

ARMĀTURA SA
INDIVIDUAL FINANCIAL STATEMENTS
FOR THE QUARTER ENDED ON MARCH 31 2022
DRAFTED PURSUANT TO FINANCIAL REPORTING INTERNATIONAL
STANDARDS ADOPTED BY THE EUROPEAN UNION



CUPRINS	PAGINA
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF REVENUES AND EXPENSES	5
STATEMENT OF GLOBAL RESULT	6
STATEMENT OF MODIFICATIONS OF EQUITY CAPITAL	7
STATEMENT OF TREASURY FLOWS	8
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS	9 – 22

ARMATURA SA
STATEMENT OF FINANCIAL POSITION
ON 31 MARCH 2022
(in lei, if not mentioned otherwise)

		01st January 2022	31st March 2022
Asset			
Fixed assets			
Tangible assets	6	247.525	134.701
Intangible assets	7	<u>294</u>	<u>221</u>
Right of use of assets			
In leasing		1.189.098	1.189.098
Total fixed assets		<u>1.436.917</u>	<u>1.324.020</u>
Current assets			
Stocks	11	1.484	0
Clients and other claims		11.812.855	11.066.381
Cash and cash equivalents	12	658.444	1.284.431
Short-term financial assets		<u>0</u>	<u>0</u>
Total current assets		<u>12.472.783</u>	<u>12.350.812</u>
Tax receivables on Deferred profit		176.823	176.823
Total assets		<u>14.086.523</u>	<u>13.851.655</u>
Equity and debts			
Registered capital	13	18.110.957	18.110.957
Reserves		1.304.075	1.304.075
Reported result		<u>-10.479.552</u>	<u>-10.573.498</u>
Total equity		<u>8.935.480</u>	<u>8.841.534</u>
Long term debts			
Loans		-	-
Debts from leasing operations	16	392.431	392.431

ARMATURA SA
STATEMENT OF FINANCIAL POSITION
ON 31 MARCH 2022
(in lei, if not mentioned otherwise)

Note	01 st January 2022	31 st March 2022
Current debts		
Suppliers and other debts 14	3.649.154	323.480
Settlements with shareholders on registered capital	100	100
Loans 15	0	0
Debts from leasing operations 16	796.667	796.667
Provisions for risks and expenses 18	312.691	283.087
Total current debts	4.758.612	1.403.334
Total debts	5.5151.524	4.618.691
Total equity and debts	14.086.523	8.841.534

Administrator,

Stoïna Vlad Iulian



Drafted by,

Ee.Rus Dana




ARMATURA SA
STATEMENT OF REVENUES AND EXPENSES
FOR THE QUARTER ENDED ON 31 MARCH 2022
(in lei, if not mentioned otherwise)

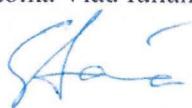
	Note	31st March 2021	31st March 2022
Income		425.754	865.471
Other operating income		36.112	64.782
Variation of finished products stocks and undergoing production		-24.795	54.210
Raw materials and materials		-34.466	-41.729
Cost of merchandise		-81.572	-55.251
Staff expenditure	21	-273.353	-270.727
Utilities expenditure		-97.428	-134.389
Services rendered by third parties		-109.026	-89.641
Amortisation and depreciation of fixed assets		-103.758	-10.844
Net movement in provision for other risks and expenditure	18	7.002	-29.604
Other operational expenditure	20	<u>-124.270</u>	<u>-345.909</u>
Other revenues / (losses), net	19	43.056	0
Operational result		-336.744	-102.631
Financial income		0	10.3679
Financial expenses		<u>-518.218</u>	<u>-1.683</u>
Net financial loss	22	<u>-518.218</u>	<u>8.684</u>
Loss before taxation		-854.962	-93.947
Income / (Expense) with profit tax current and delayed	23	<u>-</u>	<u>-</u>
Net loss related to the exercise		<u>-854.962</u>	<u>-93.947</u>
Number of shares issued		40,000,000	40,000,000
Basic and diluted earnings per share		<u>-0.0214</u>	<u>-0.0023</u>

The appended notes represent an integral part of the financial statements hereof.

ARMATURA S.A.
STATEMENT OF GLOBAL RESULT FOR
THE QUARTER ENDED ON 31 MARCH 2022
 (in lei, if not mentioned otherwise)

Note	31 st March 2021	31 st March 2022
Loss related to exercise	<u>16.192.875</u>	<u>-93.947</u>
Other elements of the global result:		
Gain /(Loss) from revaluation of buildings	-	-
Impact of deferred tax on revaluation reserves	-	-
Other elements of the global result Related to the year, net tax	-	-
Total overall result for the year	<u>16.192.875</u>	<u>-93.947</u>

Administrator ,
Stoina Vlad Iulian




Drafted by,
Ec.Rus Dana



ARMATURA S.A.
 STATEMENT OF MODIFICATIONS OF EQUITY
 FOR THE QUARTER ENDED ON 31 MARCH 2022
 (in lei, if not mentioned otherwise)

	Registered capital	Reserves reassessment	Other reserves	Reported result	Total
Balance at 1 January 2021	<u>18,110,957</u>	-	-	<u>1,304.075</u>	<u>8,935,480</u>
Profit/Loss related to the year	-	-	-	<u>-93,946</u>	<u>-93,946</u>
Other elements of global result	-	-	-	-	-
Reserves from reassessment	-	-	-	-	-
Total global result	-	-	-	<u>-93,943</u>	<u>-93,943</u>
Balance at 31 March 2022	<u>18,110,957</u>	-	-	<u>1,304.075</u>	<u>8,841,534</u>

Administrator ,

Stoïna Vlad Iulian



Drafted by,

Ec.Rus Dana




The appended notes represent an integral part of the financial statements hereof.
 7

ARMATURA S.A.
INDIVIDUAL STATEMENT OF TREASURY FLOWS
FOR THE QUARTER ENDED ON 31 MARCH 2022

(in lei, if not mentioned otherwise)

	1 st January	31 st March
Note	<u>2022</u>	<u>2022</u>
Cash flows from the operating activities		
Cash generated from operations	23	<u>-472.444</u>
Interest paid		-
Net cash generated from operating activities		<u>-472.444</u>
Cash flows from investment activities		
Purchase of tangible assets		0
Net proceeds from the sale of tangible assets		93.406
Interest received		0
Net cash used in investment activities		<u>93.406</u>
Cash flows from financing activities		
Settlements from shareholders		-
Net cash used in financing activities		<u>-</u>
Net modification of cash and cash equivalents		<u>-379.037</u>
Cash and cash equivalents at the beginning of the year	12	<u>1.037.481</u>
Increases /- Decreases		<u>-379.037</u>
Cash and cash equivalents at the end of the year	12	<u>658.444</u>
		<u>1.284.431</u>

Administrator,

Stoina Vlad Iulian




Drafted by,

Ec.Rus Dana



ARMATURA S.A.
NOTES TO INDIVIDUAL FINANCIAL SITUATIONS FOR THE QUARTER REFERRED

TO 31 MARCH 2022
(in lei, if not mentioned otherwise)

1 GENERAL INFORMATION

ARMATURA SA ("The Company") was registered at the beginning of 1991 with the Cluj Trade Register as a joint stock company, and at the end of 1996 it ended the privatization process, being currently a commercial company with private capital. The company has its registered office in Cluj Napoca, street Garii, nr. 19, where it also carries out its production activity.

The company has as main activity "Manufacture of tap articles", CAEN code 2814 and activates in the field of metal reinforcements with an experience in the production of reinforcements for thermal installations and water and gas supply, incorporating today in the product portfolio over 1,500 type-of-dimensional items. The Company's clients are national and international companies.

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

The company has no open subsidiaries, is not in association with other companies and does not hold participation titles

The company has 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied when preparing these financial statements are presented below. These policies have been consistently enforced throughout the years presented, unless otherwise stated.

2.1 Basics of preparation

The financial statements of the Company were drawn up in accordance with the provisions of the Order of the Minister of Public Finance no. ANRE President's Order no. 2844/2016, for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications.

These provisions correspond to the requirements of the International Financial Reporting Standards (IFRSs) adopted by the European Union (EU). Effects of changing the exchange rates on functional currency. For the purpose of drawing up these financial statements in accordance with the romanian legislative requirements, the functional currency of the Company is considered to be RON ("Romanian leu").

2.1.2 New accounting regulations

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

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures – Reform of the Benchmark Interest Rate Index – Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods from 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 IFRS 9 has been extended for the annual periods from or after 1 January 2023.

Changes to IFRS 16 Leases Adopted by the EU on August 30, 2021 and are applicable after June 30, 2021.

As of January 1, 2018, the Company has applied the IFRS 15 Revenue from Contracts with Customers standard. IFRS 15 establishes a five-step model that will be applied to the recognition of revenues from a contract entered into with a client (with limited exceptions), regardless of the type of transaction or industry. Also, the requirements of the standard will be applied for the recognition and measurement of gains and losses from the sale of certain non-operational assets that are not the result of the entity's usual activity (e.g., sale of tangible and intangible assets). The extended presentation of information will be provided, including the disaggregation of the total income, information about the execution obligations, changes in the contractual balances of the asset and debt accounts between periods and key reasoning and estimates.

The company obtained in the year income from renting some spaces to other commercial companies until the date of sale of the real estate, and the revenues are measured at the fair value of the amounts collected net. The incomes obtained from the rental of the spaces are recognized when there is the obligation to register a contract, respectively 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 regarding the services to be transferred
- The company can identify the terms of payment for rent
- The contract has commercial content
- As of 31.03.2022, the company has a number of 35 tenants
- The company extended the contracts for an indefinite period
- The company perceives a reasonable level of rents as evidence of the increase in the number of tenants compared to 2020.

Based on the internal assessment of the possible impact resulting from the application of IFRS 15, we consider that it is clear the continuity of the activity supported by the two aspects mentioned above, namely the increase in the number of tenants and the extension of their existing contracts; 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 situation ended March 31, 2022, as a result not adopted:

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

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

Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates (published February 12, 2021) — applicable for periods beginning on or after January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements and Statement of Practice 2 IFRS: Presentation of Accounting Policies (published on 12 February 2021) — applicable 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 during the initial maintenance period.

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

2.2 Segment reporting

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

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

The presentation 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 segment of activity reportable, taking into account the quantitative thresholds and aggregation criteria provided by the standard. Taking into account the quantitative thresholds and aggregation criteria provided by the standard, from the point of view of the business segments, the Company does not identify distinct components from the perspective of the associated risks and benefits.

2.3 Conversion to foreign currency

(a) Functional and presentation currency

The financial statements are presented in lei (RON), the national currency of Romania. The company keeps accounting records in RON, prepares and presents its financial statements in accordance with the specific

legislation in the field and with the Regulations on accounting and financial-accounting reports issued by the Ministry of Public Finance

(b) Transactions and balances

Transactions in foreign currency are converted into functional currency using the exchange rate valid at the time of the transactions. Gains and losses arising from exchange differences arising from the conclusion of these transactions and from the conversion at the end of the financial year, at the end of the year exchange rate of monetary assets and liabilities denominated in foreign currency shall be reflected in the profit and loss account.

Exchange gains and losses which relate to loans and to cash and cash equivalents shall be shown in the profit and loss account within the framework of "financial income or expense". All other exchange rate gains and losses are shown 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. At 31 March 2022, the exchange rate used to convert balances into foreign currency is 1 EUR = 4.9466 RON (1 january 2022 1 EUR = 4.9481 RON). Gains and losses arising from the conversion of monetary assets and liabilities are reflected in the profit and loss account during the year.

2.4 Accounting for the effects of hyperinflation

The Romanian economy went through periods of relatively high inflation and was considered hyperinflationary according to IAS 29 "Financial reporting in hyperinflationary economies" ("IAS 29").

IAS 29 requires that financial statements drawn up in the currency of a hyperinflationary economy 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 cessation of hyper-inflation) are treated as a basis for the carrying amounts in these financial statements.

The company 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 was reflected on the value of the land, the share capital and the retained earnings.

2.5 Property, plant and equipment

Decreases that compensate for increases related to the same asset are recorded alongside other reserves directly in equity; all other deductions are recorded in the profit and loss account. Amounts shown in revaluation reserves are transferred to retained earnings when the asset is derecognised.

Repair and maintenance expenses are recorded in the statement of income and expenditure in the financial period in which they are incurred. The costs of replacing the major components of property, plant and equipment are capitalized and the replaced components are decommissioned.

Gains and losses on disposals arising from the comparison of receipts with carrying amounts are recognised in profit or loss.

The residual value of an asset is the estimated value that could be obtained by the Company from the sale of that asset less the estimated costs of sale, if the asset is already old and corresponds to the conditions attached to the end of its useful life. The residual value of an asset is zero if the Company estimates the use of the asset until the end of its physical life. The residual values of assets and useful life shall be revised, and adjusted accordingly, each balance sheet date.

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

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

Real estate investments

Real estate investments are real estate (buildings) owned by the Company for the purpose of renting or for increasing the value or both, and not for:

- to be used in the production or supply of goods or services or for administrative purposes; or
- to be sold during the normal course of activity

A real estate investment is initially valued at fair value. The accounting policy of the Company regarding the subsequent measurement of real estate investments is based on the fair value model. This policy is uniformly applied to all real estate investments held. The fair value of real estate investments is assessed by appraisers who are members of the National Association of Valuers in Romania (ANEVAR). Thus, the depreciation expense is no longer recognized, and the real estate investment is subject to revaluation with sufficient regularity for recognition at fair value. Gains or losses resulting from the change in the fair value of investment property are recognised in the profit or loss account of the period in which they occur.

2.7 Intangible assets

Software

Acquired licences relating to rights of use of software shall be capitalised on the basis of the costs incurred in acquiring and putting into service the software in question. These costs are amortised over their estimated useful life (three years). Costs related to the development or maintenance of software are recognised as expenditure during the period in which they are incurred

Other intangible assets

In other intangible assets, the software created by the entity or acquired from third parties for its own use needs, as well as other intangible assets owned by the Company, are recorded.

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

2.8 Impairment of non-financial assets

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

2.9 Financial assets

Loans and receivables

Classification

Loans and receivables are financial assets which are not derived from fixed or determinable payments and which are not listed on an active market. They shall be included in current assets, with the exception of those which have a maturity period of more than 12 months from the balance sheet date. They are classified as fixed assets

Recognition and evaluation

Regular purchases and sales of financial assets are recognised at the trading date – the date on which the Company undertakes to buy or sell that asset.

Financial assets cease to be recognised when the right to receive cash flows from investments expires or is transferred and the Company transfers all risks and benefits of ownership.

Loans and receivables are recognised at amortised cost on the basis of the effective interest method. The Company's loans and receivables are classified as "cash and cash equivalents", respectively as "customers and other receivables" in the balance sheet (notes 2.12 and 2.13).

2.10 Clearing of financial instruments

Financial assets and liabilities are cleared and net worth is reported in the balance sheet only where there is a legal right applicable to set off amounts recognised and there is an intention to clear on a net basis or to realise the asset and to offset the liability at the same time.

2.11 Stocks

Stocks are recorded at the cost of acquisition or production.

The discharge was made in 2022 through fifo medoda.

The finished products and the products in progress of execution are registered at the actual production cost.

Where necessary, provision shall be made for stocks in slow motion, physically or morally worn out. Net realisable value is estimated on the basis of the selling price less than the costs of completion and selling expenses.

2.12 Trade receivables

Amounts receivable shall be shown at par value less impairment adjustments.

Commercial claims are amounts owed by customers in respect of products, goods sold or services rendered in the normal course of business.

The provision for the depreciation of commercial claims shall be constituted when there is objective evidence that the Company will not be able to collect all the amounts owed to it according to the initial conditions of the claims. The significant difficulties faced by the debtor, the probability that the debtor will enter into bankruptcy or financial reorganisation proceedings, the non-payment or non-observance of the payment conditions are considered as indications of depreciation of commercial claims.

The carrying amount of the asset is reduced by using a provision account, and the amount of the loss is recognised in the statement of income and expenses at "other gains/(losses) - net" in the profit and loss account. Where a commercial claim cannot be recovered, it shall be charged at the expense, with the corresponding reversal of the provision for commercial debts. Subsequent recoveries of previously depreciated amounts are credited to the profit and loss account.

2.13 Cash and cash equivalents

For the cash flow situation, cash and its equivalents include cash in the cash register, bank accounts, spot bank deposits, other short-term financial investments overdraft facilities, and the short-term part of restricted bank accounts.

2.14 Share capital and reserves

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

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

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

2.15 Trade debts

Business liabilities are recognised at fair value.

Commercial debts are obligations to pay for goods or services that have been acquired in the normal course of business from suppliers. Supplier accounts are classified as current liabilities if payment is to be made within a year or less than a year (or later, in the normal course of business). Otherwise, they will be presented as long-term debts.

2.16 Loans

Short- and long-term loans are initially recorded at the amount received, net of the costs of obtaining the loans. In subsequent periods, loans are recognised at amortised cost using the actual return method, with differences between the amounts received (net of the costs of acquisition) and the normal redemption amount being recognised in the profit and loss account for the term of the loan agreement.

The short-term portion of long-term loans is classified under 'Liabilities: Amounts to be paid over a period of up to one year' and included together with interest accrued at the balance sheet date in 'Amounts due to credit institutions' on current liabilities.

2.17 Current and deferred income tax

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

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

The current profit tax expense is calculated on the basis of the tax regulations in force at the balance sheet date in Romania. The management regularly assesses the positions in the tax returns regarding the situations in which the applicable tax regulations are interpretable. It shall constitute provisions, where appropriate, on the basis of the amounts estimated to be due to the tax authorities.

Deferred income tax is recognised on the basis of 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 resulting from the initial recognition of an asset or liability from a transaction other than a business combination, and which at the time of the transaction does not affect accounting profit or taxable profit is not recognised. The deferred profit tax is determined on the basis of the tax rates (and laws) that come into force until the balance sheet date and which are to be applied during the period in which the deferred tax to be recovered will be recovered or the deferred tax payable will be paid.

The deferred tax to be recovered shall be recognised only in so far as it is probable that a taxable profit will be made in the future from which the temporary differences will be deducted.

Deferred tax assets and liabilities shall be cleared where there is a legally applicable right to set off current tax claims against current tax liabilities, and where deferred tax claims and liabilities imposed by the same tax authority on either the same taxable entity or different taxable entities, if there is an intention to offset the balances on a net basis.

2.18 Uncertain tax positions

The company's uncertain tax positions are analyzed by the management at the date of each balance sheet. Liabilities are incurred for tax positions for which management believes that additional duties would be applied if these positions were verified by the tax authorities. The assessment is based on the interpretation of the tax laws that were adopted at the balance sheet date. Liabilities relating to penalties, interest and taxes other than income tax shall be recognised on the basis of the best estimates of management necessary for the discharge of liabilities at the balance sheet date.

2.19 Employee benefits

During the financial year, the Company makes payments to the Social Insurance budget in the account of its employees, because all of them are included in the public pension system.

The company does not contribute to any other pension plan or benefits after retirement and has no other obligations such as those mentioned for its employees.

Benefits at the end of the activity

In the collective labour agreement of the Company, valid for the previous period, it was stipulated that the Employees of the Company receive on the occasion of retirement a prize equivalent to one / two basic salaries had in the month before the pensioners. The company made an estimate of the present value of this promised benefit, in order to constitute the necessary provision, but which did not materialize because it is not considered to have a significant impact on the financial statements.

Also, in the collective labor agreement of the Company, valid for the previous period, it was stipulated that the Company's employees receive compensatory payments in case of termination of the individual labor contract due to reasons related to the Company. The company made an estimate of the present value of this

promised benefit, and provided the necessary provision on the financial statements ended on December 31, 2021.

Taking into account the situation generated by Covid-19 within the Company, the following decisions have been issued in order to prevent affecting the good development of the activity:

By Decision no.20/01.09.2020, the persons in the proximity of those infected with Covid-19 benefited from the settlement by the unit of the Covid-19 test.

As an additional protection measure for employees, the modification of the employment contract was chosen in some cases, in the employment contract with the teleworking clause.

The employees were permanently informed about the legislative changes and updates brought to the areas affected by Covid-19.

2.20 Provisions

Provisions are recognized when the Company has a current obligation (legal or implicit) generated by a previous event, it is likely that an outflow of resources will be necessary to honor the obligation, and the liability can be estimated reliably.

The provisions for taxes are constituted for the payment amounts due to the state budget, given that the respective amounts do not appear reflected as a debt in the relationship with the state.

Provisions are reviewed at the date of the financial statements and adjusted to reflect the best current estimate of management in this regard. If a resource outflow is no longer likely to settle an obligation, the provision must be cancelled by resumption of revenue.

2.21 Recognition of revenue

Revenues are recorded when significant risks and advantages of owning ownership of assets are transferred to the client. The amounts representing the revenues do not include sales taxes (VAT), but include the commercial discounts granted. The financial discounts granted to the clients (discounts) reduce the value of the Company's revenues.

The Company recognizes income when its value can be measured reliably, when it is likely to produce the future economic benefits for 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 assessable until all sales contingencies 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.

Income from the provision of services is recognized during the period in which they were provided and in correspondence with the execution stage.

Interest income is recognized periodically, proportionally, as the respective income is generated, based on accruals accounting.

Income from the collection of rents and / or rights of use of assets are recognized on the basis of accrual accounting, according to the contract.

Dividends distributed to holders of shares, proposed or declared after the date of financial statements, are recognized as dividend income when the shareholder's right to collect them is established.

2.22 Leasing contracts

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

At the start date of the development, the Company evaluates at cost the asset related to the right of use

The cost of the right-of-use asset includes:

- The value of the initial assessment of the debt arising from the leasing contract
- Any leasing payment made on or before the start date of the development, minus any leasing incentives received
- Any initial direct costs incurred by the company;
- An estimation of the costs to be borne by the company as lessee for the dismantling and removal of the underlying asset, for the restoration of the place where it is located or for bringing the underlying asset to the condition imposed in the terms and conditions of the leasing contract, unless these costs are incurred for the production of stocks.

The lessee assumes the obligation to these costs either at the start date of the development or as a result of using the underlying asset during a certain period of time

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

The depreciation of the underlying asset shall be determined as follows:

-If at the end of the leasing contract the transfer of the ownership right takes place, then the depreciation will be recognized as the expense for the useful life of the asset

- Otherwise, the depreciation will be recognized for the shortest duration between the useful life of the asset and the lease period.

In 2021 the Company had in progress a leasing contract, namely the one for renting buildings and land from Koro Lando Real Estate SRL.

2.23 Distribution of dividends

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



QUARTERLY REPORT 31.03.2022*
S.C. ARMATURA S.A.
CLUJ-NAPOCA

Registered office: 400267 Cluj-Napoca
St. Gării Nr. 19

Telephone: +40 264 435 360
Fax: +40 264 435 368
Enamel: office@armatura.ro
Website: www.armatura.ro

Unique registration code: EN 199001
Serial number in the Trade Register: J12/13/1991
Subscribed and paid-up share capital: 4.000.000 RON

Regulated market on which the issued securities are traded:

The shares of S.C. ARMATTURA S.A. are traded on the standard category of the Bucharest Stock Exchange.

The main features of the securities issued by the company:

- > Number of shares: 40,000,000
- > Face value: 0.1 RON/share
- > Registered shares, issued in dematerialized form, registered in the independent register S.C. Central Depository S.A., according to the contract no. 1958 from 19.01.2007

Date of report: 03.05.2022



Economic and financial indicators:

1. Current liquidity indicator (Working capital indicator = current assets: liabilities under 1 year):

ILC = Current assets / Current liabilities

31.03.2022ILC = $12.472.783 / 4.758.612 = 2.62$

31.03.2021ILC = $1.351.593 / 35.720.451 = 0.04$

- the recommended value is around 2;
- highlights the extent to which current liabilities can be covered from current assets.

2. Leverage ratio:

IGI = Borrowed capital / equity * 100

31.03.2022IGI = in 2022 we no longer have borrowed capital

31.03.2021IGI = $2.755.530 / - 8.112.356 * 100 = - 34 \%$

- expresses the effectiveness of credit risk management, indicating potential problems of financing, liquidity, with influences in honoring the assumed commitments.

Borrowed capital = loans over one year

3. Rotational speed of receivables:

VRC = [(receivables at the beginning of the period + claims at the end of the period) / 2] / CA * 90 days

31.03.2022VRC = $[(11.812.855 + 11.066.381) / 2] / 865.471 * 90 = 1189 \text{ days}$

31.03.2021VRC = $[(284.984 + 321.656) / 2] / 1425.754 * 90 = 64 \text{ days}$

- expresses the effectiveness of the company in collecting its claims;
- expresses the number of days until the date on which the debtors pay their debts to the company;



4. Rotational speed of fixed assets:

VRAI = Turnover / Fixed assets

31.03.2022 VRAI = $865.471 / 1.324.080 = 0.65$
31.03.2021 VRAI = $425.754 / 28.965.129 = 0.01$

- expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets.

Administrator

Stoina Vlad Iulian

