

**ARMATURA SA**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED ON MARCH 31 2023**  
**DRAFTED PURSUANT TO FINANCIAL REPORTING INTERNATIONAL**  
**STANDARDS ADOPTED BY THE EUROPEAN UNION**



**CUPRINS****PAGINA**

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**ARMATURA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**ON 31 MARCH 2023**  
(in lei, if not mentioned otherwise)

	Note	01 <sup>st</sup> January 2023	31 <sup>st</sup> March 2023
<b>Asset</b>			
<b>Fixed assets</b>			
Tangible assets	6	109.134	108.923
Intangible assets	7	0	0
Right of use of assets			
In leasing		382.375	382.375
<b>Total fixed assets</b>		<b><u>491.509</u></b>	<b><u>491.298</u></b>
<b>Current assets</b>			
Stocks	11	0	0
Clients and other claims		526.823	652.097
Cash and cash equivalents	12	7.853.999	7.689.718
Short-term financial assets		0	0
<b>Total current assets</b>		<b><u>12.472.783</u></b>	<b><u>12.350.812</u></b>
<b>Tax receivables on</b>			
<b>Deferred profit</b>		<b>153.012</b>	<b>153.012</b>
<b>Total assets</b>		<b><u>9.025.343</u></b>	<b><u>8.986.125</u></b>
<b>Equity and debts</b>			
Registered capital	13	18.110.957	18.110.957
Reserves		1.304.075	1.304.075
Reported result		<u>-11.365.151</u>	<u>-11.366.075</u>
<b>Total equity</b>		<b>8.049.881</b>	<b>8.048.957</b>
<b>Long term debts</b>			
Loans		-	-
Debts from leasing operations	16	392.431	392.431

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

**ARMATURA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**ON 31 MARCH 2023**  
(in lei, if not mentioned otherwise)

	Note	01 <sup>st</sup> January 2023	31 <sup>st</sup> March 2023
<b>Current debts</b>			
Suppliers and other debts	14	366.477	328.183
Settlements with shareholders on registered capital		100	100
Loans	15	0	0
Debts from leasing operations	16	8.588	8.588
Provisions for risks and expenses	18	207.966	207.866
<b>Total current debts</b>		<b>583.031</b>	<b>544.737</b>
<b>Total debts</b>		<b>975.462</b>	<b>937.168</b>
<b>Total equity and debts</b>		<b>9.025.343</b>	<b>8.986.125</b>

**Administrator,**

Stefan Bogdan

**Drafted by,**

Ec.Rus Dana



**ARMATURA SA**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE QUARTER ENDED ON 31 MARCH 2023**  
(in lei, if not mentioned otherwise)

		<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>
	<b>Note</b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Income		425.754	553.760
Other operating income		36.112	1.092
Variation of finished products stocks and undergoing production		-24.795	0
Raw materials and materials		-34.466	-14.202
Cost of merchandise		-81.572	-55.252
Staff expenditure	<b>21</b>	-273.353	-193.875
Utilities expenditure		-97.428	-326.726
Services rendered by third parties		-109.026	-343.419
Amortisation and depreciation of fixed assets		-103.758	-6.527
Net movement in provision for other risks and expenditure	<b>18</b>	7.002	0
Other operational expenditure	<b>20</b>	<u>-124.270</u>	<u>-15.859</u>
Other revenues / (losses), net	<b>19</b>	<u>43.056</u>	<u>-170.763</u>
<b>Operational result</b>		<b>-336.744</b>	<b>-114.856</b>
Financial income		<u>0</u>	<u>114.504</u>
Financial expenses		<u>-518.218</u>	<u>-576</u>
<b>Net financial loss</b>	<b>22</b>	<b><u>-518.218</u></b>	<b><u>113.928</u></b>
<b>Loss before taxation</b>		<b>-854.962</b>	<b>-925</b>
Income / (Expense) with profit tax current and delayed	<b>23</b>	<u>-</u>	<u>-</u>
<b>Net loss related to the exercise</b>		<b><u>-854.962</u></b>	<b><u>-925</u></b>
Number of shares issued		40,000,000	40,000,000
<b>Basic and diluated earnings per share</b>		<b><u>-0.0214</u></b>	<b><u>-0.000023</u></b>

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 2023**  
**(in lei, if not mentioned otherwise)**

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	01 <sup>st</sup> January 2023	31 <sup>st</sup> March 2023
Note	<u>2023</u>	<u>2023</u>
<b>Loss related to exercise</b>	<u>-885.599</u>	<u>-925</u>
<b>Other elements of the global result:</b>		
Gain /(Loss) from revaluation of buildings	-	-
Impact of deferred tax on revaluation reserves	-	-
<b>Other elements of the global result</b>		
<b>Related to the year, net tax</b>	<u>-</u>	<u>-</u>
<b>Total overall result for the year</b>	<u>-885.599</u>	<u>-925</u>

**Administrator,**  
Stefan Bogdan



**Drafted by,**  
Ec.Rus Dana



**ARMATURA S.A.**  
**STATEMENT OF MODIFICATIONS OF EQUITY**  
**FOR THE QUARTER ENDED ON 31 MARCH 2023**  
(in lei, if not mentioned otherwise)

	Registered capital	Reserves reassessment	Other reserves	Reported result	Total
<b>Balance at 1 January 2022</b>	<u>18,110,957</u>	-	<u>1,304,075</u>	<u>-11,365,150</u>	<u>8,049,882</u>
Profit/Loss related to the year	-	-	-	-925	-925
Other elements of global result	-	-	-	-	-
Reserves from reassessment	-	-	-	-	-
<b>Total global result</b>	-	-	-	<b>-925</b>	<b>-925</b>
<b>Balance at 31 March 2023</b>	<u>18,110,957</u>	-	<u>1,304,075</u>	<u>-11,366,075</u>	<u>8,048,957</u>

Administrator,  
Stefan Bogdan



Drafted by,

Ec. Rus Dana



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

**ARMATURA S.A.**  
**INDIVIDUAL STATEMENT OF TREASURY FLOWS**  
**FOR THE QUARTER ENDED ON 31 MARCH 2023**  
(in lei, if not mentioned otherwise)

		1 <sup>st</sup> January	31 <sup>st</sup> March
	Note	<u>2023</u>	<u>2023</u>
<b>Cash flows from the operating activities</b>			
Cash generated from operations	23	<u>7.249.310</u>	<u>-50.384</u>
Interest paid		-	-
<b>Net cash generated from operating activities</b>		<u>7.249.310</u>	<u>-50.384</u>
<b>Cash flows from investment activities</b>			
Purchase of tangible assets		0	0
Net proceeds from the sale of tangible assets		0	0
Interest received		2.435	0
Interest collected		51.320	113.896
<b>Net cash used in investment activities</b>		<u>53.755</u>	<u>113.896</u>
<b>Cash flows from financing activities</b>			
Settlements from shareholders		-	-
<b>Net cash used in financing activities</b>		<u>-</u>	<u>-</u>
<b>Net modification of cash and cash equivalents</b>		<u>7.195.556</u>	<u>-164.280</u>
<b>Cash and cash equivalents at the beginning of the year</b>	12	<u>658.444</u>	<u>7.853.999</u>
<b>Increases /- Decreases</b>		<u>7.195.556</u>	<u>-164.280</u>
<b>Cash and cash equivalents at the end of the year</b>	12	<u>7.853.999</u>	<u>7.689.718</u>

Administrator,

Stefan Bogdan

Drafted by,

Ec.Rus Dana

**ARMATURA S.A.**  
**NOTES TO INDIVIDUAL FINANCIAL SITUATIONS**  
**FOR THE QUARTER REFERRED TO 31 MARCH 2023**  
**(in lei, if not mentioned otherwise)**

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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 have been listed in the standard category of the Bucharest Stock Exchange since 1997, and in 2022 the main shareholder is HERZ ARMATUREN Ges.mbH Austria.

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.

Starting with the year 2021, when the Company carries out the activity of sub-leasing the spaces, this risk is no longer applicable, the clients being predominantly internal.

**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 The basis of the 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. 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 changing the courses of currency exchange, 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").



For the year ended December 31, 2011 and for all financial years previous, the Company prepared the financial statements in accordance with the Romanian accounting regulations (local accounting principles) represented by OMF 3055/2009 for the years 2011 and 2010. On December 31, 2012 the Company prepared the first set of financial statements according to IFRS adopted by the EU.

The preparation of financial statements in accordance with IFRS requires the use of critical accounting estimates. It also requires management to use judgment in the process of applying accounting policies. The areas that involve a higher degree of complexity and application of these reasonings or those in which assumptions and estimates have a significant impact on the financial statements are presented in note 4.

### **2.1.1. Continuity of activity**

The present financial statements were drawn up based on the going concern principle, which assumes that the Company will continue its activity in the foreseeable future.

The nature of the Company's activity may bring unpredictable variations in terms of cash inflows in the future. The management analyzed the problem of the opportunity of preparing the financial statements based on the principle of continuity of activity.

On March 31, 2023, the Company recorded a loss of 925 lei.

### **2.1.2 The 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 benchmark interest rate – Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods starting 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 Leases**— Adopted by 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* obtained income during the year from renting some spaces to other commercial companies until the date of sale of the buildings, 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
- The company has a number of 39 tenants as of 31.03.2023
- 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.

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 ending on March 31, 2023, 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 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 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 interpretations that have not yet entered into force 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.

## **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 March 31, 2023, the exchange rate used to convert balances in foreign currency is 1 EUR = 4.9491 RON, (01 January 2023 1 EUR=4.9474 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 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 as of the balance sheet date. The amounts expressed in terms of purchasing power on December 31, 2004 (the date of cessation of hyperinflation) are treated as the basis for the accounting values in these financial statements.

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

## **2.2 Tangible assets**

<u>Type</u>	<u>Number of years</u>
Used	2 - 12
vehicles	3 - 15

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 the accounting balance sheet.

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.

## **2.6 Intangible assets**

### *Computer programs*

Purchased licenses related to the rights to use computer programs are capitalized based on the costs recorded with the acquisition 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.

## **2.6 Intangible assets (continued)**

### *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.

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.

## **2.7 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.

## **2.8 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.

## **2.9 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.

## **2.10 Inventories**

As of 31.03.2023, the company no longer has stocks of materials or finished products.



## **2.11 Trade receivables**

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.

## **2.12 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.

## **2.13 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".

## **2.14 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.

## **2.15 Loans**

On 31.03.2023, the company has no loans.

## **2.16 Current and deferred profit tax**

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

The tax expense for the period includes current tax and deferred tax. The tax is recognized in the profit and loss account, unless it refers to the elements recognized in other elements of the overall result or directly in the equity. In this case, the related tax is also recognized in other elements of the global result or directly in equity.

The current profit tax expense is calculated based on the fiscal regulations in force at the balance sheet date in Romania. The management periodically evaluates the positions in the fiscal declarations regarding the situations in which the applicable fiscal regulations are interpretable. This constitutes provisions, where applicable, based on the amounts estimated to be owed to the tax authorities.

Deferred profit tax is recognized based on the liability method, for temporary differences between the tax bases of assets and liabilities and their accounting values from 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 recognized. Deferred profit tax is determined based on the tax rates (and laws) in 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 capitalized or the deferred tax payable will be paid.

The deferred tax recoverable is recognized only to the extent that it is probable that a taxable profit will be obtained in the future from which the temporary differences can be deducted.

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

## **2.17 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.

## **2.18 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.

*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 Company's employees receive, on the occasion of retirement, a prize equivalent to one/two basic salaries earned in the month before retirement. The company made an estimate of the updated value of this promised benefit, in order to establish the necessary provision, but which did not materialize because it was not considered that it would have a significant impact on the financial statements.

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. The company made an estimate of the discounted value of this promised benefit, and constituted the necessary provision on the financial statements concluded on December 31, 2022.

The company did not pay compensatory payments in 2023

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

- By Decision no. 20/01.09.2020, people in the vicinity of those infected with Covid-19 have benefited from the settlement of the Covid-19 test by the unit.
- As an additional protection measure for employees, in some cases, the amendment of the employment contract was chosen, in an employment contract with a telework clause.
- The employees were permanently informed about the legislative changes and updates brought to the areas affected by Covid-19.

## **2.19 Provisions**

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

Provisions for taxes are established for payment amounts owed to the state budget, provided that the respective amounts are not reflected as debt in the relationship with the state.

Provisions are reviewed at the date of the financial statements and adjusted to reflect Management's current best estimate in this regard. In the event that an outflow of resources is no longer likely to settle an obligation, the provision must be canceled by resuming income.

## **2.20 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.

## **2.21 Leasing contracts**

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 lease payment made on or before the commencement date, minus any lease 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 in the terms and conditions of the leasing contract, with the exception in the case where these costs are borne for the production of stocks. The lessee assumes the obligation to 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 ownership is transferred at the end of the leasing contract, then depreciation will be recognized as an expense during the useful life of the asset.
- Otherwise, the amortization will be recognized on the shortest period between the useful life of the asset and the period of the leasing contract.

In 2023, the Company has a leasing contract in progress, namely the one for renting buildings and land from Koro Lando Real Estate SRL.

## **2.22 Distribution of dividends**

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



**QUARTERLY REPORT 31.03.2023\***  
**SC ARMATURA SA**  
**CLUJ-NAPOCA**

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E-mail: office@armatura.ro  
Website: www.armatura.ro

Unique registration code: RO 199001  
Registered business number: J12/13/1991  
Subscribed and paid-up capital: 4,000,000 RON

**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 SC Depozitarul Central register  
SA, according to contract no. 1958 of 19.01.2007

Report date: 05/03/2023

\*Prepared according to Regulation no. 05/2018 of the ASF

\*The financial statements from 31.03.2023 have not been audited.





**Economic - financial indicators:**

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

$ILC = \text{Current Assets} / \text{Current Liabilities}$

**31.03.2022**  $ILC = 12,472,783 / 4,758,612 = 2.62$

**31.03.2023**  $ILC = 8,341,815 / 544,737 = 15.31$

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

2. The debt level indicator:

$IGI = \text{Borrowed capital} / \text{equity capital} * 100$

**31.03.2022** IGI = in 2022 we no longer have borrowed capital

**31.03.2023** IGI = in 2023 we no longer have borrowed capital

- 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:

$VRC = [(\text{receivables at the beginning of the period} + \text{receivables at the end of the period}) / 2] / CA * 90 \text{ days}$

**31.03.2022**  $VRC = [(11,812,855 + 11,066,381) / 2] / 865,471 * 90 = 1189 \text{ days}$

**31.03.2023**  $VRC = [(526,823 + 652,097) / 2] / 553,760 * 90 = 958 \text{ days}$

- 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;



**4. Fixed assets turnover rate:**

$VRAI = \text{Turnover} / \text{Fixed assets}$

**31.03.2022**     $REAL = 865,471 / 1,324,080 = 0.65$

**31.03.2023**     $TRUE = 553,760 / 491,298 = 1.12$

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

**Administrator,**  
Stelian Bogdan