

**ARMATURA SA**

**FINANCIAL STATEMENTS FOR  
QUARTER ENDED SEPTEMBER 30, 2022**

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



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**ARMATURA SA**  
**SITUATION OF THE FINANCIAL POSITION**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(in lei, unless otherwise specified)

	<b>January 1 2022</b>	<b>September 30th 2022</b>
<b>Active</b>		
<b>Fixed assets</b>		
Tangible assets	247,525	113,648
Intangible assets	294	
Real estate investments	1,189,098	785,737
<b>Total fixed assets</b>	<b><u>1,436,917</u></b>	<b><u>899,385</u></b>
<b>Current assets</b>		
Inventories	1,484	0
Customers and other receivables	11,812,855	8,149,238
Cash and equivalents		
of cash	658,444	621,174
Receivables tax deferred profit	176,823	176,823
<b>Total current assets</b>	<b><u>12,649,606</u></b>	<b><u>8,947,235</u></b>
<b>Total active</b>	<b><u>14,086,523</u></b>	<b><u>9,846,620</u></b>
<b>Equity and liabilities</b>		
Social capital	18,110,957	18,110,957
reserves	1,304,075	1,304,075
The carried forward result including the result of the period	<u>-10,479,552</u>	<u>-11,129,565</u>
<b>Total equity</b>	<b><u>8,935,480</u></b>	<b><u>8,285,467</u></b>
<b>Long-term debt</b>		
Loans	-	-
Debts related to financial leasing	392,431	392,431
Tax liabilities		
put off	0	0

The attached notes are part of these financial statements.

**ARMATURA SA**  
**SITUATION OF THE FINANCIAL POSITION**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(in lei, unless otherwise specified)

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	<b>January 1 2022</b>	<b>September 30th 2022</b>
<b>Current liabilities</b>		
Suppliers and other debts	3,649,154	550,442
Settlements with shareholders regarding social capital	100	100
Loans	0	0
Provisions for risks and expenses	312,691	212,659
Debts from leasing operations	796,667	405,621
<b>Total current liabilities</b>	<b><u>4,758,612</u></b>	<b><u>1,168,722</u></b>
<b>Total debts</b>	<b><u>5,151,043</u></b>	<b><u>1,561,153</u></b>
<b>Total equity and liabilities</b>	<b><u>14,086,523</u></b>	<b><u>9,846,620</u></b>

The attached notes are part of these financial statements

**ITS ARMOR**  
**REVENUE AND EXPENDITURE SITUATION**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(in lei, unless otherwise specified)

	<b>SEPTEMBER 30TH</b> <b>2021</b>	<b>SEPTEMBER 30TH</b> <b>2022</b>
Income	2,069,939	1,634,419
Other operating revenues	49,309	1,092
Variation in stocks of finished products and production in progress	-1,211,523	54,210
Raw materials and materials	-147,985	-89,885
Cost of goods	-542,155	-55,252
Staff costs	-779,204	-735,977
Utility expenses	-194,175	-327,297
Services provided by third parties	-254,040	-343,419
Amortization and depreciation fixed assets	-306,476	-364,454
The net movement in the provision for other risks and expenses	8,500	100,032
Other operating expenses	<u>-940,095</u>	<u>-15,859</u>
Other income / (losses), net	<u>1,366,314</u>	<u>-170,763</u>
<b>Operational result</b>	<b><u>-911,591</u></b>	<b><u>-626,692</u></b>
Financial income	0	12,267
Financial costs - net	<u>-801,779</u>	<u>-35,018</u>
<b>Net financial result</b>	<b><u>-801,779</u></b>	<b><u>-22,751</u></b>
Profit/Loss before tax	-1,714,046	-650,013
Income / (Expense) with profit tax current and deferred	-	-
<b>Net profit / loss for the exercise</b>	<b><u>-1,714,046</u></b>	<b><u>-650,013</u></b>
Number of shares issued	40,000,000	40,000,000
<b>Basic and diluted earnings per share</b>	<b><u>-0.0428</u></b>	<b><u>-0.016250</u></b>

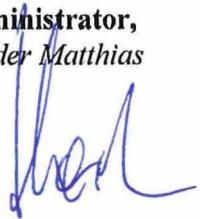
The attached notes are part of these financial statements

**ITS ARMOR**  
**SITUATION OF THE GLOBAL RESULT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(in lei, unless otherwise specified)

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	<b>SEPTEMBER 30TH</b>	<b>SEPTEMBER 30TH</b>
	<b>2021</b>	<b>2022</b>
<b>Profit/Loss related to the exercise</b>	<b><u>-1,714,046</u></b>	<b><u>-650,013</u></b>
<b>Other elements of the overall result:</b>		
Gain/(Loss) on revaluation the buildings	-	-
Deferred tax impact on Reserves from revaluation	-	-
<b>Other elements of the overall result related to the year, net of tax</b>	-	-
<b>Total global result related to the exercise</b>	<b><u>-1,714,046</u></b>	<b><u>-650,013</u></b>

Administrator,  
Haider Matthias




Prepared,  
Rus Dana



The attached notes are part of these financial statements

ITS ARMOR  
 SITUATION OF CHANGES IN OWNER'S CAPITAL  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2022  
 (in lei, unless otherwise specified)

	Social capital	Reserves from revaluation	Other reservations	Reported result	Total
Balance on January 1, 2022	<u>18,110,957</u>	<u>0</u>	<u>1,304,075</u>	<u>-10,479,552</u>	<u>8,935,480</u>
Profit / (Loss) for the year	-	-	-	-650,013	-650,013
Other elements of the result	-	-	-	-	-
<b>Overall overall result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-650,013</b>	<b>-650,013</b>
Balance as of September 30, 2022	<u>18,110,957</u>	<u>0</u>	<u>1,304,075</u>	<u>-11,129,565</u>	<u>8,285,467</u>

Administrator,

*Haider Matthias*

Prepared,  
 Rus Dana

*Rus*



The attached notes are part of these financial statements

**ARMATURA SA**  
**THE INDIVIDUAL SITUATION OF CASH FLOWS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
(in lei, unless otherwise specified)

	<b>January 1 2022</b>	<b>September 30th 2022</b>
<b>Cash flows from activities exploitation</b>		
Cash generated from operations	<u>472,444</u>	<u>-24,519</u>
Interest paid	-	-
<b>Net cash generated from operating activities</b>	<u>472,444</u>	<u>-24,519</u>
<b>Cash flows from investment activities</b>		
Purchases of tangible assets	0	0
Net proceeds from the sale of tangible assets	93,406	3,430
Interest received	0	9,320
<b>Net cash used in investment activities</b>	<u>93,406</u>	<u>12,749</u>
<b>Cash flows from financing activities</b>		
Repayments of leasing loans	-	-
Settlements from associates	-	-
<b>Net cash used in financing activities</b>	-	-
<b>The net change in cash and cash equivalents</b>	<u>-379,037</u>	<u>-37,269</u>
<b>Cash and cash equivalents at the beginning of the year</b>	1,037,481	658,443
<b>Increases / - Decreases</b>	<u>-379,037</u>	<u>-37,269</u>
<b>Cash and cash equivalents at the end of the semester</b>	658,444	621,174

Administrator,  
Haider Matthias




Prepared,  
Rus Dana



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

**ITS ARMOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**  
**(in lei, unless otherwise specified)**

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## **1 GENERAL INFORMATION**

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

The company's object of activity is "Manufacturing of faucet articles", CAEN code 2814 and it operates in the field of metal fittings with experience in the production of fittings for thermal installations and water and gas supply, including today in the product portfolio over 1,500 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.

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

The company has subscribed and paid-up capital in the amount 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 to the preparation of these financial statements are presented below. These policies have been applied consistently in all the years presented, unless otherwise specified

### **2.1 Basis of drafting**

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

These provisions correspond to the requirements of the International Financial Reporting Standards (IFRS), adopted by the European Union (EU). The effects of changes in exchange rates, regarding the functional currency. For the purpose of preparing these financial statements in accordance with the legislative requirements in Romania, the functional currency of the Company is considered to be RON ("Romanian leu").

### **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 in force for the current period:*

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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**Amendments to IFRS 9 Financial instruments, IAS 39** Financial instruments: recognition and measurement and IFRS 7 Financial instruments: disclosures – Interest rate benchmark reform – Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods 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 applying IFRS 9 has been extended for annual periods beginning on or after 1 January 2023.

**Amendments to IFRS 16 Leases** Adopted of the EU on August 30, 2021 and are applicable after June 30, 2021.

Starting with January 1, 2018, the Company applied the IFRS 15 Revenue from contracts with customers standard. IFRS 15 establishes a five-stage model that will be applied for the recognition of revenues from a contract concluded with a customer (with limited exceptions), regardless of the type of transaction or industry. Also, the requirements of the standard will apply for the recognition and evaluation of gains and losses from the sale of certain assets of a different nature than the operational one that are not the result of the entity's usual activity (e.g.: sale of tangible and intangible assets). The presentation will be provided extensive information, including the disaggregation of total income, information about performance obligations,

*The society* obtains income from renting some spaces to other commercial companies, and the income is measured at the fair value of the net collected amounts. The income obtained from renting the premises is recognized when there is an obligation to register a contract, respectively if the following conditions have been met:

- The parties to the contract have approved the contract in writing
- The company can identify the rights of each party regarding the services that will be transferred
- The company can identify the payment terms for rent
- The contract has commercial content
- As of 31.09.2022, the company has a number of 38 tenants
- The company extended the contracts for an indefinite period
- The company charges a reasonable level of rents as evidence of the increase in the number of tenants compared to 2021.

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

*New standards, amendments and interpretations issued by the IASB and adopted by the EU, but not applicable for the financial year ended on September 31, 2022, therefore not adopted:*

**Amendments to IFRS 3 Business Combinations; IAS 16 Tangible assets; IAS 37 Provisions, contingent liabilities and contingent assets; and 2018-2020 Annual Improvements**(all issued on 14 May 2020) – applicable for periods beginning on or after January 1, 2022.

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

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**(published on 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 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 the existing standards will not have a significant impact on the Company's financial statements during the period of initial application.

There are no other IFRS or IFRIC implementations that have not entered into force yet and that could have a significant 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 (activity segment) or provides products and services in a certain geographic environment (geographic segment) and which is subject to risks and benefits different from those of the other segments. From the point of view of the activity segments, the Company does not identify distinct components from the point of view of risks and benefits

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

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

**ARMATURA SA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
**QUARTER ENDED SEPTEMBER 30, 2022**  
**(in lei, unless otherwise specified)**

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## **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 accounting records in lei, 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*

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

Exchange rate gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement under 'financial income or expenses'. All other gains and losses from the exchange rate 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. On January 1, 2022, the exchange rate used to convert foreign currency balances is 1 EUR = 4.9481 RON (30 September 2022 1 EUR = 4.9490 RON). Gains and losses resulting from the conversion of monetary assets and liabilities are reflected in the profit and loss account during the year.

## **2.4 Tangible assets**

Decreases that compensate for increases related to the same asset are recorded alongside other reserves directly in equity; all other reductions are recorded in the profit and loss account. Amounts recorded 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 expenses in the financial period in which they are made. The costs of replacing major components of property, plant and equipment are capitalized and the replaced components are retired.

Gains and losses from disposals determined by comparing receipts with book values are recognized in profit or loss.

**ARMATURA SA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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The residual value of an asset is the estimated value that could be obtained by the Company from the sale of the respective asset minus the estimated costs of the sale, if the asset is already old and corresponds to the conditions related 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. Asset residual values and useful lives are reviewed, and adjusted accordingly, at each balance sheet date.

Gains and losses from the sale are determined by comparing the amounts obtained from the sale with the accounting 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 retained earnings.

### **Real estate investments**

Real estate investments are real estate properties (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 business

A real estate investment is initially valued at fair value. The Company's accounting policy regarding the subsequent evaluation of real estate investments is based on the fair value model. This policy is uniformly applied to all real estate investments held. The evaluation of the fair value of real estate investments is carried out by evaluators who are members of the National Association of Appraisers from Romania (ANEVAR). Thus, the depreciation expense is no longer recognized, and the real estate investment is subject to revaluation with sufficient regularity in order to recognize it at fair value. Gains or losses resulting from changes in the fair value of real estate investments are recognized in the profit or loss account of the period in which they occur.

### **2.5 Intangible assets**

#### *Computer programs*

Purchased licenses related to the rights to use computer programs are capitalized based on the costs recorded with the purchase and commissioning of the respective computer programs. These costs are amortized over their estimated useful life (three years). The costs related to the development or maintenance of computer programs are recognized as expenses in the period in which they are carried out.

#### *Other intangible assets*

Under other intangible assets are registered the computer programs created by the entity or purchased from third parties for its own use needs, as well as other intangible assets owned by the Company.

**ARMATURA SA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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Expenditures that allow intangible assets to generate future economic benefits beyond the initially foreseen performance are added to their original cost. These expenses are capitalized as intangible assets, if they are not an integral part of tangible assets.

Intangible assets are presented in the financial statements at acquisition costs minus accumulated depreciation.

## **2.6 Impairment of non-financial assets**

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

## **2.7 Financial assets**

### *Loans and receivables*

#### *Classification*

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

#### *Recognition and evaluation*

Regular purchases and sales of financial assets are recognized on the transaction date – the date on which the Company undertakes to buy or sell the respective asset.

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

Loans and receivables are recorded at amortized cost based on the effective interest method. The Company's loans and receivables are classified as "cash and cash equivalents", respectively as "customers and other receivables" in the balance sheet.

## **2.8 Clearing of financial instruments**

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

**ARMATURA SA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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## **2.9 Claims**

Receivables are recorded at nominal value minus adjustments for their depreciation. Trade receivables are amounts owed by customers for products, goods sold or services rendered in the normal course of business.

The provision for the depreciation of commercial receivables is established 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 receivables. The significant difficulties faced by the debtor, the probability that the debtor enters bankruptcy or financial reorganization proceedings, non-payment or non-compliance with payment conditions are considered indicators of the impairment of trade receivables.

The accounting value of the asset is reduced by using a provision account, and the value of the loss is recognized in the statement of income and expenses under "other gains/(losses) - net" in the profit and loss account. When a trade receivable cannot be recovered, it is expensed, with the corresponding reversal of the provision for trade receivables. Subsequent recoveries of previously amortized amounts are credited to the profit and loss account.

## **2.10 Cash and Cash Equivalents**

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

## **2.11 Share capital and reserves**

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

Own shares redeemed, according to the law, are presented in the statement of assets, liabilities and equity as a correction of equity.

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

**ARMATURA SA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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## **2.12 Trade Debts**

Trade payables are recognized at fair value.

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

## **2.13 Loans**

Short-term and long-term loans are initially recorded at the amount received, net of the costs related to obtaining the loans. In subsequent periods, loans are recorded at amortized cost using the effective return method, the differences between the amounts received (net of acquisition costs) and the normal redemption value being recognized in the profit and loss account during the term of the loan contract.

The short-term portion of long-term loans is classified under "Liabilities: Amounts to be paid within a period of up to one year" and included together with the accrued interest at the balance sheet date under "Amounts owed to credit institutions" within liabilities currents.

## **2.14 Uncertain fiscal positions**

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

## **2.15 Employee Benefits**

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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*The society* does not contribute to any other pension plan or post-retirement benefits and does not have any other obligations of the kind mentioned, for its employees.

*Benefits upon termination of employment*

In the collective labor contract 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 earned in the month before retirement.

Also, in the collective labor contract of the Company, valid for the previous period, it was stipulated that the Company's employees receive compensatory payments in the event of termination of the individual labor contract for reasons related to the Company.

**2.16 Revenue recognition**

Revenues are recorded when the significant risks and advantages of ownership of the goods are transferred to the customer. The amounts representing the income do not include the sales tax (VAT), but include the commercial discounts granted. Financial discounts granted to customers (discounts) reduce the value of the Company's revenues.

The Company recognizes revenues when their value can be reliably estimated, when it is likely to produce 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 client, the type of transaction and the specific elements of each contract.

Revenues from the provision of services are recognized in the period in which they were provided and in correspondence with the stage of execution.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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## **2.17 Leases**

Leasing is a contract, or part of a contract, that 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 lessee, obtains the right to use a supporting asset for a certain period of time in exchange for a consideration.

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

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, minus any leasing incentives received.
- Any initial direct costs borne by the company;
- An estimate of the costs to be borne by the company as lessee for the dismantling and removal of the supporting asset, for the restoration of the place where it is located or for bringing the supporting asset to the condition imposed by the terms and conditions of the leasing contract, with except for the case in which these costs are borne for the production of stocks.

The lessee assumes the obligation towards these costs either at the start of the development, or as a result of the use of the supporting asset during a certain period.

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

Depreciation of the supporting asset is determined as follows:

- If at the end of the leasing contract the ownership is transferred, then depreciation will be recognized as an expense during the useful life of the asset
- Otherwise, depreciation will be recognized on the shortest period between the useful life of the asset and the period of the leasing contract.

In the third quarter of 2022, the company had an operational leasing contract in progress for which it recorded an intangible asset related to the right to use the leased asset, namely buildings.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE**  
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**(in lei, unless otherwise specified)**

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### **3 THE 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, nor does it have any customers, suppliers or operations in these countries. Our company closely monitors the events inside Ukraine, and the outbreak of this war naturally generated an important stock market correction that spread globally. At the time of drawing up these financial statements, the company is not in a position to reliably estimate the impact, because the events are constantly changing from one day to the next.

**Administrator**  
*Haider Matthias*



**Prepared,**  
*Rus Dana*





**QUARTERLY REPORT 30.09.2022\***  
**SC ARMATURA SACLUJ-NAPOCA**

Social 400267 Cluj-Napoca  
Str. Stations No. 19

Phone: +40 264 435 367 +40  
Fax: 264 435 368  
E-mail: [office@armatura.ro](mailto:office@armatura.ro)  
Website [www.armatura.ro](http://www.armatura.ro)

Unique registration code: RO 199001  
Serial number in the Trade Register: J12/13/1991  
Subscribed and paid-up capital: 4,000,000

The regulated market on which the issued securities are traded:

SC ARMATURA SA shares are traded in the standard category of the Bucharest Stock Exchange.

The main characteristics of the securities issued by the company:

- > Number of shares: 40,000,000
- > Nominal value: 0.1 RON/share
- > Registered shares, issued in dematerialized form, registered in the independent registry SC Depozitarul Central SA, according to contract no. 1958 of 19.01.2007

Date of the report: 20.10.2022

\* Drawn up according to Regulation no. 5/2018 of the Financial Supervision Authority.

\* The financial statements as of 30.09.2022 have not been audited.



Economic - financial indicators:

### **1. Current liquidity indicator (Indicator of working capital = current assets: debts under 1 year):**

ILC = Current Assets / Current Liabilities

30.09.2022 ILC =  $9,849,560 / 871.754 = 11.29$

30.09.2021 ILC =  $1,591,859 / 36,538,072 = 0.044$

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

### **2. Indebtedness indicator:**

IGI = Borrowed capital / equity capital \* 100

30.09.2022 IGI =  $0 / 8,288,978 * 100 = 0\%$

30.09.2021 IGI =  $2,755,530 / -8,971,440 * 100 = -30.71\%$

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

Borrowed capital = credits over one year

### **3. Receivables turnover rate:**

VRC = [(receivables at the beginning of the period + receivables at the end of the period) / 2] / CA \* 270 days

30.09.2022 HRV =  $[(11,981,399 + 8,317,482) / 2] / 1,544,325 * 270 = 1,774$  days

30.09.2021 VRC =  $[(284,984 + 1,064,285) / 2] / 2,069,939 * 270 = 88$  days

- expresses the company's effectiveness in collecting its debts;
- expresses the number of days until the date when the debtors pay their debts to the company;



**ARMATURA**

#### 4. Turnover speed of fixed assets:

VRAI = Turnover / Fixed assets

30.09.2022 VRAI =  $1,544,325 / 899,385 = 1.72$

30.09.2021 VRAI =  $2,069,939 / 28,762,410 = 0.07$

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

Administrator,  
*Haiden Matthias*



Prepared  
*Rus Dana*

### Statement

In accordance with Art. 30 of the Accounting Law no. 82/1991

The financial statements were drawn up on 30.09.2022 for:

SC Armatura SA,

County: 12 – Cluj

Address: Cluj Napoca, Str. Stations, No. 19

Trade Register number: J12/13/1991

Form of ownership: 34 – Joint-stock companies

Main activity (CAEN code and class name): 2814 – Manufacture of faucets

Fiscal identification code: RO 199001

The undersigned Matthias Haider as Administrator of SC Armatura SA, assume responsibility for the preparation of the financial statements on 30.09.2022 and confirm that:

- a) The financial statements as of 30.09.2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) and OMF 2844/2016.
- b) The accounting policies used to prepare the quarterly financial statements are in accordance with the applicable accounting regulations.
- c) The quarterly financial statements provide a true picture of the financial position, financial performance and other information related to the activity carried out.
- d) The legal entity carries out its activity under conditions of continuity.

Signatures,

