

**ARMATURA SA**

**INDIVIDUAL FINANCIAL STATEMENTS  
FOR THE SEMESTER ENDED JUNE 30, 2022**

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



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**ARMĂTURA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
(in lei, unless otherwise specified)

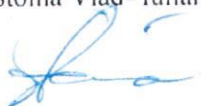
	Note	January 1 2022	30th of June 2022
<b>Active</b>			
<b>Fixed assets</b>			
Tangible fixed assets	3	247,525	120,955
Intangible assets	4	294	0
Right to use assets in leasing		1,189,098	785,737
<b>Total fixed assets</b>		<b>1,436,917</b>	<b>906,692</b>
<b>Current assets</b>			
Inventories	5	1,484	0
Customers and other receivables	6	11,812,855	8,190,800
Cash and cash equivalents cash		658,444	587,097
Financial assets short term		0	0
<b>Total current assets</b>		<b>12,472,783</b>	<b>8,777,897</b>
<b>Deferred income tax receivables</b>		<b>176,823</b>	<b>176,823</b>
<b>Total active</b>		<b>14,086,523</b>	<b>9,861,412</b>
<b>Equity and debt</b>			
Social capital	8	18,110,957	18,110,957
reserves		1,304,075	1,304,075
The result carried forward including the result for the period		-10,479,552	-10,898,784
<b>Total equity</b>		<b>8,935,480</b>	<b>8,516,248</b>
<b>Long-term debt</b>			
Loans		-	-
Debts related to financial leasing		392,431	392,431
Tax liabilities put off		-	-
Suppliers and other debts	7	-	-
<b>Total long-term debt</b>		<b>392,431</b>	<b>392,431</b>

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

**ARMATURA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
(in lei, unless otherwise specified)

	Note	January 1 2022	30th of June 2022
<b>Current debts</b>			
Suppliers and other debts	7	3,649,154	334,353
Settlements with shareholders regarding social capital		100	100
Loans		-	-
Debts from leasing operations		796,667	405,621
Provisions for risks and expenses		312,691	212,659
<b>Total current debts</b>		<b>4,758,612</b>	<b>952,733</b>
<b>Total debt</b>		<b>5,151,524</b>	<b>1,345,164</b>
<b>Total equity and debt</b>		<b>14,086,523</b>	<b>9,861,412</b>

Administrator,  
Stoina Vlad- Iulian




Prepared,  
Ec. Rus Dana



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**ARMATURA SA**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

	30th of June 2021	30th of June 2022
Income	754,148	1,287,683
Other operating revenues	1,599	1,092
Variation of stocks of finished products and work in progress	-25,886	54,210
Raw materials and materials	-96,082	-68,868
The cost of goods	-125,983	-55,252
Staff costs	-534,840	-551,869
Utility expenses	-157,465	-331,475
Services provided by third parties	-161,818	-291,145
Depreciation and amortization fixed assets	-205,116	-357,148
Net movement in the provision for other risks and expenses	8,500	100,032
Other operating expenses	-826,443	-15,860
Other income / (losses), net	95,983	-170,763
<b>Operational result</b>	<b>-1,273,403</b>	<b>-399,363</b>
Financial income	0	9,319
Financial expenses	-653,297	-29,188
<b>Net financial loss</b>	<b>-653,297</b>	<b>-19,869</b>
<b>Profit / Loss before tax</b>	<b>-1,926,700</b>	<b>-419,232</b>
Income / (Expenditure) with profit tax current and delayed	-	-
<b>Net profit / loss for the year</b>	<b>-1,926,700</b>	<b>-419,232</b>
Number of shares issued	40,000,000	40,000,000
<b>Basic and diluted earnings per share</b>	<b>-0.0481</b>	<b>-0.0104</b>

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**ARMATURA SA**  
**OVERALL RESULT SITUATION**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

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	30th of June 2021	30th of June 2022
<b>Profit / Loss for the year</b>	<u>-1,926,700</u>	<u>-419,232</u>
<b>Other elements of the overall result:</b>		
Gain / (Loss) from revaluation buildings	-	-
Impact of deferred tax on Revaluation reserves	<u>-</u>	<u>-</u>
<b>Other elements of the overall result related to the year, net of tax</b>	<u>-</u>	<u>-</u>
<b>Total overall result for the year</b>	<b>-1,926,700</b>	<b>-419,232</b>

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**ARMĂTURA SA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

	SOCIAL CAPITAL	RESERVATION RESERVATION	OTHER RESERVATION	REPORTED RESULT	TOTAL
Balance on January 1, 2022	18,110,957	-	1,304,075	-10,479,551	8,935,480
Profit / (Loss) for the year	-	-	-	-419,232	-419,232
Other elements of the result	-	-	-	-	-
Total overall result	-	-	-	-419,232	-419,232
Balance as of June 30, 2022	18,110,957	-	1,304,075	-10,898,783	8,516,248

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**ARMĂTURA SA**  
**THE INDIVIDUAL SITUATION OF CASH FLOWS**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

	30th of June 2021	30th of June 2022
<b>Cash flows from activities operation</b>		
Cash generated from operation	-651,292	320,380
Interest paid	-	-
<b>Net cash generated from operating activities</b>	<b>-651,292</b>	<b>320,380</b>
<b>Cash flows from investment activities</b>		
Acquisitions of property, plant and equipment	0	0
Net proceeds from the sale of property, plant and equipment	35,483	2,315
Interest received	0	9,319
<b>Net cash used in investment activities</b>	<b>35,483</b>	<b>11,634</b>
<b>Cash flows from financing activities</b>		
Leasing loan repayments	-	-391,046
Settlements from associates	-	-
Pay leasing interest	-	-12,315
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-403,361</b>
<b>Net change in cash and cash equivalents</b>	<b>-615,809</b>	<b>-71,347</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,037,481</b>	<b>658,444</b>
<b>Increases / - Decreases</b>	<b>-615,809</b>	<b>-71,347</b>
<b>Cash and cash equivalents at the end of the semester</b>	<b>421,672</b>	<b>587,097</b>

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**ARMATURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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## **1 GENERAL INFORMATION**

ARMATURA SA ("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, being currently a company with fully private capital. The company has its registered office in Cluj Napoca, Garii street, no. 19, where it also carries out its production activity.

The company's object of activity is "Manufacture of faucets", CAEN code 2814 and operates in the field of metal fittings with experience in the production of fittings for heating and water and gas supply, including today in the product portfolio over 1,500 dimensional type 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 does not have open subsidiaries, is not in association with other companies and does not hold participation titles

The company has subscribed and paid-in share 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 in preparing these financial statements are presented below. These policies have been applied consistently throughout the years presented, unless otherwise specified.

### **2.1 Basics of preparation**

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

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

**ARMĂTURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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**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 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 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 Lease Contracts Adopted** by the EU on 30 August 2021 and are applicable after 30 June 2021.

Starting with January 1, 2018, the Company applied the IFRS 15 Revenue standard from contracts with clients. IFRS 15 establishes a five-step model that will apply to the recognition of revenue from a contract with a customer (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 assets other than operational that are not the result of the normal activity of the entity (eg sale of tangible and intangible assets). extensive information, including disaggregation of total revenue, information on enforcement obligations,

*The society* obtained income from renting spaces to other companies until the date of sale of the buildings, and the income is measured at the fair value of the net amounts collected. The revenues obtained from renting the spaces are recognized when there is an 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
- The company has on 31.06.2022 a number of 35 tenants
- The company extended the contracts for an indefinite period
- The company perceives a reasonable level of rents as proof of the increase in the number of tenants compared to 2020.



**ARMĂTURA SA**  
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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 of 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 June 31, 2022, 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 May 14, 2020) - applicable for periods beginning on or after 1 January 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 1 January 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 1 January 2023.

**Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 IFRS: Presentation of accounting policies**(published on February 12, 2021) - applicable for periods beginning on or after January 1, 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 application period. There are no other IFRS or IFRIC implementations that have not yet entered into force and 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 (business segment) or provides products and services in a certain geographical environment (geographical segment) and which is subject to risks and benefits different from those of other segments. In terms of business segments, the Company does not identify distinct components in terms of risks and benefits

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

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 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 the associated risks and benefits.

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### **2.3 Conversion into 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 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*

Foreign currency transactions are converted into functional currency using the exchange rate valid at the date of the transactions. 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 income statement.

Exchange rate gains and losses relating to loans and cash and cash equivalents are presented in the income statement under "income or financial expenses". All other gains and losses on the exchange rate are presented in the income statement 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 balances into foreign currency is 1 EUR = RON 4,9481 (June 30, 2022 EUR 1 = RON 4,9454). Gains and losses resulting from the conversion 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 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 prepared in the currency of a hyperinflationary economy be restated in terms of purchasing power from the balance sheet date. The amounts expressed in terms of purchasing power as of December 31, 2004 (the date of cessation of hyperinflation) are treated as the basis for the carrying amounts of these financial statements.

The Company has decided to reflect the impact of the application of IAS 29 in the financial statements prepared as of December 31, 2012. The impact of these adjustments was reflected on the value of the land, share capital and retained earnings.



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## **2.5 Tangible fixed assets**

Deductions that offset increases related to the same asset are recorded along with other reserves directly in equity; all other decreases are recorded in the income statement. The amounts recorded in revaluation reserves are transferred to retained earnings when the asset is derecognised.

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

Gains and losses on eliminations arising from the comparison of proceeds with carrying amounts are recognized 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 the respective asset minus the estimated costs of 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. Residual assets and useful lives are reviewed, and adjusted accordingly, at each balance sheet date.

Gains and losses on disposal are determined by comparing the amounts obtained from disposal with the book value, and are recognized under "Other (losses) / net gains" in the statement of income and expenses. On the sale of revalued assets, the amounts included in other reserves are transferred to 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 business

A real estate investment is initially valued at fair value. The Company's accounting policy regarding the subsequent valuation of real estate investments is based on the fair value model. This policy is applied uniformly to all real estate investments held. The evaluation of the fair value of real estate investments is performed by appraisers members of the National Association of Appraisers in 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 be recognized at fair value. Gains or losses resulting from a change in the fair value of real estate investments are recognized in the income statement in the period in which they occur.

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**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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## **2.7 Intangible assets**

### *Computer programs*

The acquired licenses related to the rights to use the software are capitalized based on the costs registered with the acquisition and commissioning of the respective software. These costs are amortized over their estimated useful lives (three years). Costs related to the development or maintenance of computer programs are recognized as expenses in the period in which they are incurred.

### *Other intangible assets*

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

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

Intangible assets are presented in the financial statements at acquisition costs less accumulated depreciation and are presented in Note 4.

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

Assets that are depreciated 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. The recoverable amount is the maximum of the fair value of the asset less costs to sell and the value in use.

## **2.9 Financial assets**

### *Loans and receivables*

#### *Classification*

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



**ARMATURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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*Recognition and evaluation*

Regular purchases and sales of financial assets are recognized on the trading date - the date on which the Company commits to buy or sell that asset.

Financial assets cease to be recognized 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 recorded at amortized cost using the effective interest method. The Company's loans and receivables are classified as "cash and cash equivalents" and "customers and other receivables" in the balance sheet.

**2.10 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 amounts recognized and there is an intention to offset on a net basis or to capitalize the asset and offset the debt at the same time.

**2.11 Stocks**

Inventories are recorded at acquisition or production cost. The discharge was made in 2022 through the FIFO method.

Finished products and products in progress are recorded at actual production cost. Where necessary, provisions are made for slow-moving stocks, physically or morally worn out. The net realizable value is estimated based on the selling price less finalization costs and selling expenses.

Receivables are recorded at nominal value less adjustments for impairment.

Trade receivables are the amounts owed by customers for products, goods sold or services provided in the normal course of business.

The provision for the impairment of trade receivables is 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 receivables. Significant difficulties faced by the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, non-payment or non-compliance with payment conditions are considered indications of the depreciation of trade receivables.

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The carrying amount of the asset is reduced by using a provision account, and the amount of the loss is recognized in the income statement at "other gains / (losses) - net" in the income statement. 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 income statement.

### **2.13 Cash and cash equivalents**

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

### **2.14 Share capital and reserves**

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

The repurchased treasury shares, 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 issue, 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".

### **2.15 Trade payables**

Trade payables are recognized at fair value.

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

### **2.16 Loans**

Short-term and long-term loans are initially recorded at the amount received, net of the costs of obtaining the loans. In subsequent periods, loans are recorded at amortized cost using the effective yield method, the differences between the amounts received (net of acquisition costs) and the normal redemption value being recognized in the income statement over the term of the loan agreement.



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

## **2.17 Uncertain fiscal positions**

The Company's uncertain fiscal positions are analyzed by management at the balance sheet date. Debts are recorded for tax items for which management considers that additional charges are likely to be applied if these items 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 related to penalties, interest and taxes, other than income tax, are recognized based on the best estimates of management required to settle obligations 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, because all of them are included in the public pension system.

*The society* does not contribute to any other pension or post-retirement benefit plan and has no other obligations such as those mentioned for its employees.

### *Termination benefits*

In the Company's collective labor contract, valid for the previous period, it was provided that the Company's employees receive on the occasion of retirement a premium 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 which did not materialize because it is not considered to have a significant impact on the financial statements.

Also, in the collective labor contract of the Company, valid for the previous period, it was provided that the employees of the Company receive compensatory payments in case of termination of the individual employment contract due to causes related to the Company. The company has made an estimate of the present value of this promised benefit, and constituted the necessary provision on the financial statements concluded on December 31, 2021.

Considering the situation generated by Covid-19 within the Company, the following decisions were issued in order to prevent the impairment of the good development of the activity:

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

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

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

## **2.19 Revenue recognition**

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

The Company recognizes income when its value can be measured reliably, 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.

Revenue is not considered to be measured reliably 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.

Revenues from the provision of services are recognized in 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 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 INDIVIDUAL FINANCIAL STATEMENTS**  
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## **2.22 Leasing contracts**

Leasing is a contract, or part of a contract, that gives 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 a support asset for a certain period of time in exchange for a consideration.

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

The cost of the asset related to the right of use includes:

- The value of the initial valuation of the debt arising from the leasing contract
- Any leasing payment made on or before this date, less any leasing incentives received.
- Any initial direct costs incurred by the company;
- An estimate 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, with unless these costs are incurred for the production of stocks.

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

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 small value.

Depreciation of the underlying asset is determined as follows:

- If at the end of the leasing contract the transfer of ownership takes place, then the depreciation will be recognized as an expense over the useful life of the asset.
- Otherwise, the depreciation will be recognized for the shortest period between the useful life of the asset and the period of the leasing contract.

In the first semester of 2022, the company had an ongoing operational leasing contract for which it registered an intangible asset related to the right to use the leased asset, respectively buildings.

**ARMĂȚURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

**3 TANGIBLE FIXED ASSETS**

	Land and buildings	vehicles and equipment	Furniture, endowments and equipment	Assets in progress of construction	investment immobility	Total
<b>Financial year to January 1, 2022</b>						
Initial net book value	0	238,868	8,657	0	0	247,525
Transfers inputs	-	-	-	-	-	-
outputs	-	-101,428	-6,647	-	-	-108,075
Depreciation expense	-	-17,661	-834	-	-	-18,495
Revaluation surplus in equity	-	-	-	-	-	-
Reduction from revaluation in the income statement	-	-	-	-	-	-
and expenses	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Final net book value on June 30, 2022</b>	<b>0</b>	<b>119,779</b>	<b>1,176</b>	<b>0</b>	<b>0</b>	<b>120,955</b>
Cost or evaluation	0	2,222,261	49,303	0	0	2,271,564
Cumulative depreciation	0	2,102,482	48,127	0	0	2,150,609
<b>Net book value</b>	<b>0</b>	<b>119,779</b>	<b>1,176</b>	<b>0</b>	<b>0</b>	<b>120,955</b>



**ARMĂTURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

**4 INTANGIBLE ASSETS**

	<u>Programmer information</u>	<u>Advances and other assets ASSETS</u>	<u>Total</u>
<b>Financial year at January 1, 2022</b>			
Initial balance	294	-	294
Depreciation expense	-73	-	-73
inputs			
outputs	-221	-	-221
Transfers	-	-	-
<b>Final balance on June 30, 2022</b>	<b>0</b>	<b>-</b>	<b>0</b>
Cost	270,382	-	270,382
Cumulative depreciation	270,382	-	270,382
<b>Net book value</b>	<b>0</b>	<b>-</b>	<b>0</b>

**5 STOCKS**

	<u>January 1 2022</u>	<u>30th of June 2022</u>
Raw materials and materials	1,484	0
Provisions for raw materials and materials	0	0
Production in progress	0	0
Provisions for products in progress	0	0
commodities	0	0
Provisions for goods	0	0
Finished product	0	0
Provisions for finished products	0	0
Other stocks	0	0
Provisions for other stocks	0	0
<b>Total</b>	<b>1,484</b>	<b>0</b>

**ARMĂTURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

**6 CUSTOMERS AND OTHER BELIEFS**

	<b>January 1 2022</b>	<b>30th of June 2022</b>
Trade receivables	12,483,070	8,776,015
Minus: adjustment for impairment of receivables trader	-727,666	-727,666
Trade receivables - net	11,755,404	8,048,349
- of which in relation to the affiliated parties	11,454,471	1,260
VAT receivable	36,467	95,256
Prepayments	8,279	19,721
Advances granted to suppliers	405	405
Minus: provision for depreciation of advances	-	-
Different debtors	7,000	7,000
Other receivables	5,300	20,069
<b>The current portion of receivables trade and other receivables</b>	<b>11,812,855</b>	<b>8,190,800</b>

**7 SUPPLIERS AND OTHER DEBTS**

	<b>January 1 2022</b>	<b>30th of June 2022</b>
Trade payables	246,628	149,127
-of which in relation to the affiliated parties	40,000	0
Debts with staff, contributions, social insurance	79,699	94,267
Value added tax	-	-
Profit tax liabilities	3,215,357	-
Other debts	107,470	90,959
	<b>3,649,154</b>	<b>334,353</b>
Minus the long-term portion:	-	-
<b>Current portion of trade and other payables liability</b>	<b>3,649,154</b>	<b>334,353</b>

**ARMĂTURA SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE SEMESTER ENDED JUNE 30, 2022**  
(in lei, unless otherwise specified)

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**8 SOCIAL CAPITAL**

The value of the subscribed capital on June 30, 2022 was 4,000,000 lei (December 31, 2021: 4,000,000 lei) representing 40,000,000 shares. All shares have the same voting rights, have a nominal value of 0.1 lei / share and are traded on the standard category BVB.

According to the data provided by the Central Depository, the shareholding structure as of June 30, 2022 is presented as follows:

	Number of shares (pcs)	The amount (lei)	Percentage (%)
Herz Armaturen Ges.MBH	13,197,352	1,319,735	32.9934
Hric Beteiligungs Ges.MBH	10,400,000	1,040,000	26.0000
Tridelta Heal Beteiligungsgesellschaft	6,703,418	670,342	16.7585
Legal entities	3,996,302	399,630	9.9908
Individuals	5,702,928	570,293	14.2573
<b>TOTAL</b>	<b>40,000,000</b>	<b>4,000,000</b>	<b>100.0000</b>

**9 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 date of drawing up these financial statements, the company is not in a position to reliably estimate the impact, because events are constantly changing from one day to the next.

Administrator,  
Stoina Vlad -Iulian



Prepared,  
Ec.Rus Dana





**HALF-YEARLY REPORT 2022**  
**SC ARMĂTURA SA**  
**CLUJ- NAPOCA**

Social headquarters:	400267 Cluj-Napoca Str. Station No. 19
Phone:	+40 264 435 367
Fax:	+40 264 435 368
E-mail:	office@armatura.ro
Website:	www.armatura.ro
Unique registration code:	RO 199001
Registered business number:	J12 / 13/1991
Subscribed and paid-in share capital:	4,000,000 RON

**The regulated market on which the issued securities are traded:**

The shares of SC ARMATURA SA 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 register SC Depozitarul Central SA, according to the contract no. 1958 from 19.01.2007

Date of report: 05.08.2022

- \* drawn up according to Regulation no. 5/2018 of the Financial Supervision Authority.
- \* The financial statements from 30.06.2022 were not audited.

**1. Economic and financial situation:**

The financial statements have been prepared in accordance with International Financial Reporting Standards.





# FINANCIAL POSITION SITUATION

	January 1 2022	30th of June 2022
<b>Active</b>		
<b>Fixed assets</b>		
Tangible fixed assets	247,525	120,955
Intangible assets	294	0
Right to use assets in leasing	1,189,098	785,737
<b>Total fixed assets</b>	<b>1,436,917</b>	<b>906,692</b>
<b>Current assets</b>		
Inventories	1,484	0
Customers and other receivables	11,812,855	8,190,800
Cash and cash equivalents cash	658,444	587,097
Financial assets short term	0	0
<b>Total current assets</b>	<b>12,472,783</b>	<b>8,777,897</b>
<b>Deferred income tax receivables</b>	<b>176,823</b>	<b>176,823</b>
<b>Total active</b>	<b>14,086,523</b>	<b>9,861,412</b>
<b>Equity and debt</b>		
Social capital	18,110,957	18,110,957
reserves	1,304,075	1,304,075
The result carried forward including the result for the period	-10,479,552	-10,898,784
<b>Total equity</b>	<b>8,935,480</b>	<b>8,516,248</b>
<b>Long-term debt</b>		
Loans	-	-
Debts related to financial leasing	392,431	392,431
Tax liabilities put off	-	-
Suppliers and other liabilities	-	-
<b>Total long-term debt</b>	<b>392,431</b>	<b>392,431</b>



**Current debts**

Suppliers and other debts	3,649,154	334,353
Settlements with shareholders regarding social capital	100	100
Loans	-	-
Debts from leasing operations	796,667	405,621
Provisions for risks and expenses	312,691	212,659
<b>Total current debts</b>	<b>4,758,612</b>	<b>952,733</b>
<b>Total debt</b>	<b>5,151,524</b>	<b>1,345,164</b>
<b>Total equity and debt</b>	<b>14,086,523</b>	<b>9,861,412</b>





## STOCK ANALYSIS

The company's stocks registered a decrease compared to the beginning of 2022 in the amount of -1,484 lei, on 30.06.2022 registering the value 0.

	January 1 2022	30th of June 2022
Raw materials and materials	1,484	0
Provisions for raw materials and materials	0	0
Production in progress	0	0
Provisions for products in progress	0	0
commodities	0	0
Provisions for goods	0	0
Finished product	0	0
Provisions for finished products	0	0
Other stocks	0	0
Provisions for other stocks	0	0
<b>Total</b>	<b>1,484</b>	<b>0</b>



## DEBT ANALYSIS

On 30.06.2022 the company's receivables had the following structure:

	January 1 2022	30th of June 2022
Trade receivables	12,483,070	8,776,015
Minus: provision for impairment of receivables trader	-727,666	-727,666
Trade receivables - net	11,755,404	8,048,349
-of which in relation to the affiliated parties	11,454,471	1,260
Prepayments	8,279	19,721
Advances granted to suppliers	405	405
Minus: provision for depreciation of advances	-	-
Different debtors	7,000	7,000
Other receivables	41,767	115,325
<b>The current portion of receivables trade and other receivables</b>	<b>11,812,855</b>	<b>8,190,800</b>

The commercial receivables of the company from 30.06.2022 registered a decrease by 3,622,055 lei compared to those existing in the balance at the beginning of 2022, respectively a percentage decrease by 30.66%.

## ANALYSIS OF PAYMENT OBLIGATIONS

	January 1 2022	30th of June 2022
Trade payables	246,628	149,127
-of which in relation to the affiliated parties	40,000	0
Debts with staff, contributions, social insurance	79,699	94,267
Profit tax liabilities	3,215,357	0
Other debts	107,470	90,959
	<b>3,649,154</b>	<b>334,353</b>

The current debts of the company registered a decrease in value of 3,314,801 lei compared to the beginning of 2022, with a percentage decrease of 90.83%.



STATEMENT OF REVENUE AND EXPENDITURE

	30th of June 2021	30th of June 2022
Income	754,148	1,287,683
Other operating revenues	1,599	1,092
Variation of stocks of finished products and work in progress	-25,886	54,210
Raw materials and materials	-96,082	-68,868
The cost of goods	-125,983	-55,252
Staff costs	-534,840	-551,869
Utility expenses	-157,465	-331,475
Services provided by third parties	-161,818	-291,145
Depreciation and amortization fixed assets	-205,116	-357,148
Net movement in the provision for other risks and expenses	8,500	100,032
Other operating expenses	-826,443	-15,860
Other income / (losses), net	95,983	-170,763
<b>Operational result</b>	<b>-1,273,403</b>	<b>-399,363</b>
Financial income	0	9,319
Financial expenses	-653,297	-29,188
<b>Net financial loss</b>	<b>-653,297</b>	<b>-19,869</b>
<b>Profit / Loss before tax</b>	<b>-1,926,700</b>	<b>-419,232</b>
Income / (Expenditure) with profit tax current and delayed	-	-
<b>Net profit / loss for the year</b>	<b>-1,926,700</b>	<b>-419,232</b>



## **2. Analysis of the company's activity**

The Company's management monitors the forecasts regarding the Company's liquidity needs, in order to ensure that there is sufficient cash to meet the operational requirements. These forecasts take into account the Company's debt financing plans, compliance with agreements, compliance with internal objectives regarding the indicators in the balance sheet.

### **2.2. Corporate governance:**

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 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards, ASF regulation 05/2018 on reporting, law 297/2004 on capital market, BVB regulations and other. All these acts are public. Until the date of preparation of this report, the Company did not adhere to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2015. The Company has implemented an Organization and Functioning Regulation as well as an Internal Order Regulation which are meant to ensure the functioning in the parameters safety and to contribute to the fulfillment of the company's objectives. The internal control system fulfills its proposed objectives and no significant deficiencies were found in the functioning of the internal system. The principles of the implemented internal control system are the separation of decisions, the existence of automatic controls incorporated in the computer application, authorization limits, periodic reporting, etc. The company has appointed an internal auditor but not an audit committee. There is no separate investor relations department. The company has a contract with an authorized financial auditor, according to the legal requirements, which verifies the financial statements according to the legal provisions in force. The General Assembly has the attributions provided by Law 31/1990 with the afferent modifications and by the constitutive act of the company in force at the date of the youth of the general assembly. The manner of holding the general meeting of shareholders and its key attributions are in accordance with the legislation in force and with the Company's Statute. The rights of the shareholders and the way in which they can be exercised are provided in the legislation applicable.

Composition of the Board of Directors:

- Stoina Vlad -Iulian - Chairman of the Board of Directors
- Matthias Haider - member
- Damir Rutar - member
- Zoran Bankovic - member
- Walter Simmel - member





### 3. The tangible assets of the company

#### 3.1. Specifying the location and characteristics of the main production capacities owned by the company.

The production equipment and installations owned by the company are located, entirely, in Cluj-Napoca, Gării street no. 19.

### 4. Changes affecting the capital and administration of the company

In 2021 SC ARMATURA SA received a notification from Herz Armaturen Ges.mbH informing us that they have concluded with the company Koro Lando Real Estate SRL, a contract that has as object the assignment of the entire claim that Armatura has towards subscribed Herz Armaturen Ges.mbH. Consequently, the company must pay the debt to the transferee Koro Lando Real Estate.

On December 14, 2021, the sale-purchase contract authenticated with number 9617 / 14.12.2021 by the Professional Notarial Company Gorun & Asociații was concluded, through which ARMATURA SA sold the real estates it owned, located in Cluj-Napoca, str. Gării, no. 19, Cluj county, to the company KORO LANDO REAL ESTATE SRL.

The sale was made based on the Decision of the Extraordinary General Meeting of Shareholders of Armatura SA no. 3 / 25.04.2019, published in the Official Gazette of Romania, Part IV, no. 2351 / 05.06.2019.

The sale price is the equivalent in lei of the amount of 9,500,000 EURO, at the BNR exchange rate on the day of payment. As a result of the collection of the equivalent value of the sold real estate, the company Armatura SA managed to fully repay the loan of 5,000,000 euros to the assignee Koro Lando Real Estate and the related interest.

Administrator,

Stoina Vlad – Iulian



Prepared,

Ec.Rus Dana

### Statement

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

The half-yearly financial statements from 30.06.2022 have been prepared for:

SC Armatura SA

County: 12 - Cluj

Address: Cluj Napoca, Str. Gării, Nr. 19

Number from the Trade Register: J12 / 13/1991

Form of ownership: 34 - Joint stock companies

Main activity (CAEN code and name): 2814 - Manufacture of taps and fittings

Fiscal identification code: RO 199001

The undersigned Matthias Haider and Vlad - Iulian Stoina, as Directors of SC Armatura SA, assumes the responsibility for the preparation of the half-yearly financial statements from 30.06.2022 and confirms that:

- a) The individual financial statements as at 30.06.2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and OMF 2844/2016.
- b) The accounting policies used in preparing the half-yearly financial statements are in accordance with the applicable accounting regulations.
- c) The half-yearly financial statements provide a true and fair view of the financial position, financial performance and other information relating to the business.
- d) The legal person carries out its activity in conditions of continuity.

Signatures,

