period;

Management's responsibilities for financial statements

The management of the company 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 an internal control relevant to the preparation and faithful presentation of financial statements that do not contain significant distortions due to fraud or error; selection and application of appropriate accounting policies; the development of reasonable accounting estimates in the given circumstances.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting, if applicable, the going concern aspects and for using accounting on a going concern basis, unless management either intends to liquidate the Company or cease operations, or has no other realistic alternative.

Those charged with 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 that we comply with the Chamber's ethical requirements, plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Misstatements can be caused either by fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of not detecting a material misstatement due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations and avoidance of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related information presentations made by the management.
- Form a conclusion on the appropriateness of management's use of going concern accounting and determine, based on the audit evidence obtained, whether there is a significant uncertainty about events or conditions that could cast significant doubt on the ability Company to continue its activity. If we conclude that a material uncertainty exists, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to stop operating on a going concern basis.
- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

We communicate to those charged with governance, among other things, the planned scope and timing of the audit, as well as key audit findings, including any significant internal control deficiencies, that we identify during the audit.

Other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders to audit the financial statements of the company for the financial year ended on 31.12.2023.

The total uninterrupted duration of our commitment is one year, covering the financial year ending on 31.12.2023.

We have not provided prohibited non-audit services for the company, referred to in art. 5 paragraph (1) of Regulation UR 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 shareholders of the company those aspects that we have to report in a Financial Audit report, and not for other purposes. To the extent permitted by law, we do not accept or assume responsibility except to the company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

The attached 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 the International Financial Reporting Standards. Therefore, the attached financial statements are not prepared for the use of people who do not know 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 drawn up is Sergiu Cobîrzan.

Other information – Report of Administrators

Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with the requirements of the O.M.F.P. no. 2844/2016, points 15 – 19, which do not contain significant distortions and for that internal control that the management considers necessary to allow the preparation of the administrators' report which does not contain significant distortions, 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 administrators' 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 state that:

- In the administrators' report, we have not identified any information that is not consistent, in all significant aspects, with the information presented in the attached individual financial statements;
- The administrators' report identified above includes, in all material respects, the information required by O.M.F.P. no. 2844/2016, points 15-19;
- Based on our knowledge and understanding acquired during the audit of the financial statements for the financial year ended on 31.12.2023 regarding the Company and its environment, we have not identified any information included in the Directors' Report that is significantly erroneous.

Regarding the Remuneration Report, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the individual financial statements for the financial year ended on December 31, 2023, we report that it has been drawn up, in all aspects significant, in accordance with the provisions of Law 24/2017, paragraphs 106-107, and we have not identified significant distortions in the manner of its preparation.

ec. Sergiu COBIRZAN – Financial auditor
Registered in the Public Register of auditors financial and audit firms with AF number 4517

Autoritatea pentru Supravegherea Publica a Activitatii de Audit Statutar (ASPAAS)
Firma de Audit
PREMIER CLASS AUDIT SRL
Registrul Public Electronic: FA1195

In the name:
PREMIER CLASS AUDIT S.R.L.
Registered in the Public Register of auditors financial and audit firms with number FA 1195

Autoritatea pentru Supravegherea Publica a Activitatii de Audit Statutar (ASPAAS)
Auditor Financiar
COBIRZAN SERGIU BOGDAN SRL
Registrul Public Electronic: AF4517

Cluj Napoca, 06.03.2024

S.C. ARMĂTURA S.A.
CLUJ - NAPOCA
Nr. INTRARE 57
~~IEȘIRE~~
ANUL 2024 LUNA 03 ZIUA 07

PREMIER CLASS AUDIT SRL
J12/2994/2013, C.I.F.: RO 32310697
Cluj Napoca, Judet Cluj

To: Armătura S.A. Shareholders

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

1. We performed a reasonable assurance commitment on the compliance of the financial statements presented in XHTML format of the ARMĂTURA S.A. compan. (the Company) for the financial year ended on December 31, 2023, with the requirements of Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 with regard to regulatory technical standards regarding the specification of a single electronic reporting format ("ESEF Regulation").

2. These procedures refer 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 on December 31, 2023 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.

Responsibilities of management and those charged with governance of the Company for digital files prepared in accordance with the ESEF.

3. The management of the company 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.

4. The management's responsibility includes: designing, implementing and maintaining the internal controls that it considers necessary to allow the preparation of financial statements in ESEF format that are free of significant distortions reported in the ESEF Regulation.

5. Personnel responsible for governance are responsible for overseeing the financial reporting process regarding the preparation of financial statements, including the application of the ESEF Regulation.

Auditor Responsibilities Regarding the Audit of Digital Files

6. Our responsibility is to express an opinion regarding reasonable assurance regarding the compliance of the electronic format of the financial statements with the requirements of the ESEF.

7. We have performed a reasonable assurance engagement in accordance with ISAE 300 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000 (revised)). This standard requires us to comply with ethical standards, plan and carry out our mission so as to obtain reasonable assurance about the extent to which the Company's electronic financial statements are prepared, in all material respects, in accordance with the ESEF Regulation. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatements relative to the requirements of the ESEF Regulation, whether due to fraud or error.

8. Reasonable assurance is a high level of assurance, but is no guarantee that an assurance engagement conducted in accordance with ISAE 3000 (Revised) will always detect a material misstatement relative to the requirements, if any.

9. We apply International Standard on Quality Control 1, "Quality Control for Firms Performing Audits and Reviews of Financial Statements, and Other Assurance Engagements and Related Services" and accordingly maintain a robust quality control system, which includes policies and documented procedures regarding compliance with ethical requirements, professional standards and legal and regulatory provisions applicable to auditors registered in Romania.

10. We have maintained our independence and confirm that we have complied with the ethical and independence requirements of the International Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethical Standards Board for Accountants (the IESBA Code).

Procedures performed

11. The objective of the procedures we planned and carried out was 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 Company's electronic reporting format (XHTML), we maintained professional skepticism and applied professional judgment. Also:

- I obtained an understanding of the internal control and processes related to the application of the ESEF Regulation regarding the Company's financial statements, including the preparation of the Company's financial statements in XHTML format;

- I checked whether the electronic format of the financial statements (XHTML) corresponds to the audited financial statements of the Company for the financial year ended on December 31, 2023;

- We evaluated whether the financial statements that are included in the 2023 annual financial report are drawn up in a valid XHTML format.

CONCLUSION

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

Other aspects

13. Our report has the exclusive purpose set out in the first paragraph of this report, it is prepared for the information of the Company's Shareholders and for submission to the Financial Supervisory Authority and the Bucharest Stock Exchange. Our report should not be considered suitable for use by any party seeking to acquire rights against us other than the Company for any purpose or 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 its own risk.

14. Our engagement was made in order to be able to report to the Shareholders of the Company those matters which we are required to report in an independent limited assurance report and for no other purpose.

ec. Sergiu COBIRZAN - Partener
Înregistrat în Registrul Public al auditorilor financiari și firmelor de audit cu numărul AF 4517

În numele:
PREMIER CLASS AUDIT S.R.L.
Înregistrată în Registrul Public al auditorilor financiari și firmelor de audit cu numărul FA 1195

Cluj Napoca, 06.03.2024

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Firma de Audit
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Autoritatea pentru Supravegherea Publica a Activitatii de Audit Statutar (ASPAAS)
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