



12/31/2023

Annual consolidated financial statements for the financial year 2023

Statements prepared in accordance with
International Accounting Standards



AAGES S.A.

STR. AGRICULTORILOR NR. 16, SÂNGEORGIU DE
MUREŞ, JUD. MUREŞ

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I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

/ RON /

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As of 01.01.2023	As of 31.12.2023	Note
A. Long-term assets, total, of which	14.406.955	16.194.576	Note 2
1. Intangible assets	120.971	136.414	
2. Tangible fixed assets	14.285.984	16.058.162	
3. Financial assets	-	-	
B. Current assets, total, of which	41.251.192	47.630.626	Note 3
1. Inventories	19.332.580	20.922.014	3.1
2. Trade receivables and similar	8.693.787	7.972.773	3.2
3. Deposits, treasury certificates and bonds	5.074.770	2.054.923	3.3
4. Cash and cash equivalents	8.150.055	16.680.916	3.4
C. Advance expenses	60.299	108.533	Note 5
TOTAL ASSETS	55.718.446	63.933.735	
D. Short-term Liabilities	17.411.594	18.883.939	Nota 4
1. Short-term bank loans	7.499.404	7.795.942	
2. Trade payables, advances received and payable effects	8.701.554	9.233.135	
3. Amounts due to associated and jointly controlled entities	-	-	
4. Other payables	1.210.636	1.854.862	
E. Long-term Liabilities	1.265.102	4.849.913	Nota 4
1. Short-term bank loans	1.265.102	4.793.590	
2. Trade payables, advances received and payable effects	-	-	
3. Amounts due to associated and jointly controlled entities	-	-	
4. Other payables	-	56.323	
TOTAL LIABILITIES	18.676.696	23.733.852	
F. Provisions	239.930	277.049	Nota 6
G. Advance income	547.346	510.595	Nota 5
H. Capital and reserves	36.254.474	39.412.239	Nota 7
1. Registered capital	2.000.000	2.000.000	
2. Adjustments related to registered capital	706.342	706.342	
3. Rezerve din reevaluare	911.956	903.564	
4. Reserves	691.745	704.231	
5. Own shares	32.550	196.882	
6. Result related to equity instruments	-	-	
7. Reported result	29.370.602	32.238.119	
8. Minority interests	2.606.379	3.056.865	
Total capital attributable to Group owners	33.648.095	36.355.374	
Total capital attributable to Minority interests	2.606.379	3.056.865	
TOTAL EQUITY AND LIABILITIES	55.718.446	63.933.735	
Gross dividends distributed	2.000.921	3.200.869	
Gross dividends per share	0,20	0,32	

II. CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

/ RON /

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE	01.01.2022 -	01.01.2023 -	Note
	31.12.2022	31.12.2023	
Total operational income, of which:	45.913.416	47.823.072	
<i>Net turnover</i>	38.270.636	45.268.033	
<i>Income related to the cost of production in progress</i>	6.909.089	812.710	
<i>Other operating income</i>	733.691	1.742.329	
Total operational expenses, of which	38.022.219	40.176.654	
<i>Expenditure on raw materials, consumables, commodities</i>	19.519.432	20.276.151	
<i>Staff expenditure</i>	12.368.552	13.905.428	
<i>Value adjustments on tangible and intangible fixed assets</i>	834.117	466.530	
<i>Value adjustments on current assets</i>	9.255	348.400	
<i>Other operating expenses</i>	5.254.247	5.133.477	
<i>Adjustments to provisions</i>	36.616	46.668	
Operational result	7.891.197	7.646.418	Nota 8
Financial income	602.213	574.670	
Financial expenses	1.219.142	1.235.291	
Financial result	-616.929	-660.621	
Total income	46.515.629	48.397.742	
Total expenses	39.241.361	41.411.945	
Result before tax	7.274.268	6.985.797	
Current income tax	931.502	1.007.965	Nota 11
Deferred income tax	-44.845	-75.139	Nota 12
Net result attributable to Group owners	6.387.611	6.052.971	
<i>Net result attributable to minority interests</i>	513.538	645.378	
<i>Total net result</i>	6.901.149	6.698.349	
Other Comprehensive Result items that will not be reclassified to the Profit and Loss Account			
Revaluation result attributable to owners	-8.498	-8.392	
Deferred tax for other comprehensive result items attributable to owners	-1.360	-1.343	
Other comprehensive result items attributable to owners	-9.858	-9.735	
<i>Other comprehensive result items attributable to minority interests</i>	-1.080	-1.080	
<i>Total other comprehensive result items</i>	-10.938	-10.815	
Comprehensive result attributable to owners	6.377.753	6.043.236	
<i>Comprehensive result attributable to minority interests</i>	512.458	644.298	
<i>Total comprehensive result</i>	6.890.211	6.687.534	
No. of shares	10.000.000	10.000.000	
Basic and diluted result per share expressed in RON/share	0,64	0,61	

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

/ RON /

SCMCP (RON)	Registered Capital	Legal and other reserves	Revaluation reserves	Reported result	Own shares	Result related to equity instruments	Capital attributable to owners	Minority interests	Total capital and reserves
As of 01.01.2023	2.706.342	691.745	911.956	29.370.602	32.550	-	33.648.095	2.606.379	36.254.474
Current year profit	-	-	-	6.052.971	-	-	6.052.971	645.378	6.698.349
Deferred tax	-	-	-	(1.343)	-	-	(1.343)	(149)	(1.492)
Other comprehensive result items	-	-	(8.392)	-	-	-	(8.392)	(931)	(9.323)
Total comprehensive result	-	-	(8.392)	6.051.628	-	-	6.043.236	644.298	6.687.534
Dividend distributions	-	-	-	(3.200.869)	-	-	(3.200.869)	-	(3.200.869)
Capital Change	-	-	-	-	-	-	-	-	-
Profit/Loss from ICP	-	-	-	-	164.332	-	(164.332)	-	(164.332)
Revaluation surplus	-	-	-	8.392	-	-	8.392	-	8.392
Other changes	-	12.486	-	8.366	-	-	20.852	(193.812)	(172.960)
As of 31.12.2023	2.706.342	704.231	903.564	32.238.119	196.882	-	36.355.374	3.056.865	39.412.239

IV. CONSOLIDATED CASH FLOW STATEMENT

Cash flow	Item name	Consolidated	
		As of 01.01.2023	As of 31.12.2023
From operational activities:	Receipts from customers	48.240.035	49.709.031
	Payments to suppliers and employees	46.334.974	38.609.870
	Interest paid	546.504	747.280
	Income tax paid	575.376	703.656
	Receipts from Health Insurance House	236.019	47.695
	Net cash from operating activities	1.019.200	9.695.920
from investing activities	Payments for purchase of shares	135.402	501.047
	Payments for purchases of bonds and securities	1.500.011	-
	Payments for purchase of tangible fixed assets	830.630	529.820
	Receipts from sale of tangible fixed assets	364.084	4.760
	Interest received	15	125.985
	Dividends received	350.000	-
Net cash from investing activities	-1.751.944	-900.122	
from financing activities	Receipts from issue of shares	-	-
	Net receipts from short-term loans	41.446.508	44.872.631
	Receipts from long-term loans	13.889.175	17.281.221
	Finance lease debt payment	21.688	84.349
	Net loan payments	57.579.311	59.334.440
	Dividends paid	2.701.842	3.000.000
Net cash from financing activities	-4.967.158	-264.937	
growth and balances	Net growth in cash and cash equivalents	-5.699.902	8.530.861
	Cash and cash equivalents at beginning of financial year	13.849.957	8.150.055
	Cash and cash equivalents at end of financial year	8.150.055	16.680.916

V. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. MAIN ACCOUNTING POLICIES

1.1 Declaration of Conformity

The financial statements presented have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Standards which are not yet adopted by the European Union and which have been adopted but have not yet come into force do not have a significant impact on the Group's reported financial statements.

1.2 General Information

a) Reporting entity

The Company Aages SA was established in 1991 as a limited liability company and was registered with the Trade Register under number J26/577/1991, with the TIN/VAT code 1196550. Its registered office is in Sângeorgiu de Mureș, 16 Agricultorilor Street.

The Company's main object of activity is the manufacture of electric motors, generators and transformers - CAEN code 2711.

As of the balance sheet date the subscribed registered capital is RON 2,000,000, consisting of 10,000,000 shares with a nominal value of RON 0.2 each. The share structure is presented in Note 6.1.

At the end of the completed 2023 financial year, AAGES SA directly owned the subsidiary Electroterm SRL, thus forming the AAGES Group. The participation rate in this subsidiary is 50%.

Electroterm SRL was founded in 1991 as a limited liability company and was registered with the Trade Register under number J26/2168/1991, with the TIN/VAT code 1196615. Its registered office is in Sângeorgiu de Mureș, 16E Agricultorilor Street.

The Company's main object of activity is the manufacture of electric motors, generators and transformers - CAEN code 2711.

In In 2016, on the basis of the AGM Resolution no. 005-2016/07.10.2016, the company Aages SRL was transformed into a joint-stock company and increased its share capital from RON 460,000 to RON 2,000,000.

On 19.06.2017, the company Aages SA was listed on the Bucharest Stock Exchange. On this date the Company's shares were admitted to trading on the spot regulated market administered by the Bucharest Stock Exchange (BVB), Standard category, with the trading symbol “AAG”. The listing of the Company was carried out by a public offer initiated by SSIF GOLDRING SA, a member of the National Securities Commission, by selling 1,500,000 shares held by the selling shareholders.

b) Bases for the preparation of the financial statements

The financial statements have been prepared in accordance with Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.

The financial statements comprise:

1. Statement of financial position
2. Statement of income and expenditure
3. Statement of changes in equity
4. Cash flow statement
5. Significant accounting policies and explanatory notes to the quarterly financial statements.

These financial statements are intended to present the financial position, the results of operations and a complete set of notes to the financial statements in accordance with the accounting rules and principles set out in IFRS.

The Company is required to prepare individual and consolidated half-yearly financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) for the current financial year, which will be published in accordance with the provisions of the legislation in force.

The financial statements have been prepared based on the going concern principle. The financial statements are prepared on the basis of statutory accounting records kept in accordance with the Romanian accounting principles, adjusted for the transition to IFRS as adopted by the European Union.

Bases for consolidation:

The consolidated financial statements incorporate the financial statements of the companies Ages SA and Electroterm SRL. All transactions within the Group, balances, income and expenditure are completely removed from the consolidation.

Minority interests in the net assets of the subsidiary are identified separately from the Group's equity.

c) Reporting currency

The financial statements have been prepared and expressed in RON.

d) Functional currency

The functional currency is the local currency of the entity, namely RON.

e) Determination of fair value

In determining the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised within the different levels of the fair value hierarchy based on the input data used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: input data, other than quoted prices included in Level 1, that are observable for an asset or liability, either flow (e.g. prices) or indirectly (derived from prices);
- Level 3: input data for an asset or liability that is not based on observable market data (unobservable input data).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which a change has occurred.

If the carrying amount is a reasonable approximation of fair value, then financial assets and financial liabilities are not measured at fair value.

f) Foreign currency transactions

The Group's foreign currency transactions are recorded in accordance with IAS 21. The exchange rates used are those communicated by the National Bank of Romania ("NBR") for the transaction date, included in Note 13. Foreign currency balances are converted into RON at the exchange rates communicated by the NBR for the balance sheet date. Earnings and losses arising from the settlement of foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the profit and loss account, within the financial result.

1.3 Significant Accounting Policies and Methods

In the process of applying the Company's accounting policies, the Management has not made significant assumptions other than those involving estimates of adjustments for receivables that have a significant effect on the amounts in the financial statements. The accounting policies are consistently applied to all periods presented in the financial statements prepared in accordance with IFRS.

(a) Tangible fixed assets

(i) Own Assets

Fixed assets are stated in compliance with IAS 16 at cost less accumulated depreciation and impairment losses. The exception is land and buildings for which the revaluation method is used. In this latter case, whenever a significant difference in value between the carrying amount of fixed assets and their fair value is identified, they are revalued.

(ii) Leased assets

Financial leases

Leases in which the Company assumes all the risks and rewards of ownership are classified as financial leasing. Fixed assets acquired under financial leasing are stated at the lower of market value and present value of future payments, less accumulated depreciation and impairment losses. Leasing payments are recorded in accordance with IFRS 16, Leases.

(iii) Subsequent maintenance and repair expenditure

Expenditures on the repair or maintenance of fixed assets incurred to restore or maintain the value of such assets is recognised in the profit and loss account on the date they are incurred, while expenditure incurred for the purpose of improving technical performance is capitalised and depreciated over the remaining depreciation period of the said fixed asset.

(iv) Depreciation

Tangible fixed assets are depreciated in accordance with IAS 16 using two methods: the revaluation method for land and buildings and the cost method for other fixed assets. Depreciation starts with the month following the date of acquisition or the date of commissioning, as appropriate, using the expected service life. Fixed assets under construction and land are not depreciated.

The depreciation periods used are as follows:

- Buildings and constructions 15-50 years
- Equipment and machinery 3-5 years
- Means of transport 4-6 years
- Furniture and office equipment 5-9 years

Depreciation is recognised in the profit and loss account based on the linear method over the expected service life.

(v) Sale/disposal of tangible fixed assets

Tangible fixed assets that are scrapped or sold are removed from the balance sheet together with the related accumulated depreciation. Any gain or loss arising from such an operation is included in the current profit and loss account.

(vi) Assets sold and leased

The transaction of selling and leasing the same asset under a financial lease is treated as a financing transaction and the asset is maintained in the patrimony.

(b) Intangible assets

Intangible assets acquired by the Group are stated in the financial statements in accordance with IAS 38 Intangible Assets using the cost method less impairment losses (see accounting policy, "Impairment of Assets").

Depreciation is recognised in the profit and loss account based on the linear method over the expected service lives of the intangible assets.

The majority of the intangible assets recorded by the Company are dedicated software. They are depreciated on a straight-line basis over 1 year, except for the management software which is depreciated over 3 years.

(c) Investment property

Under IAS 40, investment property is immovable property held for the purpose of earning rental income or for the increase of the capital value and not for use in the production or supply of goods or services, or for administrative purposes, or to be sold in the ordinary course of business. Investment property is measured at fair value and is not depreciated! Fair value is determined at the end of each financial year and any valuation differences are charged directly to the income or expenses of the financial year.

(d) Inventories

Inventories are stated in accordance with IAS 2 Inventories. They are recognised at the lower of cost and net realisable value.

Net realisable value is the selling price expected to be obtained in the ordinary course of business less sales-related costs.

The cost of inventories is based on the First In First Out (FIFO) principle. Cost of finished goods and work in progress includes materials, workforce and related indirect production costs. Where necessary, adjustments are made for slow-moving, physically or morally worn inventories. Net realisable value is estimated on the basis of the selling price less completion costs and selling expenses.

(e) Trade and other receivables

Trade receivables are recorded at their nominal value less adjustment for impairment of such receivables. An adjustment for impairment of trade receivables is provided where there is objective evidence that the Company will not be able to collect all amounts when originally due. The provisions of IAS 36 Impairment of Assets apply. For all receivables from customers that are considered doubtful, 100% adjustments on the value of such receivables are calculated and recorded in the accounting records.

(f) Cash and Cash Equivalents

Cash and cash equivalents are shown in the balance sheet as cost. For the cash flow statement, cash and cash equivalents comprise cash on hand, bank accounts, short-term financial investments with a maturity of less than 3 months, other amounts and net of overdrafts in the balance sheet. The overdraft is shown under liabilities due within one year - amounts due to credit institutions.

(g) Impairment of assets

Tangible fixed assets and other long-term assets are reviewed in accordance with IAS 36 Impairment of Assets to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is the difference between the carrying amount and the recoverable amount. Assets are carried at less than or equal to their recoverable amount.

(h) Dividends

Dividends are recognised as liability in the period in which their distribution is approved.

(i) Loans

Short-term and long-term loans are initially recorded at the amount received, net of transaction costs. The short-term portion of long-term loans is classified under "Liabilities: amounts due within one year" and included with accrued interest on the balance sheet date under "Amounts due to credit institutions" within current liabilities.

(j) Suppliers and Other Payables

Trade payables are recorded at the value of the amounts to be paid for goods or services received.

(k) Lease liabilities

Financial leases

According to IFRS 16 Leases are an arrangement whereby the lessor assigns to the lessee, in return for a payment or series of payments, the right to use an asset for a fixed period of time. Leasing transactions whereby the Company assumes substantially all the risks and rewards of ownership of an asset are classified as financial leases. Financial leases are capitalised at the estimated present value of payments. Each payment is split between the principal and interest element to achieve a constant interest rate over the repayment period. Amounts due are included in short-term or long-term liabilities. The interest element is stated in the profit and loss account for the duration of the contract. Assets defined under financial leases are capitalised and depreciated over their expected service life.

(l) Revenue recognition

IFRS 15 Revenue from Contracts with Customers applies. Revenue relates to goods sold and services provided. Revenue from the sale of goods is recognised when the Company has transferred to the buyer the principal risks and rewards of ownership of the goods, which is usually the time of delivery. Revenue from services provided is recognised on a stage

of completion basis, as a percentage of the total revenue relating to the service contract, the percentage being determined by reference to the ratio of the total services to be provided to the services provided until the balance sheet date. Royalty income is recognised based on the principles of accrual accounting in accordance with the economic substance of the related contracts. Interest income is recognised periodically on a pro rata basis, as the income is generated, based on the principles of accrual accounting.

(m) Financial result

The financial result includes expenses/income on exchange rate differences, interest payable on credits or other loans and interest receivable on bank current accounts. The principle of separation of financial years is followed for the recognition of these types of expenses and income.

(n) Income tax

The Group records current income tax based on the taxable profit from tax reporting, according to the relevant Romanian legislation. Deferred tax is calculated in accordance with IAS 12 Income Taxes.

(o) Estimates

The preparation of financial statements in conformity with IFRS requires the Group's Management to make estimates and assumptions that affect the reported values of assets, payables and equity, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported income and expenses for that period. Although such estimates are made by the Company's Management on the basis of the best information available on the date of the financial statements, actual results may differ from those estimates.

(p) Pensions and Other Post-Retirement Benefits

In normal course of business, the Group pays taxes to the State for its employees. All employees of the Company are members of the Romanian Pension Fund. The Group's policy includes another retirement scheme, employed people over 45 years of age (25 persons) benefit from a supplementary private pension. At the same time, the Group is not obliged to offer other benefits to its employees upon retirement.

(q) Turnover

Turnover represents the amounts invoiced and to be invoiced, net of VAT and trade discounts, for goods supplied or services provided to third parties.

(r) Operating expenses

Operating expenses are recognised during the period to which they relate.

NOTE 2. LONG TERM ASSETS

Consolidated values	Gross values			Final balance
	Initial balance	Input	Output	
I. Intangible assets¹	500.293	26.620	-	526.913
1. Development expenditure	-	-	-	-
2. Concessions, licences and other intangible assets	384.835	26.620	-	411.455
3. Goodwill	115.458	-	-	115.458
4. Advances	-	-	-	-
II. Tangible fixed assets	19.492.523	2.459.937	266.980	21.685.480
1. Land and land development ²	2.801.939	-	-	2.801.939
2. Constructions ³	9.370.587	12.434	-	9.383.021
3. Technical installations and machinery ⁴	6.382.567	2.443.893	58.778	8.767.682
4. Other installations, machinery, furniture	115.819	3.610	-	119.429
5. Investment property ⁵	600.109	-	-	600.109
6. Tangible fixed assets under construction	221.502	-	208.202	13.300
7. Investment property under construction	-	-	-	-
8. Advances for tangible fixed assets	-	-	-	-
III. Productive biological assets	-	-	-	-
IV. Financial fixed assets	-	3.500	3.500	-
1. Other fixed assets	-	-	-	-
2. Other loans	-	3.500	3.500	-
A. LONG-TERM ASSETS	19.992.816	2.490.057	270.480	22.212.393

Consolidated values	Depreciation			Final balance
	Initial balance	Input	Output	
I. Intangible assets¹	379.322	11.177	-	390.499
1. Development expenditure	-	-	-	-
2. Concessions, licences and other intangible assets	379.322	11.177	-	390.499
3. Goodwill	-	-	-	-
4. Advances	-	-	-	-
II. Tangible fixed assets	5.206.539	459.971	52.492	5.614.018
1. Land and land development ²	16.041	3.040	-	19.081
2. Constructions ³	322.400	76.682	-	399.082
3. Technical installations and machinery ⁴	4.796.369	371.657	52.492	5.115.534
4. Other installations, machinery, furniture	71.729	8.592	-	80.321
5. Investment property ⁵	-	-	-	-
6. Tangible fixed assets under construction	-	-	-	-
7. Investment property under construction	-	-	-	-
8. Advances for tangible fixed assets	-	-	-	-
III. Productive biological assets	-	-	-	-
IV. Financial fixed assets	-	-	-	-
1. Other fixed assets	-	-	-	-
2. Other loans	-	-	-	-
A. LONG-TERM ASSETS	5.585.861	471.148	52.492	6.004.517

Consolidated values	Adjustments		Final balance
	Initial balance	Input	
I. Intangible assets¹	-	-	-
1. Development expenditure	-	-	-
2. Concessions, licences and other intangible assets	-	-	-
3. Goodwill	-	-	-
4. Advances	-	-	-
II. Tangible fixed assets	-	13.300	-
1. Land and land development ²	-	-	-
2. Constructions ³	-	-	-
3. Technical installations and machinery ⁴	-	-	-
4. Other installations, machinery, furniture	-	-	-
5. Investment property ⁵	-	-	-
6. Tangible fixed assets under construction	-	13.300	-
7. Investment property under construction	-	-	-
8. Advances for tangible fixed assets	-	-	-
III. Productive biological assets	-	-	-
IV. Financial fixed assets	-	-	-
1. Other fixed assets	-	-	-
2. Other loans	-	-	-
A. LONG-TERM ASSETS	-	13.300	-

Consolidated values	Net value	
	Initial balance	Final balance
I. Intangible assets¹	120.971	136.414
1. Development expenditure	-	-
2. Concessions, licences and other intangible assets	5.513	20.956
3. Goodwill	115.458	115.458
4. Advances	-	-
II. Tangible fixed assets	14.285.984	16.058.162
1. Land and land development ²	2.785.898	2.782.858
2. Constructions ³	9.048.187	8.983.939
3. Technical installations and machinery ⁴	1.586.198	3.652.148
4. Other installations, machinery, furniture	44.090	39.108
5. Investment property ⁵	600.109	600.109
6. Tangible fixed assets under construction	221.502	-
7. Investment property under construction	-	-
8. Advances for tangible fixed assets	-	-
III. Productive biological assets	-	-
IV. Financial fixed assets	-	-
1. Other fixed assets	-	-
2. Other loans	-	-
A. LONG-TERM ASSETS	14.406.955	16.194.576

- (1) The Group owns intangible assets consisting of software needed in production, such as for mechanical and electrical design, etc. Goodwill - resulting from consolidation procedures - represents the difference between the value of the shareholdings registered with the parent company Ages in the subsidiary Electroterm and the value of the shares of the parent company Ages shown in the registered capital of the daughter company Electroterm.

- (2) Land and land development: gross value RON 2.801.939 RON, of which:

- a. Built-up area land with a total surface of 5,077 sqm, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Land Registry no. 51411, old Land Registry no. 4665/N, cadastral no. 51411;
- b. Build-up area land with a total surface of 2,707 sqm, located in Sângeorgiu de Mureș, 16E Agricultorilor Street, Land Registry no. 5442/N, cadastral no. 51592, owned by the company Electroterm SRL;
- c. A 4,278 sqm share of built-up area land with a total surface of 5,134 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, old Land Registry no. 5647/N, cadastral no. 1174, owned by the companies Aages SRL and Electroterm SRL;
- d. A 750 sqm share of built-up area land with a total surface of 900 sqm, located in Sângeorgiu de Mureș, old Land Registry no. 5648/N, cadastral no. 1175, owned by the companies Aages SRL and Electroterm SRL;
- e. A 532 sqm share of built-up area land with a total surface of 798 sqm, located in Sângeorgiu de Mureș, 16E Agricultorilor Street, old Land Registry no. 2950/N, cadastral no. 84/4;
- f. Land development – parking RON 62,654;
- g. Land development – outdoor platform RON 26,178;
- h. Build-up area arable land of 6,166 sqm, cadastral no. 53020, located in Sângeorgiu de Mureș, 16 Agricultorilor Street;
- i. An inner-city arable land of 788 sqm, cadastral no. 56156, located in Sângeorgiu de Mureș, worth RON 175.437;
- j. An inner-city arable land of 788 sqm, cadastral no. 56158, located in Sângeorgiu de Mureș, worth RON 222.557.

(3) Constructions: gross value RON 9.383.021 RON, of which:

- a. Production hall no. I located in Sângeorgiu de Mureș, 16 Agricultorilor Street, amounting to RON 1,514,446;
- b. Production hall no. II located in Sângeorgiu de Mureș, 16 Agricultorilor Street, amounting to RON 3,412,648;
- c. Industrial hall located in Sângeorgiu de Mureș, 16E Agricultorilor Street amounting to RON 984,670;
- d. Production hall located in Sângeorgiu de Mureș, 16E Agricultorilor Street, amounting to RON 400,366;
- e. Production hall no. III located in Sângeorgiu de Mureș, Agricultorilor Street, amounting in total to RON 3,036,353, commissioned during 2020;
- f. Light construction, ATEs storage space, located in Sângeorgiu de Mureș, Agricultorilor Street, amounting in total to RON 22,104;
- g. Light construction, storage space metal shack worth RON 12.434.

The following tangible fixed assets have been mortgaged in favour of **BRD – Groupe Societe Generale SA** in order to guarantee a framework credit agreement in the form of a global multicompany, multioption and multicurrency funding ceiling (see Note 4. Liabilities):

- a) Land with a total surface of 5,077 sqm, on which a Gatekeeper's Cabin and an Industrial Production Hall were built, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, registered with Land Registry no. 51411/Sg. de Mureș, owned by AAGES SA.
- b) Acces road with a surface of 798 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, Land Registry no. 2950/N/Sg. de Mureș, under cadastral no. 84/4, owned by Aages SA, Aages HTC SRL, Electroterm SRL, each for a 1/3 share of the land.
- c) Land with a total surface of 5,223 sqm and future construction, registered with Land Registry no. 50847/Sângeorgiu de Mureș, owned by AAGES SA.
- d) Land with a surface of 900 sqm and future construction, registered with Land Registry no. 50899/Sângeorgiu de Mureș (access road for future construction), owned by AAGES SA.

(4) During the financial year, technical installations and machinery amounting to RON 2.443.893 were purchased, among which the most significant: power analyzer LMG611-B, variable speed milling cutter MH20VLD-230V-CV84593900, photovoltaic system PV38KW with accessories financed from ELECTRIC UP project, universal lathe DURO-M, Dacia Duster Journey Blue dCi115 2 pieces, induction hardening installation. The outputs in the amount of RON 58,778 consists on Dacia Logan Break Mcv 5 Laureate 1.5 and a sandblasting installation.

(5) Investment property amounting to RON 600,109 are those fixed assets which are not used by the Company in its production or administrative activity, but are used to obtain rental income and to increase the capital value. The Company has chosen the fair value model. The values were determined following a valuation carried out as of 31 December 2016. This category includes:

- a. Build-up area land with a total surface of 250 sqm, located in Tg. Mureş, 27 Borsos Tamás Street, Land Registry no. 129391, Tg. Mureş, cadastral no. 29391: RON 140,355;
- b. a building located in Tg. Mureş, 27 Borsos Tamás Street, amounting to RON 163,899;
- c. land with a total surface of 2,958 sqm, located in Câmpul Cetății, old Land Registry no. 1962, cadastral no. 50085, topographic no. 2980 1/6 1/7, 2980/1/8: RON 65,846;
- d. 2 holiday houses located in Câmpul Cetății, amounting to RON 230,009.

Of the above investment property, the investments in Câmpul Cetății are not rented and those located on Borsos Street in Tg. Mureş were the ones generating rental income, the value of such income being as follows:

- in 2022: RON 15.208
- in 2023: RON 14.758

(6) Tangible assets in progress amounting RON 221.502 at the beginning of the financial year there were a photovoltaic system, which was received in March 2023 in the amount of RON 208,202, and also RON 13,300 represents architectural design Stage I for the construction of a housing block in Sîngeorgiu de Mureş. At the end of the completed financial year, an adjustment worth RON 13,300 was recognized.

If the land and land development, constructions and investment property had been recorded according to the cost-based model, the net carrying amount that would have been recognised would be as follows:

Historical cost values	Remaining net value 2022	Remaining net value 2023
Land and land development	579.335	575.419
Constructions	6.823.208	6.427.470
Investment property	274.427	274.427
Total:	7.676.970	7.277.316

Depreciation of tangible fixed assets is calculated using the straight-line method. The depreciable amount is obtained by applying the following valuation models after recognition:

- IAS 16 revaluation model: for buildings and land
- IAS 40 fair value model: for investment property
- IAS 16 cost-based model: for the remaining tangible fixed assets.

Fair value measurement

The following table presents the valuation methods used in determining fair values (**Level 3**) for the revaluation of land and buildings, as well as the significant unobservable input data used. The last revaluation was carried out as of 31.12.2016.

Category	Valuation method	Significant unobservable input data	Correlation between unobservable key input data and fair value measurement
Lands	Direct comparison approach	location, surface	fair value would increase/decrease based on significant unobservable input data
	Fair value is estimated based on price per square metre for land with similar characteristics		
Buildings	Direct comparison approach and income approach with discounted cash flow (DCF) technique.	occupancy rate, location, surface,	fair value would increase/decrease based on

It is based on the selling price per square metre for buildings with similar characteristics. building expenses, rent significant unobservable input data

The valuation model based on the DCF method estimates the present value of the net cash flows that will be generated by a building from rent, taking into account the occupancy rate and landlord expenses.

NOTE 3. CURRENT ASSETS

3.1 Inventories

At the end of the period under review, the Company's inventories are composed of (RON):

Inventory category	As of 01.01.2023	As of 31.12.2023
1. Raw materials	7.744.633	9.500.247
2. Consumables	73.118	158.274
3. Inventory items and other consumables	1.437	1.524
4. Fixed assets held for sale	-	-
5. Production in progress	10.621.799	10.400.136
6. Semi-finished products	765.258	405.652
7. Finished products	-	-
8. Residual products	-	-
9. Commodities, packaging, animals	1.349	1.540
10. Advances for inventories	124.986	454.641
Total inventories	19.332.580	20.922.014

Raw materials are used in the production process and consist of transistor modules, cooling tower, electronic boards, capacitors, copper sheets, fan and others.

Under consumables, the fuel in the car tanks is reported and various products such as screws, nuts, bolts of various sizes.

Inventory items were purchased, consisting of measuring devices, milling cutters, protective equipment, drills, pliers, etc.

Production in progress represents production not completed at the end of the quarter, such as: power supply, hardening plant, converter, hardening plant and induction melting plant, etc.

Semi-finished products represent various parts obtained in the production process, such as: electronic boards, coil, test stand, contactor, sensor, etc.

Finished goods amounting to RON 475,000 represent a horizontal hardening machine, which during the financial year 2021 were restated as tangible fixed assets.

Commodities, packaging, animals represent guard dogs and various packaging.

Advances for inventories represent amounts paid to debtor suppliers related to inventories.

An unconditional movable property mortgage in favour of **BRD – Groupe Societe Generale SA** has been established on the raw materials, auxiliary materials, products in progress, semi-finished products and present and future commodities inventories that are and will be at any time during the term of the mortgage owned by Aages, in order to guarantee a framework credit agreement in the form of a global multicompany, multioption and multicurrency funding ceiling (see Note 4. Liabilities).

At the end of the completed financial year, there is a value adjustment for slow-moving stocks in the amount of RON 200,283.

3.2 Trade Receivables and Similar

Receivables category	As of 31.12.2023	Liquidation period	
		Less than 1 year	More than 1 an
1. Trade receivables	7.037.911	7.037.911	-
~ Customers Customers and uncertain customers, effects, invoices to be drawn up ¹	8.616.237	8.616.237	-
~ Impairment adjustments for uncertain customers ²	1.578.326	1.578.326	-
2. Advances paid ³	29.697	29.697	-
3. Amounts receivable from associated and jointly controlled entities	-	-	-
4. Other receivables, of which	905.165	905.165	-
~ Sundry debtors ⁴	90.053	90.053	-
~ Deferred tax receivables ⁵	440.695	440.695	-
~ Other receivables from State and State institutions ⁶	372.837	372.837	-
~ Other receivables ⁷	1.580	1.580	-
Total receivables	7.972.773	7.972.773	-

¹The total amount of receivables from customers can be broken down by type and origin, as follows:

Type of customer receivables (RON)	Consolidated		
	Internal	Extern	Internal
Customers and invoices to be drawn up	3.294.516	3.743.395	7.037.911
Uncertain customers	-	1.578.326	1.578.326
Total	3.294.516	5.321.721	8.616.237

²Impairment adjustments for customer receivables have been created in accordance with the company's accounting policy.

The situation of the outstanding receivables by age and adjustments can be presented as follows:

Customer receivables age (RON)	Consolidated		
	Gross values	Ajustare	Gross values
Less than 30 days	5.722.779	-	5.722.779
31 – 120 days	1.097.163	-	1.097.163
121 – 365 days	479.837	268.521	211.316
More than 365 days	1.316.458	1.309.805	6.653
Total	8.616.237	1.578.326	7.037.911

The trade receivables shown above include amounts that are uncollected at the end of the reporting period, including those for which the Group has not recognised a value adjustment because these receivables relate to customers for whom there is no recent history of non-recoverability. The Group has established impairment adjustments for receivables for which there is evidence of impairment based on historical experience. Thus, the Group's and the Company's Management

believe that no impairment adjustments are required for doubtful receivables other than those that have been recorded in the financial statements.

³Advances paid represent advances paid for services provided that will be settled in future periods.

⁴Sundry debtors represent amounts to be recovered from Ages HTC SRL and Roindra International SRL.

⁵Deffered income tax information is dealt with in Note 11.

⁶Receivables from the State represent all receivables to be collected on account of State social security, non-recoverable VAT, subsidies and sick leave to be recovered from FNUASS.

⁷Other receivables represent amounts withheld by the BRD Bank from the Company's account that remain to be clarified on the date of preparation of the financial statements.

A movable property mortgage in favour of **BRD – Groupe Societe Generale SA** has been established on trade receivables arising from commercial contracts, in order to guarantee the framework credit agreement amounting to RON 21,000,000 (see Note 4. Liabilities).

3.3. Deposits, Treasury Certificates and Bonds

The does not hold treasury certificates or bonds, the amounts shown in this category represent collateral bank deposits intended to guarantee bank credit agreements, which are treated as deposits held until credit repayment is due.

Bank deposits (RON)	01.01.2023	31.12.2023
Collateral deposit	5.074.770	2.054.923
Total	5.074.770	2.054.923

The composition of the amount at the end of the period under review is as follows:

Bank	Type	Currency value	Currency type	Exchange rate	RON Value
BRD	Credit line guarantee ¹	166.812	EUR	4,9746	829.824
BRD	Credit line guarantee ²	56.044	EUR	4,9746	278.795
BRD	Term Deposit ³	946.304	RON	1,0000	946.304
Total					2.054.923

¹Guarantee for the credit line contracted with Tg. Mureş BRD Bank, amounting to EUR 164,000 plus interest is related to the credit agreement no. 23/28.01.2013, extended by Addendum no. 12 of 13.09.2023 until 16.02.2024. A 30-day term deposit with automatic renewal was contracted.

²Guarantee for the credit line contracted with Tg. Mureş BRD Bank, amounting to EUR 54,000 plus interest is related to the credit agreement no. 23/28.01.2013, extended by Addendum no. 10 of 14.09.2023 until 16.02.2024. A 90-day term deposit with automatic renewal was contracted.

³ Collateral deposit for SGB opened at Banca Comerciala Tg. Mureş in the amount of RON 946,304, for the return of the advance received from Hendrickson SRL Sibiu, due on March 1, 2024.

3.4. Cash and Cash Equivalents

Cash and cash equivalents referred to in cash flows comprise: cash on hand, bank current accounts, overnight deposits and short-term deposits (between 1-3 months) and other amounts, as follows (in RON):

Cash category	As of 01.01.2023	As of 31.12.2023
Bank accounts in RON	281.851	1.394.746
Bank accounts in foreign currency	7.840.219	15.237.313
Cash on hand in RON	27.979	48.837
Cash on hand in foreign currency	6	20
Other amounts	-	-
Total:	8.150.055	16.680.916

The Aages Group has accounts opened with BRD, Tg. Mureş Treasury, Banca Transilvania, Tg Mureş branches. On all bank accounts opened with BRD, according to the Movable Property Mortgage Contract no. 11686 of 28.01.2013, extended by Addendum no. 13 of 14.09.2023 until 16.02.2024 a movable property mortgage was established, required to guarantee the bank credit amounting to RON 21,000,000 contracted with BRD Bank (see Note 4. Liabilities).

NOTE 4. LIABILITIES

Liability category	As of 31.12.2023	Due date		
		Less than 1 year	1 to 5 years	More than 5 years
1. Amounts due to credit institutions ¹	12.589.532	7.795.942	4.793.590	-
2. Advances received on account of orders ²	6.818.119	6.818.119	-	-
3. Trade payables ³	1.271.035	1.271.035	-	-
- Trade payables to suppliers	1.227.405	1.227.405	-	-
- Supplier invoices not received	43.630	43.630	-	-
4. Trade payable effects ⁴	1.143.981	1.143.981	-	-
5. Amounts due to associated and jointly controlled entities	-	-	-	-
6. Other short-term liabilities	1.911.185	1.854.862	56.323	-
- Other loans and similar liabilities ⁵	101.239	44.916	56.323	-
- Staff-related liabilities ⁶	584.190	584.190	-	-
- Liabilities related to State Social Security Budget and State Budget ⁷	526.105	526.105	-	-
- Current/deferred income tax ⁸	299.651	299.651	-	-
- Sundry creditors and other liabilities	400.000	400.000	-	-
Total liabilities	23.733.852	18.883.939	4.849.913	-

⁽¹⁾ Amounts due to credit institutions consist of bank loans and interest due, not paid by the end of the period under review. Loans outstanding on this date are composed as follows:

Amounts due to credit institutions	As of 01.01.2023	As of 31.12.2023
Short term loan	7.499.404	7.795.942
· BRD Bank Multioption, Multicompany Ceiling ^(1.1) ,	6.955.190	7.795.942
· BRD Bank Investment credit ^(1.2)	544.214	-
Long term loan	1.265.102	4.793.590
· BRD Bank Investment credit ^(1.2)	226.755	-
· BCR Long-term credit line ^(1.3)	1.038.347	4.793.590
Total amounts due to credit institutions	8.764.506	12.589.532

(1.1) The company has concluded with BRD - Groupe Societe Generale SA a framework credit agreement amounting to RON 21,000,000 in the form of a global multicompany, multicurrency (RON, EUR) funding ceiling no. 23 of 28.01.2013 for 12 months. The credit was extended by Addendum no. 25 of 14.09.2023 until 16.02.2024.

The total ceiling amount was granted with the following sub-limits, as below:

- Credit line
- Ceiling for issuing bank guarantee letters (BGL). BGLs with unlimited validity cannot be issued, the maximum duration may not exceed 24 months. The types of bank guarantee letters are: tender participation, good performance, advance refund, good payment.
- Ceiling for the opening of letters of credit.

The purposes of the credit granted are:

- Financing of current activity
- Guarantee/payment of contractual obligations

The credit duration is one year.

The credit granted was secured by the following:

- a) Immovable property mortgage established on the following immovable property: Access Road with a surface of 798 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, Land Registry no. 51559/Sângeorgiu de Mureș, owned by Aages SA, Electroterm SRL, Aages HTC SRL, each for a 1/3 share of the land;
- b) Immovable property mortgage established on the following immovable property: Land with a total surface of 5,077 sqm, on which a Gatekeeper's Cabin and an Industrial Production Hall were built, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, registered with Land Registry no. 51411/Sg. de Mureș, owner Aages SA.;
- c) Immovable property mortgage established on the following immovable property: Land with a total surface of 5,223 sqm, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, under cadastral no. 50847, registered with Land Registry no. 50847/Sg. de Mureș, owner AAGES SA;
- d) Immovable property mortgage established on the following immovable property: Land with a total surface of 900 sqm, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, under cadastral no. 50899, registered with Land Registry no. 50899/Sg.de Mureș, owner AAGES SA.
- e) Movable property on all rights, titles, interests and benefits regarding the bank accounts of Aages SA, according to addendumno. 13 of 14.09.2023 to the mortgage contract no. 11686 of 28.01.2013 and addendum no. 4262/9022 of 14.03.2023 to the mortgage contract no. 4263/9022 of 28.08.2018;
- f) Movable property mortgage on the deposit account amounting to EUR 165,000, according to Addendum no. 13 of 14.09.2023 to Mortgage Contract no. 11710 of 28.01.2013;
- g) Movable property mortgage on the deposit account amounting to EUR 54,000, according to Addendum no. 10 of 14.09.2023 to Mortgage Contract no. 65880 of 15.05.2013;
- h) Movable property mortgage on stocks of commodities and products according to Addendum no. 11 of 14.09.2023 to Mortgage Contract no. 65882 of 15.05.2013 on stocks of commodities.

(1.2) On 20.08.2018 a credit agreement was concluded under no. 4262/9022/28.08.2018 for the financing of the project represented by: Construction of production hall and utility connection in Sângeorgiu de Mureș str. Agricultorilor no. 16, Mureș county, consisting on a total amount of EUR 550,000, a proportion of 80.7% of the total value of the project (EUR 681,174), respectively 95% of the value of the construction works (EUR 582,274. At the end of June 2023, the loan was repaid in advance.

(1.3) On 15.09.2021 a credit agreement was concluded under no. 20210914757 with Banca Comerciala Romana SA providing the Company with a credit-line-type ceiling, which will not exceed RON 3,000,000, for the purpose of financing expenses for current activity such as: supply/processing/retail expenses; expenses for work execution and/or service provision; expenses for stock establishment/processing/valorisation; expenses for maintenance, current repairs of work premises/headquarters; other types of expenses necessary for current activity; expenses for salaries and similar; expenses for rent/utilities; payment of taxes/charges/contributions/other amounts due to the general consolidated budget; other operating costs. The Company benefits from state aid through the National Credit Guarantee Fund for Small and Medium-Sized Enterprises -SA-IFN, pursuant to Government Emergency Ordinance no. 110/2017, approved by Government Decision no. 282/2020, the state aid scheme to support the activity of SMEs in the context of the economic crisis generated by the COVID-19 pandemic, approved by Government Emergency Ordinance no. 42/2020, and Order no. 1886/2020.

The credit duration is 3 years (36 months), the repayment deadline is 12.08.2024.

Credit interest:

- Margin for the credit line 1.7% per annum, for uses in RON.
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON.

The credit is secured by:

- Guarantee issued by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises, in the name and on behalf of the Romanian State, under the Guarantee Contract no. OUG110_104236 dated 08.09.2021, in order for FNGCIMM to guarantee the borrower's repayment with the guarantee percentage of 80% of the ceiling amount;
- Legal mortgage on the balances of all accounts opened with BCR.

On 16.03.2022 a credit agreement was concluded under no. 20220311182 with Banca Comerciala Romana SA providing the Company with a credit-line-type ceiling, which will not exceed RON 2,000,000, for the purpose of financing expenses for current activity such as: supply/processing/retail expenses; expenses for work execution and/or service provision; expenses for stock establishment/processing/valorisation; expenses for maintenance, current repairs of work premises/headquarters; other types of expenses necessary for current activity; expenses for salaries and similar; expenses for rent/utilities; payment of taxes/charges/contributions/other amounts due to the general consolidated budget; other operating costs. The Company benefits from state aid through the National Credit Guarantee Fund for Small and Medium-Sized Enterprises -SA-IFN, pursuant to Government Emergency Ordinance no. 110/2017, approved by Government Decision no. 282/2020, the state aid scheme to support the activity of SMEs in the context of the economic crisis generated by the COVID-19 pandemic, approved by Government Emergency Ordinance no. 42/2020, and Order no. 1886/2020.

The credit duration is 3 years (36 months), the repayment deadline is 02.03.2025.

Credit interest:

- Margin for the credit line 1.5% per annum, for uses in RON.
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON.

The credit is secured by:

- Guarantee issued by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises, in the name and on behalf of the Romanian State, under the Guarantee Contract no. OUG110_104236 dated 09.03.2022, in order for FNGCIMM to guarantee the borrower's repayment with the guarantee percentage of 80% of the ceiling amount;
- Legal mortgage on the balances of all accounts opened with BCR.

At the present date, the balance of this loan is RON 1,900,065.

^(1.4) The loans contracted by Electroterm SRL in the total amount of RON 2,893,545 consists on a revolving credit concluded with BRD, its balance in the amount of RON 994,920 (EUR 200,000) and a credit line- IMM INVEST PLUS program with a ceiling that will not exceed RON 2,000,000, contracted with BCR in the amount of RON 1,989,605 RON for the purpose of financing expenses intended for current activity.

Credit interest:

- Margin for the credit line 1.5% per annum, for uses in RON.
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON.

The credit is secured by:

- Guarantee issued by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises in order for FNGCIMM to guarantee the borrower's repayment with the guarantee percentage of 90% of the ceiling amount;
- Legal mortgage on the balances of all accounts opened with BCR.

⁽²⁾ Advances received on account of orders represent amounts received from the beneficiaries of the Company, according to firm orders or contracts concluded..

⁽³⁾ Trade payables consist of trade payables to suppliers, i.e. amounts invoiced but not paid to the balance sheet date and suppliers – invoices not received containing services and expenses relating to the financial year under review, but which will be invoiced in the following financial year.

⁽⁴⁾ Trade payable effects are promissory notes and cheques to be paid during the following year.

⁽⁵⁾ Other loans and similar liabilities represent the finance lease financing of two Dacia Duster Journey Blue dCi 115 cars.

⁽⁶⁾ Staff-related liabilities represent the remuneration and material support due relating to the balance sheet date.

⁽⁷⁾ Liabilities related to State Social Security Budget and State Budget represent taxes and contributions relating to the remuneration of own employees, as well as other taxes.

⁽⁸⁾ Current and deferred income tax is dealt with in Note 10 and Note 11.

NOTE 5. ADVANCE EXPENSES AND INCOME

- I. Advance expenses consist on insurancea and taxes recorded until the end of the period under review, but which will be included in the following month's expenditure.
- II. Advance income represents the amount of investment subsidies not transferred to income. Their recognition as income is recognised monthly, corresponding to the depreciation of tangible fixed assets acquired for the whole service life, and is composed as follows:

Non-reimbursable subsidies (RON)	01.01.2023	31.12.2023
POS CCE 348/3m/2011	156.616	143.802
POS CCE 283/3m/21.07.2011	205.670	193.299
Electric Up ctr. 328/18.05.2022	185.060	173.494
Total subsidies, of which:	547.346	510.595
short-term	27.742	39.298
long-term	519.604	471.297

NOTE 6. PROVISIONS

Provisions are intended to cover liabilities whose nature is clearly defined and which as of the balance sheet date are likely to exist or are certain to exist, but which are uncertain as to their amount or the date on which they will arise.

As of the balance sheet date, the amount of a provision is the best estimate of probable expenditure or, in the case of an obligation, of the amount required to settle it. As a result, provisions may not exceed in value the amounts that are required to settle the current obligation as of the balance sheet date.

Provisions for risks and expenditure are a guarantee of the Managers' responsibility for consolidating the patrimony and at the same time ensuring the smooth running of the firm they manage. At the same time, they are one of the safeguards that economic operators put in place in order to ensure that there is real information in the financial statements.

No matter how much experience a manager has, without a systematic basis for economic progress and constant rigorous control, there can be no guarantee of confidence in the flow of information from outside or inside the company. For this reason, managers consider potential risks that would affect the company's business continuity.

During the current financial year, the Group provisions consist on:

Provision Type	Initial balance	Increases	Decreases	Final balance
Provision for unused vacation leaves	161.953	52.720	15.601	199.072
Provision for audit services	77.977	-	-	77.977
Total	239.930	52.720	15.601	277.049

NOTE 7. CAPITAL AND RESERVES

Capital accounts

The consolidated capital accounts are as follows:

Equity Items	As of 01.01.2023	As of 31.12.2023
I. Registered capital	2.706.342	2.706.342
- Subscribed registered capital	2.000.000	2.000.000
- Inflation adjustments to registered capital	706.342	706.342

II. Revaluation reserves	911.956	903.564
- Revaluation reserve on investment property	-	-
- Revaluation reserve on other fixed assets	911.956	903.564
III. Reserves	691.745	704.231
1. Legal reserves	408.750	408.750
2. Other reserves	282.995	295.481
IV. Own shares	32.550	196.882
Earnings related to equity instruments	-	-
Losses related to equity instruments	-	-
V. Reported result	22.982.991	26.185.148
VI. Current result	6.387.611	6.052.971
VII. Equity minority interests	2.606.379	3.056.865
Total Equity	36.254.474	39.412.239

7.1 Subscribed Registered Capital

Registered capital (RON)	01.01.2023	Change during the year	31.12.2023
Subscribed and paid-up registered capital	2.000.000	-	2.000.000
Adjustments to registered capital	706.342	-	706.342
Balance at the end of the year	2.706.342	-	2.706.342

Shareholders

The shareholding structure at the end of the period under review is shown below:

Shareholder's name/type	No. of shares	Percentage
Ages Head Invest	5.448.325	54,48%
Natural persons	3.931.133	39,31%
Legal entities	620.542	6,21%
Total:	10.000.000	100,00%

7.2 Revaluation Reserves

Revaluation reserves (RON)	01.01.2023	31.12.2023
Balance at beginning of year	920.455	911.956
Increases	-	-
Minority interests	-	-
Transfer of reported result	(8.499)	(8.392)
Balance at end of period	911.956	903.564

7.3 Reserves

Legal reserve (RON)	01.01.2023	31.12.2023
Balance at beginning of year	408.750	408.750

Increase in legal reserve	-	-
Transfer of minority interests	-	-
Balance at end of period	408.750	408.750

The transfer from current (reported) result to the legal reserve was made from 5% of annual profits before tax.

Other reserves (RON)	01.01.2023	31.12.2023
Balance at beginning of year	282.995	282.995
Transfer to minority interests	-	-
Other transfers	-	12.484
Balance at end of period	282.995	295.481

7.4 Own shares

In 2022 (27.04.2022) the Group has decided the redemption of a maximum of 90,000 shares with a maximum value of RON 450,000. The redemption program was carried out between 30.05.2022 - 30.11.2023. At the balance sheet date, this program was completed, 90,000 shares were purchased.

On 07.06.2023, another share buyback program was approved. The board of directors of AAGES SA decided to buy back a number of 100,000 shares with a maximum value of RON 500,000. The redemption program will take place between 12.06.2023-12.12.2024. At the balance sheet date, this program is ongoing, 54,866 shares were purchased, worth RON 196,882.

7.5 Reported result and current result

The following changes were recorded in reported result:

Consolidated amounts of change in reported result	As of 01.01.2023	As of 31.12.2023
Initial balance	25.172.408	29.370.602
Current result	6.387.611	6.052.971
Dividend distributions	(2.000.921)	(3.200.869)
Registered capital distributions	-	-
Legal reserve distributions	-	-
Revaluation surplus	8.499	8.392
Result from equity instruments	(200.000)	-
Other changes	3.005	7.023
Final balance	29.370.602	32.238.119

The Group's objectives in capital management are to ensure the protection and ability to reward shareholders and maintain an optimal debt/equity balance structure.

The Group's Management regularly reviews the capital structure in order to maintain the balance between debt and equity. To this end, the Group may change the amount of dividends paid to shareholders, the return on capital to shareholders, issue new shares or sell assets in order to reduce debts.

The Group monitors the amount of capital attracted based on the overall debt ratio. This ratio is calculated as the ratio of total debt to total equity.

Item / Indicator (RON)	As of 01.01.2023	As of 31.12.2023
Total debts	18.676.696	23.733.852
Total assets	55.718.446	63.933.735
Debt ratio	33,52%	37,12%

7.6 Minority interests

Status of minority interest changes	01.01.2023	31.12.2023
Balance at beginning of year	2.441.819	2.606.379
Change in share capital	0	0
Change in legal reserves	0	0
Change in revaluation reserves	-930	-932
Change in other reserves	0	0
Change in current result	265.372	131.841
Change in reported result	-99.882	319.577
Balance at end of year	2.606.379	3.056.865

7.7 Dividends distributed

By the end of the period under review dividends were distributed as follows:

Dividends (RON)	31.12.2022	31.12.2023
Dividend distribution	2.000.921	3.200.869
Gross dividend/share	0,20	0,32

NOTE 8. OPERATIONAL RESULT

Details of the turnover are as follows:

Composition of consolidated turnover	As of 31.12.2022	As of 31.12.2023
- Income from sales of finished products	34.180.336	40.375.432
- Income from sales of semi-finished products	303.105	200.577
- Income from sales of residual products	16.015	7.176
- Income from works executed and services provided	3.019.135	3.477.899
- Income from rents	15.208	14.758
- Income from sales of commodities	744.401	1.147.570
- Income from miscellaneous activities	58.839	44.621
- Trade discounts granted	66.403	-
Total turnover	38.270.636	45.268.033

The Company's turnover can be broken down by geographical area as follows:

Amounts in RON	31.12.2022	la 31.12.2023
Income from Romania	6.834.150	13.247.389
Income from outside Romania	31.436.486	32.020.644
TOTAL	38.270.636	44.268.033

Through its contracting policy the Company has avoided significant dependence on a single beneficiary. The Company's customers are world-renowned companies, and the Company's policy is to develop commercial relationships with strong companies that provide the basis for secure and forward-looking collaboration. The main countries of origin of such customers are Germany, Turkey, China, Hungary.

NOTE 9. INFORMATION ON EMPLOYEES, MANAGERS AND DIRECTORS

9.1 Employees

The effective number of employees during the year was as follows:

Category	31.12.2022			31.12.2023		
	Aages	Electroterm	Total	Aages	Electroterm	Total
Administrative (TESA) staff	24	12	36	24	12	36
Directly productive staff	100	24	124	99	24	123
Total	124	36	160	123	36	159

Staff expenditures (RON)	As of 31.12.2022	As of 31.12.2023
Expenditure on staff salaries and allowances	11.937.822	13.417.254
Unit's social security contribution	186.853	215.889
Labour insurance contribution	243.877	272.285
Total staff expenditure	12.368.552	13.905.428

9.2 Administration and Management

Management of the Company Aages SA during the financial year ended:

The Company is managed by a Board of Directors, consisting of:

- Molnár Gábor József Chairman, Chief Executive Officer
- Törzsök Sándor-László Member
- Kolozsvári Zoltán Member
- Doki János Tibor Member
- Savu Lucian-Dorel Member

The Economic-Financial Department is managed by Mrs. Péntek Mária, member of the Body of Expert and Licensed Accountants of Romania (CECCAR). Remuneration of the Chief Executive Officer is determined by the AGM.

Remuneration of directors and other senior management members during the year (RON)	As of 31.12.2022			As of 31.12.2023		
	Aages	Electroterm	Total	Aages	Electroterm	Total
Management	567.323	295.850	863.173	577.444	294.839	872.283
Board of Directors	76.920	-	76.920	102.560	-	102.560
Total	644.243	295.850	940.093	680.004	294.839	974.843

NOTE 10. TRANSACTIONS WITH AFFILIATED PARTIES

Legal entities and natural persons in special relations with the Aages Company are as follows:

- Aages HTC SRL whose shareholders are 49% Aages Headinvest SRL and 2% Mr. Molnár Gábor József, with Mr. Molnár Gábor József as Manager,
- Multimas SRL whose 52.85% shareholder is Mr Molnár Gábor József, with Mr. Molnár Gábor József as Manager.

Transactions with the parties listed above, i.e. the shareholders Aages Headinvest SRL and Mr Molnár Gábor József, are set out below:

Transactions with parties in specifically identified relations (RON)	As of 01.01.2023	As of 31.12.2023
Sales of goods and services	717.991	14.739
-Multimas SRL	1.328	-
-Aages HTC SRL	713.132	7.673
-Aages Headinvest SRL	3.531	7.066
Purchases of goods and services	435.499	1.223.040
-Multimas SRL	435.499	1.151.180
-Aages HTC SRL	-	71.860
-Aages Headinvest SRL	-	-
Dividends	-	1.927.804
-Aages Headinvest SRL	-	1.649.700
-Molnár Gábor József	-	278.104
Financial assets	-	-
-Aages HTC SRL	-	-
Remunerations	55.303	113.856
-Molnár Gábor József	55.303	113.856
Payables	17.148	-
-Multimas SRL	-	-
-Aages HTC SRL	17.148	-
-Aages Headinvest SRL	-	-
-Molnár Gábor József	-	-
Receivables	356.401	-
-Multimas SRL	1.328	-
-Aages HTC SRL	354.484	-
-Aages Headinvest SRL	589	-
-Molnár Gábor József	-	-

NOTE 11. INCOME TAX

The total income tax expenditure for the year can be reconciled to the accounting profit as follows:

Gross accounting profit reconciliation	As of 31.12.2022	As of 31.12.2023
Net accounting result	6.387.611	6.052.971
Items similar to income	8.499	8.392
Deductions	1.173.230	747.820
Non-taxable income	43.037	1.235.240
Non-deductible expenses	2.061.696	3.844.037
Tax base	7.241.539	7.922.340
Income tax reductions	227.144	259.609
Current income tax, expense of which	886.657	932.826
Current income tax, recognised in the profit and loss account	931.502	1.007.965
Deferred income tax	(44.845)	(75.139)

NOTE 12. DEFERRED INCOME TAX

Components of deferred income tax at the end of the period under review:

Change in consolidated deferred tax (RON)	Initial balance	Change in current result	Change in comprehensive result	Final balance
Value of tangible and intangible fixed assets	(440.037)	(46.139)		(486.176)
Inventories adjustment	(23.748)	(8.297)		(32.045)
Customer receivables adjustment	(146.698)	(30.075)		(176.773)
Provisions/Other provisions	38.389	5.939		44.328
Legal reserve	65.400		-	65.400
Revaluation reserve on investment property	-	-		-
Revaluation reserve on other tangible assets	145.914		(1.344)	144.570
Total	(360.780)	(78.572)	(1.344)	(440.696)

NOTE 13. COMMITMENTS

The situation of commitments in RON for 2 years:

Commitments	01.01.2023	31.12.2023
Issued by BRD	2.978.321	4.656.546

At the end of the period under review, the Group has the following types of letters of guarantee issued for the BRD credit agreement:

Type	Value (EUR)
Letter of guarantee of good performance	EUR 914.218
Letter of guarantee of good performance	RON 108.680
Advance refund counter-guarantees	- EUR
Good performance counter-guarantees	- EUR

Values in RON:

Type	Value (RON)
Letter of guarantee of good performance	RON 4.547.866
Letter of guarantee of good performance	RON 108.680
Advance refund counter-guarantees	- RON
Good performance counter-guarantees	- RON
Total angajamente:	4.656.546

NOTE 14. RISK MANAGEMENT

Credit Risk

Credit risk is the risk that the Group will incur a financial loss as a result of failure of a customer to meet contractual obligations, arising mainly from trade receivables or from a possible non-fulfilment of obligations under financial instruments. The Group is not exposed to concentrated credit risk, it has a high credit risk particularly with external customers, where contract values are more significant.

Cash, deposits are placed with financial institutions that are considered to be of high creditworthiness.

The Group records an impairment adjustment which is a good estimate of the losses incurred on trade receivables.

The trade receivables age situation is shown in Note 3.2.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining a sufficient level of cash, cash equivalents cash equivalents and the availability of funding through appropriately contracted credit facilities. The Company monitors the level of expected cash inflows from the collection of trade receivables as well as the level of expected cash outflows for the payment of trade and other payables.

The following table shows the maturity of the Group's financial liabilities depending on the remaining period starting with the reporting date until the contractual maturity date.

Payable category	Carrying amount	Total	Less than one year
Bank loans	12.589.532	12.589.532	7.795.942
Trade payables	1.271.035	1.271.035	1.271.035
Other payables	9.873.285	9.873.285	9.816.962
Total	23.733.852	23.733.852	18.883.939

Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, will affect the Group's income or the value of financial instruments held.

Currency risk

The Group's functional currency is RON. The Group is exposed to foreign exchange rate fluctuations through deliveries and purchases respectively bank loans granted in currencies other than RON. The currencies exposing the Group to this risk are EUR, GBP, USD and HUF. The Group does not use derivatives or hedging instruments. The resulting exchange differences are included in the profit and loss account.

The Group's exposure to currency risk as of the balance sheet date was:

Net exposure în RON	As of 01.01.2023	As of 31.12.2023
Cash and cash equivalents	7.840.225	15.237.332
Trade receivables and similar	6.591.923	5.321.721
Deposits, treasury certificates and bonds	3.574.759	1.108.619
Trade payables	239.836	205.222
Short-term loans	544.390	-
Total net exposure in RON	17.222.681	21.462.450
Net exposure în EUR	As of 01.01.2023	As of 31.12.2023
RON/EUR NBR exchange rate at end of period	4,9474	4,9746
Cash and cash equivalents	1.584.716	3.063.027
Trade receivables and similar	1.332.401	1.069.779
Deposits, treasury certificates and bonds	722.553	222.856
Trade payables	48.477	41.254
Short-term loans	110.036	-
Total net exposure in EUR	3.481.158	4.314.407

The following significant rates were applied at the end of the financial years:

Currency	Exchange rate	
	31.12.2022	31.12.2023
EUR	4,9474	4,9746
USD	4,6346	4,4958

Sensitivity analysis

A reasonably possible appreciation (depreciation) of the EUR against RON at the end of the periods would affect the valuation of financial instruments in foreign currency and profit before tax and, respectively, equity by the amounts shown below. The analysis assumes that all other variables, particularly interest rates, remain constant, and ignores the impact of sales and purchases.

Gross profit sensitivity analysis	01.01.2022 – 31.12.2022	01.01.2023 - 31.12.2023
Profit before tax in RON	7.274.268	6.985.797
RON/EUR NBR exchange rate on 31.12	4,9474	4,9746
Profit before tax in EUR	1.470.321	1.404.293
Net exposure in EUR	3.481.158	4.314.407
Profit adjusted with EUR 5% appreciation	1.644.379	1.620.014
Profit adjusted with EUR 5% depreciation	1.296.263	1.188.573

Interest rate risk

The Group's operational cash flows are mainly affected by changes in interest rates due to bank loans, which vary between Euribor 3M 4.5%-6% and Robor 3M + 3.25%. The Company has significant loans with variable interest rates, which may expose the Group to significant cash risk, and all bank deposits irrespective of maturity carry a fixed interest rate. The Group does not use derivative financial instruments to hedge against interest rate fluctuations. As of the reporting date, the interest rate risk exposure profile related to the interest-bearing financial instruments held by the Group was as follows:

Gross profit sensitivity analysis in RON	31.12.2023
<i>Fixed interest financial instruments/Financial assets</i>	<i>1.108.619</i>
Bank deposits less than 3 months	-
Bank deposits between 3-12 months	1.108.619
Bank deposits more than 12 months	-
<i>Variable interest financial instruments/Bank loans</i>	<i>12.589.532</i>
Short-term bank loans	7.795.942
Medium-term bank loans	4.793.590
Interest costs -AAGES	747.272
Interest costs -ELECTROTERM	1.416,00
Interests eliminations (reciprocal or otherwise)	-
Profit change effect if the interest rate changes by 50%	374.344
Appreciation Profit before tax change interest by 50%	7.360.141
Depreciation Profit before tax change interest by 50%	6.611.453

Sensitivity analysis

A reasonably possible change in interest rates of 50 basis points as of the reporting date would have increased (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, especially exchange rates, remain constant.

Risk of cyber attack

Preventing cyber-attacks and protecting valuable data and assets involves increasing costs with the passage of time and the development of IT technologies. Cyber threats are evolving and becoming more complex, sophisticated threats that no business can afford to ignore.

In order to meet these challenges, the company's IT department:

- has developed a cyber strategy - a cyber risk program,
- has established internal procedures and carries out controls to ensure cyber security,
- pays great attention to both cyber vigilance by investing in security equipment and cyber resilience by combining various proactive and reactive incident management processes and technologies in order to be able to adapt and respond promptly to cyber disruptions.

NOTE 15. SUBSEQUENT EVENTS

We believe that the state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the EU are not events that significantly influence the annual financial statements presented above.

Sângeorgiu de Mureș, as of 20.03.2024

Chief Executive Officer
Molnár Gábor József

Chief Accountant
Péntek Mária



12/31/2023

Explanatory notes to audited annual financial statements for the year ended as of 31.12.2023

Statements prepared in accordance
with International Accounting
Standards



AAGES S.A.

AGRICULTORILOR STREET NO. 16, SINGEORGIU DE
MUREȘ, JUD. MUREȘ

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I. STATEMENT OF FINANCIAL POSITION

(amounts in RON)

STATEMENT OF FINANCIAL POSITION	As of 01.01.2023	As of 31.12.2023
A. Long-term assets, total, of which	12.582.267	14.338.485
1. Intangible assets	5.513	20.956
2. Tangible fixed assets	12.417.546	14.158.321
3. Financial assets	159.208	159.208
B. Current assets, total, of which	36.134.741	39.512.613
1. Inventories	17.515.199	18.810.976
2. Trade receivables and similar	7.675.296	7.620.137
3. Deposits, treasury certificates and bonds	5.074.770	2.054.923
4. Cash and cash equivalents	5.869.476	11.026.577
C. Advance expenses	54.106	82.642
TOTAL ASSETS	48.771.114	53.933.740
D. Short-term Liabilities	15.896.965	18.095.128
1. Short-term bank loans	6.509.924	7.795.942
2. Trade payables, advances received and payable effects	8.425.645	9.106.819
3. Amounts due to associated and jointly controlled entities	-	-
4. Other payables	961.396	1.192.367
E. Long-term Liabilities	1.265.102	1.956.388
1. Short-term bank loans	1.265.102	1.900.065
2. Trade payables, advances received and payable effects	-	-
3. Amounts due to associated and jointly controlled entities	-	-
4. Other payables	-	56.323
TOTAL LIABILITIES	17.162.067	20.051.516
F. Provisions	202.924	243.540
G. Advance income	341.676	317.296
H. Capital and reserves	31.064.447	33.321.388
1. Registered capital	2.000.000	2.000.000
2. Adjustments related to registered capital	706.342	706.342
3. Revaluation reserves	789.326	781.864
4. Reserves	677.189	689.675
5. Own shares	32.550	196.882
6. Result related to equity instruments	-	-
7. Reported result	26.924.140	29.340.389
8. Minority interests	-	-
Total capital attributable to Group owners	-	-
Total capital attributable to Minority interests	-	-
TOTAL EQUITY AND LIABILITIES	48.771.114	53.933.740
Gross dividends distributed	2.000.000	3.000.000
Gross dividends per share	0,20	0,30

II. STATEMENT OF REVENUE AND EXPENDITURE

(amounts in RON)

STATEMENT OF REVENUE AND EXPENDITURE	As of 31.12.2022	As of 31.12.2023
Total operational income, of which:	45.447.398	45.669.477
<i>Net turnover</i>	37.812.081	43.126.032
<i>Income related to the cost of production in progress</i>	6.909.089	812.710
<i>Other operating income</i>	726.228	1.730.735
Total operational expenses, of which	38.156.652	38.766.617
<i>Expenditure on raw materials, consumables, commodities</i>	21.423.394	20.800.502
<i>Staff expenditure</i>	10.926.449	12.261.036
<i>Value adjustments on tangible and intangible fixed assets</i>	802.633	436.954
<i>Value adjustments on current assets</i>	9.255	348.400
<i>Other operating expenses</i>	4.957.869	4.879.109
<i>Adjustments to provisions</i>	37.052	40.616
Operational result	7.290.746	6.902.860
Financial income	925.104	528.957
Financial expenses	1.190.694	1.188.824
Financial result	-265.590	-659.867
Total income	46.372.502	46.198.434
Total expenses	39.347.346	39.955.441
Result before tax	7.025.156	6.242.993
Current income tax	844.119	907.107
Deferred income tax	-43.037	-71.707
Net result attributable to Group owners	6.224.074	5.407.593
<i>Net result attributable to minority interests</i>	-	-
<i>Total net result</i>	<i>6.224.074</i>	<i>5.407.593</i>
Other Comprehensive Result items that will not be reclassified to the Profit and Loss Account		
Revaluation result attributable to owners	-7.568	-7.462
Deferred tax for other comprehensive result items attributable to owners	-1.211	-1.194
Other comprehensive result items attributable to owners	-8.779	-8.656
<i>Other comprehensive result items attributable to minority interests</i>	-	-
<i>Total other comprehensive result items</i>	<i>-8.779</i>	<i>-8.656</i>
Comprehensive result attributable to owners	6.215.295	5.398.937
<i>Comprehensive result attributable to minority interests</i>	-	-
<i>Total comprehensive result</i>	<i>6.215.295</i>	<i>5.398.937</i>
No. of shares	10.000.000	10.000.000
Basic and diluted result per share expressed in RON/share	0,62	0,54

III. STATEMENT OF CHANGES IN EQUITY

(amounts in RON)

Equity elements of Aages SA (RON)	Balance at beginning of financial year	Increases		Reductions		Balance at end of financial year
		Total of which	By transfer	Total of which	By transfer	
Subscribed capital	2.000.000	-	-	-	-	2.000.000
Adjustments to registered capital	706.342	-	-	-	-	706.342
Revaluation reserves	789.326	-	-	7.462	7.462	781.864
Legal reserves	400.000	-	-	-	-	400.000
Other reserves	277.189	12.485	-	-	-	289.674
Own shares	32.550	501.047	-	336.715	-	196.882
Operational result related to own shares	-	-	-	-	-	-
Reported result	20.700.066	6.231.536	6.231.536	2.998.806	-	23.932.796
Current result	6.224.074	5.407.593	-	6.224.074	6.224.074	5.407.593
Profit distribution	-	-	-	-	-	-
Total Equity	31.064.447	11.150.567	6.231.536	8.893.627	6.231.536	33.321.387

IV. CASH FLOW STATEMENT

(amounts in RON)

Cash flow	Item name	Aages	
		As of 01.01.2023	As of 31.12.2023
from operating activities:	Receipts from customers	42.833.972	44.588.302
	Payments to suppliers and employees	43.642.734	36.157.017
	Interest paid	546.504	747.272
	Income tax paid	414.082	491.560
	Receipts from Health Insurance House	187.558	29.059
	Net cash from operating activities	-1.581.790	7.221.512
from investing activities	Payments for purchase of shares	135.402	501.047
	Payments for purchases of bonds and securities	1.500.011	-
	Payments for purchase of tangible fixed assets	809.794	438.277
	Receipts from sale of tangible fixed assets	364.084	4.760
	Interest received	9	124.569
	Dividends received	350.000	-
Net cash from investing activities	-1.731.114	-809.995	

from financing activities	Receipts from issue of shares	-	-
	Net receipts from short-term loans	41.446.508	43.877.711
	Receipts from long-term loans	13.889.175	15.382.616
	Finance lease debt payment	21.688	84.349
	Net loan payments	56.589.831	57.430.394
	Dividends paid	2.000.000	3.000.000
	Net cash from financing activities	-3.275.836	-1.254.416
growth and balances	Net growth in cash and cash equivalents	-6.588.740	5.157.101
	Cash and cash equivalents at beginning of financial year	12.458.216	5.869.476
	Cash and cash equivalents at end of financial year	5.869.476	11.026.577

V. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. MAIN ACCOUNTING POLICIES

1.1 Declaration of Conformity

The financial statements presented have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Standards which are not yet adopted by the European Union and which have been adopted but have not yet come into force do not have a significant impact on the Company's reported financial statements.

1.2 General Information

a) Reporting entity

The Company Aages SA was established in 1991 as a limited liability company and was registered with the Trade Register under number J26/577/1991, with the TIN/VAT code 1196550. Its registered office is in Sângeorgiu de Mureș, 16 Agricultorilor Street.

The Company's main object of activity is the manufacture of electric motors, generators and transformers - CAEN code 2711.

As of the balance sheet date the subscribed registered capital is RON 2,000,000, consisting of 10,000,000 shares with a nominal value of RON 0.2 each. The share structure is presented in Note 6.1.

As of the balance sheet date, the parent company, S.C. Aages SA directly owned the subsidiary S.C. Electroterm SRL, thus forming the Aages Group. The participation quota in this subsidiary decreased in 2016 from 94.994286% to 50%, following the transfer of shares to the company Aages Headinvest SRL.

In 2016, on the basis of the AGM Resolution no. 005-2016/07.10.2016, the company Aages SRL was transformed into a joint-stock company and increased its share capital from RON 460,000 to RON 2,000,000.

On 19.06.2017, the company Aages SA was listed on the Bucharest Stock Exchange. On this date the Company's shares were admitted to trading on the spot regulated market administered by the Bucharest Stock Exchange (BVB),

Standard category, with the trading symbol “AAG”. The listing of the Company was carried out by a public offer initiated by SSIF GOLDRING SA, a member of the National Securities Commission, by selling 1,500,000 shares held by the selling shareholders.

b) Bases for the preparation of the financial statements

The financial statements have been prepared in accordance with Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.

The financial statements comprise:

1. Statement of assets, liabilities and equity
2. Statement of income and expenditure
3. Statement of changes in equity
4. Cash flow statement
5. Significant accounting policies and explanatory notes to the annual financial statements.

These financial statements are intended to present the financial position, the results of operations and a complete set of notes to the financial statements in accordance with the accounting rules and principles set out in IFRS.

The Company is required to prepare individual annual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as from the financial year ended on 31 December 2018, which will be published in accordance with the provisions of the legislation in force.

The financial statements have been prepared based on the going concern principle on the basis of accounting records kept in accordance with the Romanian accounting principles.

c) Reporting currency

The financial statements have been prepared and expressed in RON.

d) Functional currency

The functional currency is the local currency of the entity, namely RON.

e) Determination of fair value

In determining the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised within the different levels of the fair value hierarchy based on the input data used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: input data, other than quoted prices included in Level 1, that are observable for an asset or liability, either flow (e.g. prices) or indirectly (derived from prices);
- Level 3: input data for an asset or liability that is not based on observable market data (unobservable input data).

Detailed information on the determination of fair value is included in Note 2.

If the carrying amount is a reasonable approximation of fair value, then financial assets and financial liabilities are not measured at fair value.

f) Foreign currency transactions

The Company's foreign currency transactions are recorded in accordance with IAS 21. The exchange rates used are those communicated by the National Bank of Romania (“NBR”) for the transaction date. Foreign currency balances are converted into RON at the exchange rates communicated by the NBR for the balance sheet date. Earnings and losses

arising from the settlement of foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the profit and loss account, within the financial result.

1.3 Significant Accounting Policies and Methods

In the process of applying the Company's accounting policies, the Management has not made significant assumptions other than those involving estimates of adjustments for receivables that have a significant effect on the amounts in the financial statements.

The accounting policies are consistently applied to all periods presented in the financial statements prepared in accordance with IFRS.

(a) Tangible Fixed Assets

(i) Own assets

Fixed assets are stated in compliance with IAS 16 at cost less accumulated depreciation and impairment losses. The exception is land and buildings for which the revaluation method is used. In this latter case, whenever a significant difference in value between the carrying amount of fixed assets and their fair value is identified, they are revalued.

(ii) Leased assets

Financial leases

Leases in which the Company assumes all the risks and rewards of ownership are classified as financial leasing. Fixed assets acquired under financial leasing are stated at the lower of market value and present value of future payments, less accumulated depreciation and impairment losses. Leasing payments are recorded in accordance with IFRS 16, Leases.

(iii) Subsequent maintenance and repair expenditure

Expenditure on the repair or maintenance of fixed assets incurred to restore or maintain the value of such assets is recognised in the profit and loss account on the date they are incurred, while expenditure incurred for the purpose of improving technical performance is capitalised and depreciated over the remaining depreciation period of the said fixed asset.

(iv) Depreciation

Tangible fixed assets are depreciated in accordance with IAS 16 using two methods: the revaluation method for land and buildings and the cost method for other fixed assets. Depreciation starts with the month following the date of acquisition or the date of commissioning, as appropriate, using the expected service life. Fixed assets under construction and land are not depreciated.

The depreciation periods used are as follows:

- Buildings and constructions 15-50 years
- Equipment and machinery 3-5 years
- Means of transport 4-6 years
- Furniture and office equipment 5-9 years

Depreciation is recognised in the profit and loss account based on the linear method over the expected service life.

(v) Sale/disposal of tangible fixed assets

Tangible fixed assets that are scrapped or sold are removed from the balance sheet together with the related accumulated depreciation. Any gain or loss arising from such an operation is included in the current profit and loss account.

(vi) Assets sold and leased

The transaction of selling and leasing the same asset under a financial lease is treated as a financing transaction and the asset is maintained in the patrimony.

(b) Intangible assets

Intangible assets acquired by the Company are stated in the financial statements in accordance with IAS 38 Intangible Assets using the cost method less impairment losses (see accounting policy, "Impairment of Assets").

Depreciation is recognised in the profit and loss account based on the linear method over the expected service lives of the intangible assets.

The majority of the intangible assets recorded by the Company are dedicated software. They are depreciated on a straight-line basis over 1 year, except for the management software which is depreciated over 3 years.

(c) Investment Property

Under IAS 40, investment property is immovable property held for the purpose of earning rental income or for the increase of the capital value and not for use in the production or supply of goods or services, or for administrative purposes, or to be sold in the ordinary course of business. Investment property is measured at fair value and is not depreciated! Fair value is determined at the end of each financial year and any valuation differences are charged directly to the income or expenses of the financial year.

(d) Inventories

Inventories are stated in accordance with IAS 2 Inventories. They are recognised at the lower of cost and net realisable value.

Net realisable value is the selling price expected to be obtained in the ordinary course of business less sales-related costs.

The cost of inventories is based on the First In First Out (FIFO) principle. Cost of finished goods and work in progress includes materials, workforce and related indirect production costs. Where necessary, adjustments are made for slow-moving, physically or morally worn inventories. Net realisable value is estimated on the basis of the selling price less completion costs and selling expenses.

(e) Trade and Other Receivables

Trade receivables are recorded at their nominal value less adjustment for impairment of such receivables. An adjustment for impairment of trade receivables is provided where there is objective evidence that the Company will not be able to collect all amounts when originally due. The provisions of IAS 36 Impairment of Assets apply. For all receivables that are 365 days overdue or for receivables from customers in a state of reorganisation, insolvency or bankruptcy, 100% adjustments on the value of such receivables are calculated and recorded in the accounting records.

(f) Cash and Cash Equivalents

Cash and cash equivalents are shown in the balance sheet as cost. For the cash flow statement, cash and cash equivalents comprise cash on hand, bank accounts, short-term financial investments with a maturity of less than 3 months, other amounts and net of overdrafts in the balance sheet. The overdraft is shown under liabilities due within one year - amounts due to credit institutions.

(g) Impairment of Assets

Tangible fixed assets and other long-term assets are reviewed in accordance with IAS 36 Impairment of Assets to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is the difference between the carrying amount and the recoverable amount. Assets are carried at less than or equal to their recoverable amount.

(h) Dividends

Dividends are recognised as liability in the period in which their distribution is approved.

(i) Loans

Short-term and long-term loans are initially recorded at the amount received, net of transaction costs. The short-term portion of long-term loans is classified under “Liabilities: amounts due within one year” and included with accrued interest on the balance sheet date under “Amounts due to credit institutions” within current liabilities.

(j) Suppliers and Other Payables

Trade payables are recorded at the value of the amounts to be paid for goods or services received.

(k) Lease Liabilities

Financial leases

According to IFRS 16 Leases are an arrangement whereby the lessor assigns to the lessee, in return for a payment or series of payments, the right to use an asset for a fixed period of time. Leasing transactions whereby the Company assumes substantially all the risks and rewards of ownership of an asset are classified as financial leases. Financial leases are capitalised at the estimated present value of payments. Each payment is split between the principal and interest element to achieve a constant interest rate over the repayment period. Amounts due are included in short-term or long-term liabilities. The interest element is stated in the profit and loss account for the duration of the contract. Assets defined under financial leases are capitalised and depreciated over their expected service life.

(l) Revenue Recognition

IFRS 15 revenue from Contracts with Customers applies.

Revenue relates to goods sold and services provided.

Revenue from the sale of goods is recognised when the Company has transferred to the buyer the principal risks and rewards of ownership of the goods, which is usually the time of delivery.

Revenue from services provided is recognised on a stage of completion basis, as a percentage of the total revenue relating to the service contract, the percentage being determined by reference to the ratio of the total services to be provided to the services provided until the balance sheet date.

Royalty income is recognised based on the principles of accrual accounting in accordance with the economic substance of the related contracts.

Interest income is recognised periodically on a pro rata basis, as the income is generated, based on the principles of accrual accounting.

(m) Financial Result

The financial result includes expenses/income on exchange rate differences, interest payable on credits or other loans and interest receivable on bank current accounts. The principle of separation of financial years is followed for the recognition of these types of expenses and income.

(n) Income tax

The Company records current income tax based on the taxable profit from tax reporting, according to the relevant Romanian legislation. Deferred tax is calculated in accordance with IAS 12 Income Taxes.

(o) Estimates

The preparation of financial statements in conformity with IFRS requires the Company's Management to make estimates and assumptions that affect the reported values of assets, payables and equity, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported income and expenses for that period. Although such estimates are made by the Company's Management on the basis of the best information available on the date of the financial statements, actual results may differ from those estimates.

(p) Pensions and Other Post-Retirement Benefits

In the normal course of business, the Company pays taxes to the State for its employees. All employees of the Company are members of the Romanian Pension Fund. The Company's policy includes another retirement scheme, employed people over 45 years of age (25 persons) benefit from a supplementary private pension. At the same time, the Company is not obliged to offer other benefits to its employees upon retirement.

(q) Turnover

Turnover represents the amounts invoiced and to be invoiced, net of VAT and trade discounts, for goods supplied or services provided to third parties. Operating expenses are recognised in the period to which they relate.

NOTE 2. FIXED ASSETS

Description	Gross values				Depreciation				Net value	
	Initial balance	Input	Output	Sold final	Initial balance	Input	Output	Sold final	Initial balance	Input
I. Intangible assets¹	358.402	26.619	-	385.021	352.889	11.176	-	364.065		5.513
1. Development expenditure	-	-	-	-	-	-	-	-		-
2. Concessions, licences and other intangible assets	358.402	26.620	-	385.021	352.889	11.176	-	364.065		5.513
3. Goodwill	-	-	-	-	-	-	-	-		-
4. Advances	-	-	-	-	-	-	-	-		-
II. Tangible fixed assets	16.786.989	2.374.754	265.896	18.895.849	4.369.443	412.477	44.394	4.737.528		12.417.546
1. Land and land development ²	2.525.268	-	-	2.525.268	16.041	3.040	-	19.081		2.509.227
2. Constructions ³	7.985.550	-	-	7.985.550	315.466	74.877	-	390.343		7.670.085
3. Technical installations and machinery ⁴	5.350.668	2.374.754	44.394	7.681.028	3.974.294	328.085	44.394	4.257.985		1.376.373
4. Other installations, machinery, furniture ⁵	103.892	-	-	103.892	63.642	6.475	-	70.117		40.250
5. Investment property ⁶	600.109	-	-	600.109	-	-	-	-		600.109
6. Tangible fixed assets under construction	221.502	-	208.202	13.300	-	-	-	-	13.300	221.502
7. Investment property under construction	-	-	-	-	-	-	-	-		-
8. Advances for tangible fixed assets	-	-	-	-	-	-	-	-		-
III. Productive biological assets	-	-	-	-	-	-	-	-		-
IV. Financial fixed assets	159.208	-	-	159.208	-	-	-	-		159.208
1. Other fixed assets ⁷	159.208	-	-	159.208	-	-	-	-		159.208
2. Other loans	-	-	-	-	-	-	-	-		-
TOTAL FIXED ASSETS	17.304.599	2.404.875	269.396	19.440.079	4.722.333	423.654	44.393	5.101.591	13.300	12.582.267

Intangible assets

¹ The Company owns intangible assets consisting of software needed in production, such as for mechanical and electrical design, etc.

Tangible fixed assets

The land and buildings were revalued as of 31.12.2016 by a chartered valuer at fair value. As of the current balance sheet date their net value has the following composition:

²Land and land development: gross value 2.525.268 RON, of which:

- a. built-up area land with a total surface of 5.077 sqm located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Land Registry no. 51411, old Land Registry no. 4665/N, cadastral no. 51411.
- b. a 4,278 sqm share of built-up area land with a total surface of 5,134 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, old Land Registry no. 5647/N, cadastral no. 1174, owned by the companies Aages SRL and Electroterm SRL.
- c. a 750 sqm share of built-up area land with a total surface of 900 sqm, located in Sângeorgiu de Mureș, old Land Registry no. 5648/N, cadastral no. 1175, owned by the companies Aages SRL and Electroterm SRL.
- d. a 532 sqm share of built-up area land with a total surface of 798 sqm, located in Sângeorgiu de Mureș, 16E Agricultorilor Street, old Land Registry no. 2950/N, cadastral no. 84/4.
- e. built-up area arable land of 6,166 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, without number, Land Registry no. 53020, cadastral no. 53020, purchased on the basis of the Sales and Purchase Agreement concluded with Viessmann Transilvania SRL dated 22.05.2019 amounting to RON 904,860 (EUR 190,000 at the exchange rate of 4.7627 RON/EUR)
- f. land development – parking RON 62,654.
- g. land development – outdoor platform RON 26,178.
- h. an inner-city arable land of 788 sqm, partially fenced with a concrete, wooden and mesh fence, real estate registered in the cadastral plan without definite location due to the lack of a plot plan, located in Sângeorgiu de Mureș registered in CF 56159, cadastral no. 56159 acquired on the basis of the sale-purchase contract concluded with Mr. Oros Lucian and Mrs. Oros Valentina dated 11.04.2022 in the amounting to RON 175,437 (EUR 35,500 at the exchange rate of 4.9419 RON/EUR)
- i. an inner-city arable land of 788 sqm, partially fenced with a concrete, wooden and mesh fence, real estate registered in the cadastral plan without definite location due to the lack of a plot plan, located in Sângeorgiu de Mureș, Matei Corvin Street registered in CF 56158, cadastral no. 56158 purchased on the basis of the sale-purchase agreement concluded with Mr. Lenard Alexandru and his wife Mrs. Lenard Aurița dated 27.04.2022 in the amounting to RON 222,557 (EUR 45,000 at the exchange rate of 4.9457 RON/EUR).

³Constructions: gross value 7.985.551 RON, of which:

- a. Production hall no. I located in Sângeorgiu de Mureș, 16 Agricultorilor Street, amounting to RON 1,514,446;
- b. Production hall no. II located in Sângeorgiu de Mureș, 16 Agricultorilor Street, amounting to RON 3,412,648;
- c. Production hall no. III located in Sângeorgiu de Mureș, Agricultorilor Street, amounting in total to RON 3,036,353, commissioned during 2020
- d. ATES storage space, located in Sângeorgiu de Mureș, Agricultorilor Street, amounting in total to RON 22,104, commissioned during 2021

The following tangible fixed assets have been mortgaged in favour of **BRD – Groupe Societe Generale SA** in order to guarantee a framework credit agreement in the form of a global multicompany, multioption and multicurrency funding ceiling (see Note 4. Liabilities):

- a. Land with a total surface of 5,077 sqm, on which a Gatekeeper's Cabin and an Industrial Production Hall were built, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, registered with Land Registry no. 51411/Sg. de Mureș, owned by AAGES SA.
- b. Acces road with a surface of 798 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, Land Registry no. 2950/N/Sg. de Mureș, under cadastral no. 84/4, owned by Aages SA, Aages HTC SRL, Electroterm SRL, each for a 1/3 share of the land.
- c. Land with a total surface of 5,223 sqm and future construction, registered with Land Registry no. 50847/Sângeorgiu de Mureș, owned by AAGES SA.
- d. Land with a surface of 900 sqm and future construction, registered with Land Registry no. 50899/Sângeorgiu de Mureș (access road for future construction), owned by AAGES SA.

⁴During the financial year, technical installations and machinery amounting to RON 2.374.755 were purchased, among which the most significant: power analyzer LMG611-B, variable speed milling cutter MH20VLD-230V-CV84593900, photovoltaic system PV38KW with accessories financed from ELECTRIC UP project, universal lathe DURO-M, Dacia Duster Journey Blue dCi115 2 pieces, induction hardening installation.

⁵During the financial year, no other installation, machinery and furniture were purchased.

⁶Investment property amounting to RON 600,109 are those fixed assets which are not used by the Company in its production or administrative activity, but are used to obtain rental income and to increase the capital value. The Company has chosen the fair value model. The values were determined following a valuation carried out as of 31 December 2016. This category includes:

- a. built-up area land with a total surface of 250 sqm, located in Tg. Mureș, 27 Borsos Tamás Street, Land Registry no. 129391, Tg. Mureș, cadastral no. 29391: RON 140,355;
- b. a building located in Tg. Mureș, 27 Borsos Tamás Street, amounting to RON 163,899;
- c. land with a total surface of 2,958 sqm, located in Câmpul Cetății, old Land Registry no. 1962, cadastral no. 50085, topographic no. 2980 1/6 1/7, 2980/1/8: RON 65,846;
- d. 2 holiday houses located in Câmpul Cetății, amounting to RON 230,009;

Of the above investment property, the investments in Câmpul Cetății are not rented and those located on Borsos Street in Tg. Mureș were the ones generating rental income, the value of such income being as follows:

- in 2022: RON 15.208
- in 2023: RON 14.758

Carrying amount with revaluation (RON)	31 December 2022	31 December 2023
Investment property	600.109	600.109
Total	600.109	600.109

Depreciation of tangible fixed assets is calculated using the straight-line method. The depreciable amount is obtained by applying the following valuation models after recognition:

- IAS 16 revaluation model: for buildings and land
- IAS 40 fair value model: for investment property
- IAS 16 cost-based model: for the remaining tangible fixed assets.

Fair value measurement

The following table presents the valuation methods used in determining fair values (**Level 3**) for the revaluation of land and buildings, as well as the significant unobservable input data used. The last revaluation was carried out as of 31.12.2016.

Category	Valuation method	Significant unobservable input data	Correlation between unobservable key input data and fair value measurement
Land	Direct comparison approach Fair value is estimated based on price per square metre for land with similar characteristics	location, surface	fair value would increase/decrease based on significant unobservable input data
Buildings	Direct comparison approach and income approach with discounted cash flow (DCF) technique. It is based on the selling price per square metre for buildings with similar characteristics. The valuation model based on the DCF method estimates the present value of the net cash flows that will be generated by a building from rent, taking into account the occupancy rate and landlord expenses.	occupancy rate, location, surface, building expenses, rent	fair value would increase/decrease based on significant unobservable input data

⁷Financial fixed assets represent the participation of SC Aages SA in the registered capital of SC Electroterm SRL, holding 50% of its registered capital.

NOTE 3. CURRENT ASSETS

3.1 Inventories

As of the balance sheet date, the Company's inventories are composed of (RON):

Inventory category	As of 01.01.2023	As of 31.12.2023
1. Raw materials	6.002.934	7.550.299
2. Consumables	1.739	1.765
3. Inventory items and other consumables	-	-
4. Fixed assets held for sale	-	-
5. Production in progress	10.621.799	10.400.136
6. Semi-finished products	765.258	405.652
7. Finished products	-	-
8. Residual products	-	-
9. Commodities, packaging, animals	300	300
10. Advances for inventories	123.169	452.824
Total inventories	17.515.199	18.810.976

Raw materials are used in the production process and consist of transistor modules, cooling tower, electronic boards, capacitors, copper sheets, fan and others.

Under consumables, the fuel in the car tanks is reported.

Production in progress represents production not completed at the end of the quarter, such as: power supply, hardening plant, converter, hardening plant and induction melting plant, etc.

Semi-finished products represent various parts obtained in the production process, such as: electronic boards, coil, test stand, contactor, sensor, etc.

Finished goods represent a horizontal hardening machine, which during the current financial year were restated as tangible fixed assets.

Commodities, packaging, animals represent guard dogs and various packaging.

Advances for inventories represent amounts paid to debtor suppliers related to inventories.

At the end of the completed financial year there is a value adjustment for slow-moving stocks in the amount of RON 154,088.

An unconditional movable property mortgage in favour of **BRD – Groupe Societe Generale SA** has been established on the raw materials, auxiliary materials, products in progress, semi-finished products and present and future commodities inventories that are and will be at any time during the term of the mortgage owned by Aages, in order to guarantee a framework credit agreement in the form of a global multicompany, multioption and multicurrency funding ceiling (see Note 4. Liabilities).

3.2 Receivables

Receivables category	As of 31.12.2023	Liquidation period	
		Less than 1 year	More than 1 year
1. Trade receivables	6.782.427	6.782.427	-
~ Customers and uncertain customers, effects, invoices to be drawn up ¹	8.328.761	8.328.761	-
~ Impairment adjustments for uncertain customers ²	1.546.334	1.546.334	-
2. Advances paid ³	21.707	21.707	-
3. Amounts receivable from associated and jointly controlled entities	-	-	-
4. Other receivables, of which	816.003	816.003	-
~ Sundry debtors ⁴	90.053	90.053	-
~ Deferred tax receivables ⁵	402.362	402.362	-
~ Other receivables from State and State institutions ⁶	323.588	323.588	-
~ Other receivables	-	-	-
Total receivables	7.620.137	7.620.137	-

¹The total amount of receivables from customers can be broken down by type and origin, as follows:

Type of customer receivables (RON)	Aages SA		
	Internal	External	Total
Customers and invoices to be drawn up	3.214.078	3.568.349	6.782.427
Uncertain customers	-	1.546.334	1.546.334
Total	3.214.078	5.114.683	8.328.761

²Impairment adjustments for customer receivables have been created in accordance with the company's accounting policy. The situation of the outstanding receivables by age and adjustments can be presented as follows:

Customer receivables age (RON)	Aages		
	Gross values	Adjustment	Net values
Less than 30 days	5.515.559	-	5.515.559
31 – 120 days	1.048.899	-	1.048.899
121 – 365 days	479.837	268.521	211.316

More than 365 days	1.284.466	1.277.813	6.653
Total	8.328.761	1.546.334	6.782.427

The trade receivables shown above include amounts that are uncollected at the end of the reporting period, including those for which the Company has not recognised a value adjustment because these receivables relate to customers for whom there is no recent history of non-recoverability. The Company has established impairment adjustments for receivables for which there is evidence of impairment based on historical experience. Thus, the Company's Management believe that no impairment adjustments are required for doubtful receivables other than those that have been recorded in the financial statements.

³ Advances paid represent advances paid for services provided that will be settled in future periods.

⁴ Sundry debtors consist on amounts to be recovered from SC Aages HTC SRL and ROINDRA INTERNATIONAL SRL.

⁵ Deferred income tax information is dealt with in Note 11.

⁶ Receivables from the State represent all receivables to be collected on account of State social security, income tax, non-recoverable VAT, subsidies and sick leave to be recovered from FNUASS.

⁷ Other receivables represent amounts withheld by the BRD Bank from the Company's account that remain to be clarified on the date of preparation of the financial statements.

A movable property mortgage in favour of **BRD – Groupe Societe Generale SA** has been established on trade receivables arising from commercial contracts, in order to guarantee the framework credit agreement amounting to RON 21,000,000 (see Note 4. Liabilities).

3.3. Short-Term Investments

The Company does not hold treasury certificates or bonds, the amounts shown in this category represent collateral bank deposits intended to guarantee bank credit agreements, which are treated as deposits held until credit repayment is due.

Bank deposits (RON)	31 December 2022	31 December 2023
Collateral deposit	5.074.770	2.054.923
Total	5.074.770	2.054.923

The composition of the amount at the end of the period under review is as follows:

Bank	Type	Currency value	Currency type	Exchange rate	RON Value
BRD	Credit line guarantee ¹	166.812	EUR	4,9474	825.287
BRD	Credit line guarantee ²	55.741	EUR	4,9474	275.772
BRD	Term Deposit ³	500.000	EUR	4,9474	2.473.700
Total					5.074.770

¹ Guarantee for the credit line contracted with Tg. Mureş BRD Bank, amounting to EUR 164,000 plus interest is related to the credit agreement no. 23/28.01.2013, extended by Addendum no. 12 of 13.09.2023 until 16.02.2024. An 30-day term deposit with automatic renewal was contracted.

² Guarantee for the credit line contracted with Tg. Mureş BRD Bank, amounting to EUR 54,000 plus interest is related to the credit agreement no. 23/28.01.2013, extended by Addendum no. 10 of 14.09.2023 until 16.02.2024. An 90-day term deposit with automatic renewal was contracted.

³ Collateral deposit opened at Banca Comerciala Tg. Mureş in the amount of RON 946,304, for the return of the advance received from Hendrickson SRL Sibiu, due March 1, 2024.

3.4. Cash and Bank Accounts

Cash and cash equivalents referred to in cash flows comprise: cash on hand, bank current accounts, overnight deposits and short-term deposits (between 1-3 months), as follows (in RON):

Cash category	As of 01.01.2023	As of 31.12.2023
Bank accounts in RON	27.746	64.941
Bank accounts in foreign currency	5.829.163	10.934.107
Cash on hand in RON	12.561	27.509
Cash on hand in foreign currency	6	20
Other amounts	-	-
Total:	5.869.476	11.026.577

AAGES SA has accounts opened with BRD, Tg. Mureş Treasury, Banca Transilvania from Tg Mureş branches.

On all bank accounts opened with BRD, according to the Movable Property Mortgage Contract no. 11686 of 28.01.2013, extended by Addendum no. 13 of 14.09.2023 until 16.02.2024, a movable property mortgage was established, required to guarantee the bank credit amounting to RON 21,000,000 contracted with BRD Bank.

NOTE 4. LIABILITIES

Liability category	As of 31.12.2023	Due date		
		Less than 1 year	1 to 5 years	More than 5 years
1. Amounts due to credit institutions ¹	9.696.007	7.795.942	1.900.065	-
2. Advances received on account of orders ²	6.818.119	6.818.119	-	-
3. Trade payables ³	1.151.146	1.151.146	-	-
- Trade payables to suppliers	1.117.416	1.117.416	-	-
- Supplier invoices not received	33.730	33.730	-	-
4. Trade payable effects ⁴	1.137.554	1.137.554	-	-
5. Amounts due to associated and jointly controlled entities	-	-	-	-
6. Other short-term liabilities	1.248.690	1.192.367	56.323	-
- Other loans and similar liabilities ⁵	101.239	44.916	56.323	-
- Staff-related liabilities ⁶	457.889	457.889	-	-
- Liabilities related to State Social Security Budget and State Budget ⁷	411.527	411.527	-	-
- Current/deferred income tax ⁸	278.035	278.035	-	-
- Sundry creditors and other liabilities	-	-	-	-
Total liabilities	20.051.516	18.095.128	1.956.388	-

⁽¹⁾ Amounts due to credit institutions consist of bank loans and interest due, not paid by the end of the period under review. Loans outstanding on this date are composed as follows:

Amounts due to credit institutions	As of 01.01.2023	As of 31.12.2023
Short-term loan	6.509.924	7.795.942
· BRD Bank Multioption, Multicompany Ceiling ^(1.1) ,	5.965.710	7.795.942
· Unicredit Bank Short-term credit line ^(1.2)	-	-
· BRD Bank Investment credit ^(1.3)	544.390	-
Long-term loan	1.265.102	1.900.065
· BRD Bank Investment credit ^(1.3)	226.755	-
· BCR Long-term credit line ^(1.4)	1.038.347	1.900.065
Total amounts due to credit institutions	7.775.026	9.696.007

^(1.1) The company has concluded with BRD - Groupe Societe Generale SA a framework credit agreement amounting to RON 21,000,000 in the form of a global multicompany, multicurrency (RON, EUR) funding ceiling no. 23 of 28.01.2013 for 12 months. The credit was extended by Addendum no. 25 of 14.09.2023 until 16.02.2024.

The total ceiling amount was granted with the following sub-limits, as below:

- Credit line
- Ceiling for issuing bank guarantee letters (BGL) or up to a maximum amount of RON 15,000,000, usable in RON and EUR, with a validity of 12 months. The types of bank guarantee letters are: tender participation, good performance, advance refund, good payment.
- Ceiling for acreditives issue.

The purposes of the credit granted are:

- Financing of current activity
- Guarantee/payment of contractual obligations

The credit duration is one year.

Credit interest:

- Margin for the credit line 2% per annum, for uses in RON, 2,2% per annum for uses in EUR;
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON and EURIBOR 3M + margin for uses in EUR.

The credit granted was secured by the following:

- a) Immovable property mortgage established on the following immovable property: Access Road with a surface of 798 sqm, located in Sângeorgiu de Mureș, Agricultorilor Street, Land Registry no. 51559/Sângeorgiu de Mureș, owned by Aages SA, Electroterm SRL, Aages HTC SRL, each for a 1/3 share of the land
- b) Immovable property mortgage established on the following immovable property: Land with a total surface of 5,077 sqm, on which a Gatekeeper's Cabin and an Industrial Production Hall were built, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, registered with Land Registry no. 51411/Sg. de Mureș, owner Aages SA.
- c) Immovable property mortgage established on the following immovable property: Land with a total surface of 5,223 sqm, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, under cadastral no. 50847, registered with Land Registry no. 50847/Sg. de Mureș, owner AAGES SA
- d) Immovable property mortgage established on the following immovable property: Land with a total surface of 900 sqm, located in Sângeorgiu de Mureș, 16 Agricultorilor Street, Mureș County, under cadastral no. 50899, registered with Land Registry no. 50899/Sg. de Mureș, owner AAGES SA.
- e) Movable on all rights, titles, interests and benefits regarding AAGES SA bank accounts, according to addendum no. 13 of 14.09.2023 to the mortgage contract no. 11686 of 28.01.2013 and addendum no. 4262/9022 of 14.03.2023 to the mortgage contract no. 4263/9022 of 28.08.2018
- f) Movable property mortgage on the deposit account amounting to EUR 165,000 according to addendum no. 13 of 14.09.2023 to the mortgage contract no. 11710 of 28.01.2013

- g) Movable property mortgage on the deposit account amounting to EUR 54,000 according to addendum no. 10 of 14.09.2023 to the mortgage contract no. 65880 of 15.05.2013
- h) Movable property mortgage on stocks of goods and products according to addendum no. 11 of 14.09.2023 to the mortgage contract no. 65882 of 15.05.2013.

^(1.2) On 28.08.2018, the Company concluded a credit agreement no. 4262/9022/28.08.2018 for the financing of the project represented by: Construction of production hall and utility connection in Sângeorgiu de Mureş 16 Agricultorilor Street, Mureş County, amounting in total to EUR 550,000, as 80.7% of the total value of the project (EUR 681,174), respectively 95% of the value of the construction works (EUR 582,274). At the end of June 2023, the loan was fully repaid in advance.

^(1.3) On 15.09.2021 a credit agreement was concluded under no. 20210914757 with Banca Comerciala Romana SA providing the Company with a credit-line-type ceiling, which will not exceed RON 3,000,000, for the purpose of financing expenses for current activity such as: supply/processing/retail expenses; expenses for work execution and/or service provision; expenses for stock establishment/processing/valorisation; expenses for maintenance, current repairs of work premises/headquarters; other types of expenses necessary for current activity; expenses for salaries and similar; expenses for rent/utilities; payment of taxes/charges/contributions/other amounts due to the general consolidated budget; other operating costs. The Company benefits from state aid through the National Credit Guarantee Fund for Small and Medium-Sized Enterprises -SA-IFN, pursuant to Government Emergency Ordinance no. 110/2017, approved by Government Decision no. 282/2020, the state aid scheme to support the activity of SMEs in the context of the economic crisis generated by the COVID-19 pandemic, approved by Government Emergency Ordinance no. 42/2020, and Order no. 1886/2020.

The credit duration is 3 years (36 months), the repayment deadline is 12.08.2024.

Credit interest:

- Margin for the credit line 1.7% per annum, for uses in RON.
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON.
-

The credit is secured by:

- Guarantee issued by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises, in the name and on behalf of the Romanian State, under the Guarantee Contract no. OUG110_104236 dated 08.09.2021, in order for FNGCIMM to guarantee the borrower's repayment with the guarantee percentage of 80% of the ceiling amount;
- Legal mortgage on the balances of all accounts opened with BCR.

On 16.03.2022 a credit agreement was concluded under no. 20220311182 with Banca Comerciala Romana SA providing the Company with a credit-line-type ceiling, which will not exceed RON 2,000,000, for the purpose of financing expenses for current activity such as: supply/processing/retail expenses; expenses for work execution and/or service provision; expenses for stock establishment/processing/valorisation; expenses for maintenance, current repairs of work premises/headquarters; other types of expenses necessary for current activity; expenses for salaries and similar; expenses for rent/utilities; payment of taxes/charges/contributions/other amounts due to the general consolidated budget; other operating costs. The Company benefits from state aid through the National Credit Guarantee Fund for Small and Medium-Sized Enterprises -SA-IFN, pursuant to Government Emergency Ordinance no. 110/2017, approved by Government Decision no. 282/2020, the state aid scheme to support the activity of SMEs in the context of the economic crisis generated by the COVID-19 pandemic, approved by Government Emergency Ordinance no. 42/2020, and Order no. 1886/2020.

The credit duration is 3 years (36 months), the repayment deadline is 02.03.2025.

Credit interest:

- Margin for the credit line 1.5% per annum, for uses in RON.
- The interest rate is calculated by adding the base rate to the margin. For the credit line ROBOR 3 months + margin for uses in RON.

The credit is secured by:

- Guarantee issued by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises, in the name and on behalf of the Romanian State, under the Guarantee Contract no. OUG110_104236 dated 09.03.2022, in order for FNGCIMM to guarantee the borrower's repayment with the guarantee percentage of 80% of the ceiling amount;
- Legal mortgage on the balances of all accounts opened with BCR.

At the present date, the balance of this loan is RON 1,900,065.

(2) Advances received on account of orders represent amounts received from the beneficiaries of the Company, according to firm orders or contracts concluded.

(3) Trade payables consist of trade payables to suppliers, i.e. amounts invoiced but not paid to the balance sheet date and suppliers – invoices not received containing services and expenses relating to the financial year under review, but which will be invoiced in the following financial year.

(4) Trade payable effects are promissory notes and cheques to be paid during the following year.

(5) Other loans and similar liabilities represent the finance lease financing of two new cars: Dacia Duster Journey Blue dCi 115.

(6) Staff-related liabilities represent the remuneration and material support due relating to the balance sheet date.

(7) Liabilities related to State Social Security Budget and State Budget represent taxes and contributions relating to the remuneration of own employees, as well as other taxes.

(8) Current and deferred income tax is dealt with in Note 10 and Note 11.

NOTE 5. ADVANCE EXPENSES AND INCOME

- I. Advance expenses amounting to RON 82.462 represent amounts (insurance, taxes, etc.) recorded until the end of the period under review, but which will be included in the following month's expenditure.
- II. Advance income represents the amount of investment subsidies not transferred to income. Their recognition as income is recognised monthly, corresponding to the depreciation of tangible fixed assets acquired for the whole service life, and is composed as follows:

Non-reimbursable subsidies (RON)	01.01.2023	31.12.2023
POS CCE 348/3m/2011	156.616	143.802
Electric Up ctr. 328/18.05.2022	185.060	173.494
Total subsidies, of which:	341.676	317.296
short-term	12.814	26.926
long-term	328.862	290.370

NOTE 6. PROVISIONS

Provisions are intended to cover liabilities whose nature is clearly defined and which as of the balance sheet date are likely to exist or are certain to exist, but which are uncertain as to their amount or the date on which they will arise.

As of the balance sheet date, the amount of a provision is the best estimate of probable expenditure or, in the case of an obligation, of the amount required to settle it. As a result, provisions may not exceed in value the amounts that are required to settle the current obligation as of the balance sheet date.

Provisions for risks and expenditure are a guarantee of the Managers' responsibility for consolidating the patrimony and at the same time ensuring the smooth running of the firm they manage. At the same time, they are one of the safeguards that economic operators put in place in order to ensure that there is real information in the financial statements.

No matter how much experience a manager has, without a systematic basis for economic progress and constant rigorous control, there can be no guarantee of confidence in the flow of information from outside or inside the company. For this reason, managers consider potential risks that would affect the company's business continuity.

During the current financial year, the Group made provisions for unused vacation leaves and financial audit services.

NOTE 7. CAPITAL AND RESERVES

Capital accounts

The capital accounts are as follows:

Elemente de capital proprii	As of 01.01.2023	As of 31.12.2023
I. Registered capital	2.706.342	2.706.342
- Subscribed registered capital	2.000.000	2.000.000
- Inflation adjustments to registered capital	706.342	706.342
II. Revaluation reserves	789.326	781.864
- Revaluation reserve on investment property	-	-
- Revaluation reserve on other fixed assets	789.326	781.864
III. Reserves	677.189	689.675
1. Legal reserves	400.000	400.000
2. Other reserves	277.189	289.675
IV. Own shares	32.550	196.882
Earnings related to equity instruments	-	-
Losses related to equity instruments	-	-
V. Reported result	20.700.066	23.932.796
VI. Current result	6.224.074	5.407.593
Total Equity	31.064.447	33.321.388

7.1 Subscribed Registered Capital

The registered capital of the Aages SA was adjusted for the effect of hyperinflation for the period until 31.12.2003.

Registered capital (RON)	31 December previous year	Change during the year	30 December current year
Subscribed and paid-up registered capital	2.000.000	-	2.000.000
Adjustments to registered capital	706.342	-	706.342
Balance at end of year	2.706.342	-	2.706.342

The shareholding structure at the end of the period under review is shown below:

Shareholder's name/type	No. of shares	Percentage
Aages Head Invest	5.448.325	54,48%
Natural persons	3.931.133	39.31%
Legal entities	620.542	6,21%
Total:	10.000.000	100,00%

7.2 Revaluation Reserves

Revaluation reserves (RON)	01.01.2023	31.12.2023
Balance at beginning of year	796.894	789.216
Increases	-	-
Transfer of reported result	(7.568)	(7.462)
Balance at end of period	789.326	781.864

7.3 Reserves

Legal reserve (RON)	01.01.2023	31.12.2023
Balance at beginning of year	400.000	400.000
Increase in legal reserve	-	-
Balance at end of year	400.000	400.000

The transfer from current (reported) result to the legal reserve was made in accordance with the legal regulations from the annual gross profit earned by the Company. At the end of 2018, the legal reserves reached the legal maximum limit of 20% of the registered capital, and it was no longer necessary to increase such reserves.

Other reserves were created from the net profit earned by the Company and did not change during the financial year ended.

Other reserves (RON)	01.01.2023	31.12.2023
Balance at beginning of year	286.442	277.189
Changes	(9.253)	12.486
Balance at end of year	277.189	289.675

7.4 Own Shares

In 2022 (27.04.2022) the Group has decided the redemption of a maximum of 90,000 shares with a maximum value of RON 450,000. The redemption program was carried out between 30.05.2022 - 30.11.2023. At the balance sheet date, this program was completed, 90,000 shares were purchased.

On 07.06.2023, another share buyback program was approved. The board of directors of AAGES SA decided to buy back a number of 100,000 shares with a maximum value of RON 500,000. The redemption program will take place between 12.06.2023-12.12.2024. At the balance sheet date, this program is ongoing, 54,866 shares were purchased, worth RON 196,882.

7.5 Reported Result and Current Result

The following changes were recorded in reported result:

Changing on reported result	at 01.01.2023	at 31.12.2023
Initial balance	22.891.286	26.924.140
Current result	6.224.074	5.407.593
Dividends	(2.000.000)	(3.000.000)
Distribution of social capital	-	-
Distribution of legal reserves	-	-
Revaluation surplus	7.568	7.462

Result from equity instruments	(200.000)	-
Other changes	1.212	1.194
Final balance	26.924.140	29.340.389

The Company's objectives in capital management are to ensure the protection and ability to reward shareholders and maintain an optimal debt/equity balance structure.

The Company's Management regularly reviews the capital structure in order to maintain the balance between debt and equity. To this end, the Company may change the amount of dividends paid to shareholders, the return on capital to shareholders, issue new shares or sell assets in order to reduce debts.

The Company monitors the amount of capital attracted based on the overall debt ratio. This ratio is calculated as the ratio of total debt to total equity.

Item/Indicator (RON)	la 01.01.2023	la 31.12.2023
Total debts	17.162.067	20.051.516
Total assets	48.771.114	53.933.740
Debt ratio	35,19%	37,18%

7.6 Dividends distributed

During the financial year ended there were distributed dividends in amount of RON 3.000.000. Dividends were distributed to shareholders in proportion to the number of shares held.

Dividends (RON)	2022	2023
Dividend distribution	2.000.000	3.000.000
Gross dividend/share	0,20	0,30

NOTE 8. OPERATING RESULT

Details of the turnover are as follows:

Composition of Aages turnover	As of 31.12.2022	As of 31.12.2023
- Income from sales of finished products	34.376.216	38.832.634
- Income from sales of semi-finished products	303.105	200.577
- Income from sales of residual products	10.766	4.171
- Income from works executed and services provided	2.443.914	2.969.522
- Income from rents	15.208	14.758
- Income from sales of commodities	729.275	1.104.370
- Income from miscellaneous activities	-	-
- Trade discounts granted	66.403	-
Total turnover	37.812.081	43.126.032

The Company's turnover can be broken down by geographical area as follows:

Amounts in RON	2022	2023
Income from Romania	6.933.596	13.102.765
Income from outside Romania	30.878.485	30.023.267
TOTAL	37.812.081	43.126.032

Through its contracting policy the Company has avoided significant dependence on a single beneficiary. The Company's customers are world-renowned companies, and the Company's policy is to develop commercial relationships with strong companies that provide the basis for secure and forward-looking collaboration. The main countries of origin of such customers are Germany, Turkey, China, Hungary.

NOTE 9. INFORMATION ON EMPLOYEES, MANAGERS AND DIRECTORS

9.1 Employees

The effective number of employees during the year was as follows:

Category	2022	2023
Administrative (TESA) staff	24	24
Directly productive staff	100	99
Total	124	123

Staff expenditure (RON)	2022	2023
Expenditure on staff salaries and allowances	10.548.366	11.830.522
Other expenditure on social security and social protection	163.465	191.320
Total staff expenditure	214.618	239.194
Expenditure on staff salaries and allowances	10.926.449	12.261.036

9.2 Administration and Management

Management of the Company Aages SA during the financial year ended:

The Company is managed by a Board of Directors, consisting of:

- Molnár Gábor József Chairman, Chief Executive Officer
- Törzsök Sándor-László Member
- Kolozsvári Zoltán Member
- Doki János Tibor Member
- Savu Lucian-Dorel Member

Remuneration of the Chief Executive Officer is determined by the AGM.

Remuneration of directors and other senior management members during the year (RON)	2022	2023
Management gross salaries	567.323	577.444
Benefits for the Board of Directors	76.920	102.560
Total compensation granted to senior management	644.243	680.004

The Economic-Financial Department is managed by Mrs. Péntek Mária, member of the Body of Expert and Licensed Accountants of Romania (CECCAR).

NOTE 10. TRANSACTIONS WITH AFFILIATED PARTIES

Legal entities and natural persons in special relations with the Aages Company are as follows:

- Aages HTC SRL whose shareholders are 49% Aages Headinvest SRL and 2% Mr. Molnár Gábor József, with Mr. Molnár Gábor József as Manager,
- Multimas SRL whose 52.85% shareholder is Mr Molnár Gábor József, with Mr. Molnár Gábor József as Manager.

Transactions with the parties listed above, i.e. the shareholders Aages Headinvest SRL and Mr Molnár Gábor József, are set out below:

Transactions with parties in specifically identified relations (RON)	As of 31.12.2022	As of 31.12.2023
Sales of goods and services	723.617	14.739
-Multimas SRL	1.328	-
-Aages HTC SRL	715.244	7.673
-Aages Headinvest SRL	7.045	7.066
Purchases of goods and services	1.201.718	1.223.040
-Multimas SRL	884.499	1.151.180
-Aages HTC SRL	317.219	71.860
-Aages Headinvest SRL	-	-
Loans	-	-
-Aages HTC SRL	-	-
Dividends	-	1.927.804
-Aages Headinvest SRL	-	1.649.700
-Molnár Gábor József	-	278.104
Financial assets	-	-
-Aages HTC SRL	-	-
Remunerations	112.231	113.856
-Molnár Gábor József	112.231	113.856
Payables	-	-
-Multimas SRL	-	-
-Aages HTC SRL	-	-
-Aages Headinvest SRL	-	-
-Molnár Gábor József	-	-
Receivables	352.717	-
-Multimas SRL	-	-

-Aages HTC SRL	352.717	-
-Aages Headinvest SRL	-	-
-Molnár Gábor József	-	-

NOTE 11. INCOME TAX

The total income tax expenditure for the year can be reconciled to the accounting profit as follows:

Amounts in RON	Tax year 2022	Tax year 2023
Net accounting result	6.224.074	5.407.593
Items similar to income	7.568	7.462
Deductions	1.082.513	660.627
Non-taxable income	393.037	1.214.760
Non-deductible expenses	1.843.589	3.612.226
Tax base	6.599.681	7.151.894
Income tax reductions	211.830	237.196
Current income tax, expense of which	801.082	835.400
- current income tax, recognised in the profit and loss account	844.119	907.107
- deferred income tax	(43.037)	(71.707)

NOTE 12. DEFERRED INCOME TAX

Components of deferred tax liabilities/assets:

Change in Aages deferred tax (RON)	Initial balance	Change in current result	Change in comprehe nsive result	Final balance
Value of tangible and intangible fixed assets	(392.749)	(39.834)		(432.583)
Inventories adjustment	(16.357)	(8.297)		(24.654)
Customer receivables adjustment	(143.115)	(30.074)		(173.189)
Provisions/Other provisions	32.468	6.498		38.966
Legal reserve	64.000		-	64.000
Revaluation reserve on investment property	-	-		-
Revaluation reserve on other tangible assets	126.292		(1.194)	125.098
Total	(329.461)	(71.707)	(1.194)	(402.362)

The tax rate applied for the above reconciliation for the years under review is 16%.

NOTE 13. COMMITMENTS

The situation of commitments in RON for 2 years:

Commitments (RON)	31.12.2022	31.12.2023
Issued by BRD	2.978.321	4.656.546

At the end of the period under review, the Group has the following types of letters of guarantee issued for the BRD credit agreement:

Type	Amounts
Letter of guarantee of good performance	EUR 914.218
Letter of guarantee of good performance	RON 108.680
Letter of guarantee of advance refund	- EUR
Advance refund counter-guarantees	- EUR

NOTE 14. RISK MANAGEMENT

Credit risk

Credit risk is the risk that the Company will incur a financial loss as a result of failure of a customer to meet contractual obligations, arising mainly from trade receivables or from a possible non-fulfilment of obligations under financial instruments. The Company is not exposed to concentrated credit risk, it has a high credit risk particularly with external customers, where contract values are more significant.

Cash, deposits are placed with financial institutions that are considered to be of high creditworthiness.

The Company records an impairment adjustment which is a good estimate of the losses incurred on trade receivables.

The trade receivables age situation is shown in Note 3.2.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining a sufficient level of cash, cash equivalents cash equivalents and the availability of funding through appropriately contracted credit facilities. The Company monitors the level of expected cash inflows from the collection of trade receivables as well as the level of expected cash outflows for the payment of trade and other payables.

Indicators in this group show the ability of assets to turn into cash without risk.

Payable category	Carrying amount	Total	Less than one year
Bank loans	9.696.007	9.696.007	7.795.942
Trade payables	1.151.146	1.151.146	1.151.146
Other payables	9.204.363	9.204.363	9.148.040
Total	20.051.516	20.051.516	18.095.128

Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, will affect the Company's income or the value of financial instruments held.

Currency risk

The unit's functional currency is RON. The Group is exposed to foreign exchange rate fluctuations through deliveries and purchases respectively bank loans granted in currencies other than RON. The currencies exposing the Group to this risk are EUR, GBP, USD and HUF. The Group does not use derivatives or hedging instruments. The resulting exchange differences are included in the profit and loss account.

The entity's exposure to currency risk as of the balance sheet date was:

Net exposure in RON	2022	2023
Cash and cash equivalents	5.829.169	10.934.127
Trade receivables and similar	5.690.846	5.114.683
Deposits, treasury certificates and bonds	3.574.759	1.108.619
Trade payables	239.836	205.222
Short-term loans	544.390	-
Total net exposure in RON	14.310.548	16.952.207

Net exposure in EUR	2022	2023
RON/EUR NBR exchange rate at end of period	4,9474	4,9746
Cash and cash equivalents	1.178.229	2.197.991
Trade receivables and similar	1.150.270	1.028.160
Deposits, treasury certificates and bonds	722.553	222.856
Trade payables	48.477	41.254
Short-term loans	110.036	-
Total net exposure in EUR	2.892.539	3.407.753

The following significant rates were applied at the end of the financial years:

Currency	Exchange rate	
	31.12.2022	31.12.2023
EUR	4,9474	4,9746
USD	4.6346	4.4958

Sensitivity analysis

A reasonably possible appreciation (depreciation) of the EUR against RON at the end of the periods would affect the valuation of financial instruments in foreign currency and profit before tax and, respectively, equity by the amounts shown below. The analysis assumes that all other variables, particularly interest rates, remain constant, and ignores the impact of sales and purchases.

Gross profit sensitivity analysis	2022	2023
Profit before tax in RON	7.025.156	6.242.993
RON/EUR NBR exchange rate at end of period	4,9474	4,9746
Profit before tax in EUR	1.419.969	1.254.974
Net exposure in EUR	2.892.539	3.407.753
Profit adjusted with EUR 5% appreciation	1.564.596	1.425.362
Profit adjusted with EUR 5% depreciation	1.275.342	1.084.586

Interest rate risk

The Company's operational cash flows are mainly affected by changes in interest rates due to bank loans, which vary between Euribor 3M 4.5%-6% and Robor 3M + 3.25%. The Company has significant loans with variable interest rates, which may expose the Company to significant cash risk, and all bank deposits irrespective of maturity carry a fixed interest rate. The Group does not use derivative financial instruments to hedge against interest rate fluctuations. As of the reporting date, the interest rate risk exposure profile related to the interest-bearing financial instruments held by the Company was as follows:

Gross profit sensitivity analysis in RON	31.12.2023
<i>Fixed interest financial instruments/Financial assets</i>	<i>1.108.619</i>
Bank deposits less than 3 months	-
Bank deposits between 3-12 months	1.108.619
Bank deposits more than 12 months	-
<i>Variable interest financial instruments/Bank loans</i>	<i>9.696.007</i>
Short-term bank loans	7.795.942
Medium-term bank loans	1.900.065
Intesest costs -AAGES	747.272
Interest costs -ELECTROTERM	
Interests eliminations (reciprocal or otherwise)	
Profit change effect if the interest rate changes by 50%	373.636
Appreciation Profit before tax change interest by 50%	6.616.629
Depreciation Profit before tax change interest by 50%	5.869.357

Sensitivity analysis

A reasonably possible change in interest rates of 50 basis points as of the reporting date would have increased (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, especially exchange rates, remain constant.

NOTE 15. SUBSEQUENT EVENTS

We believe that the state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the EU are not events that significantly influence the annual financial statements presented above.

Sângeorgiu de Mureș as of 20.03.2024

Chief Executive Officer

Molnár Gábor József

Chief Accountant

Péntek Mária

Bucharest, 25 March 2024

AAGES SA

16 Agricultorilor street, Sangeorgiu de Mures village,
Sangeorgiu de Mures, Mures county

AUDIT REPORT

Consolidated financial statements 31.12.2023

Prepared by
MGMT AUDIT & BPO SRL

**Report of independent auditors to shareholders
AAGES SA**

Report on consolidated financial statements

Opinion

We audited the Financial Statements of AAGES SA with headquarters in Mures County, Sangeorgiu de Mures, Sangeorgiu de Mures Village, Farmers Street, no. 16, fiscal code RO 1196550 and of the subsidiary ELECTROTERM SRL with headquarters in Mures County, Sangeorgiu de Mures commune, Sangeorgiu de Mures village, 16/E Agricultorilor street, ro 1196615 tax code, hereinafter referred to as the "Group"), which include the consolidated situation of the financial position from 31 Decembrie 2023 and the consolidated statement of the overall result, the consolidated situation of the changes in the capital of the capital and the consolidated statement of the cash flows for the financial year and closed on this date and a summary of the significant accounting policies and other explanatory notes.

The financial statements consolidated at 31 December 2023 mentioned refer to:

Total assets	63,933,735 RON
Equity	39,412,239 RON
Turnover	45,268,033 RON
Result of the year - profit	6,052,971 RON

In our opinion, the consolidated financial statements present faithfully, in all significant aspects, the consolidated financial position of the Group at 31 December 2023 and its consolidated financial performance, its consolidated cash flows for the year that ended at that time, in accordance with the Order of the Minister of Public Finance of Romania no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards with subsequent amendments and clarifications.

The Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter referred to as the "Regulation") and Law no.162/2017 ("Law"). Our responsibilities under these standards are described in detail in the section "Auditor's responsibilities in an audit of financial statements" in our report. We are independent from the Company, according to the Code of Ethics of Professional Accountants issued by the Council for International Ethical Standards for Accountants (IESBA code), according to the ethical requirements that are relevant for the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit aspects

The key audit aspects are those aspects that, according to our professional reasoning, had the greatest importance in our audit of financial statements in the current period. These aspects were dealt with in the context of our audit of the financial statements as a whole and in forming our opinion on them and we do not provide a separate opinion on these issues.

Audit aspect

How to approach the audit

Revenue recognition

See Note 8" "Operating result", the income recognition policy presented in note 1.3 "Significant accounting policies and methods".

According to the International Standards on Auditing, there is an implicit risk in the recognition of revenues, due to the pressure that the management may feel in order to obtain the planned results.

The company earns income based on contractual agreements concluded with its customers for the sale of finished products and goods, as well as services.

Revenues from sales of goods are recognized when the Company has transferred to the buyer the main risks and benefits associated with owning the goods, which is usually the time of delivery.

Revenues related to the services provided are recognised on the basis of the completion status.

Our audit procedures included, among other things:

- ✓ Assessment of revenue recognition principles according to IFRS 15 "Revenue from contracts with clients" and in relation to the accounting policies of the company and in relation to the accounting policies of the Group;
- ✓ Testing the existence and effectiveness of internal controls as well as performing detail tests in order to verify the correct registration of transactions;
- ✓ Examination of the accuracy of the adjustments made by the company in order to comply with the principle of the independence of exercises, taking into account the delivery conditions and the contractual provisions regarding the delivery methods;
- ✓ Testing on the basis of a sample of the balances of commercial receivables as at 31 December 2023 by sending confirmation letters.
- ✓ Analytical procedures regarding the gross margin by monthly comparison.

Existence and evaluation of stocks

According to those presented in note 3.1 "Stocks", the total stocks are worth 20,922,014 RON and represent about 33% of the Group's total assets, their valuation involving a high level of judgment of the management. These stocks consist mainly of raw materials and production in progress.

The valuation of stocks is made, in principle, at the lowest value of the cost and the net realizable value.

Our audit procedures included, among other things:

- ✓ Testing the existence of stocks, which we mainly did, but we did not limit ourselves to this, by assisting in the inventory of stocks for December 31, 2023, including the reconciliation of the count made by the auditor with that of the representatives of the companies, the identification of possible physically / morally impaired stocks.

The cost assessment includes various components such as the cost of production or acquisition, including the commercial discounts received.

The production in progress includes the direct costs of raw materials, materials, salaries of the personnel directly involved, as well as a share of indirects.

- ✓ In order to validate the assessment of the acquisition/production cost of stocks, we have conducted detailed valuation tests against IAS 2 "Inventories" requirements.
- ✓ We checked whether the estimates of the net realisable value in relation to the sale price, including the commercial discounts granted, and we checked if there were any stocks that were sold with a negative margin by analyzing the sales invoices issued vs. the production cost.

Other information – Administrators' report

The Board of Directors is responsible for drawing up and presenting of "Other information" includes the Directors Report and the Remuneration Report that we obtained prior to the date of the auditor's report, but does not include the financial statements and the auditor's report on them. Management is responsible for other information.

Our audit opinion on the financial statements does not cover acts of "other information" and, unless explicitly stated in our report, we do not express any assurance conclusions on them.

In connection with the audit of the financial statements for the year ended 31 December 2023, our responsibility is to read that "other information" also in this endeavor, to assess whether that "other information" is significantly inconsistent with the financial statements or with the knowledge that we obtained during the audit or if it appears to be significantly distorted. We have nothing to report on this.

The Board of Directors is responsible for preparing and presenting the report of the Board of Directors in accordance with the requirements of OMFP 2844/2016, as subsequently amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU with subsequent amendments, Annex 1, items 15-19.

Regarding the Management Report, we have read and reported whether it has been prepared, in all material aspects, in accordance with OMFP 2844/2016, as amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU as subsequently amended, Annex 1, paragraphs 15-19.

If, when reading the Remuneration Report, we conclude that there is a material distortion in it, we are obliged to communicate this to the persons responsible for governance.

Regarding the Management Report, we have read and report whether it has been prepared, in all material aspects, in accordance with OMFP 2844/2016, as subsequently amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU with subsequent amendments, Annex 1, paragraphs 15-19.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Management Report for the financial year for which the individual financial statements were prepared is consistent, in all material aspects, with the individual financial statements;
- b) The Administrators' Report was prepared, in all significant aspects, in accordance with OMFP 2844/2016, as subsequently amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU with subsequent amendments items 15-19.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on 31 December 2023, we are required to report whether we have identified significant distortions in the Management Report and in the Remuneration Report. We have nothing to report on this.

Regarding the Remuneration Report, I have read the Remuneration Report to determine whether it presents, in all material aspects, the information required by Article 107, paragraphs (1) and (2) of Law 24/2017 on issuers of financial instruments and market operations, republished. We have nothing to report on this.

Other aspects

In Romania, the tax legislation is constantly changing and adapting to the international legislation. In this context, there is the possibility of different interpretations of the legal provisions by the Ministry of Finance and by the local tax authorities. The management has registered in the accounts that are presented the different taxes and fees, based on the best interpretation of the tax provisions in force, an interpretation that can be challenged by a fiscal control.

This report is addressed exclusively to the company's shareholders and expressly mentions the recipients agreed by the contract or imposed by the legislation. Our audit was carried out in order to be able to report to the shareholders of the Company those aspects that we must report in a financial audit report, and not for other purposes. To the extent permitted by law, we do not accept and assume responsibility only to the Company and its shareholders, for our audit, for this report or for the opinion formed.

Responsibilities of management and those responsible for governance for consolidated financial statements

The Company's management has the responsibility for the preparation and faithful presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016, as amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU as subsequently amended and for that internal control that the management considers necessary to allow the preparation of consolidated financial statements that are free of significant distortions, caused either by fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's capacity to continue its activity, for presenting, if applicable, the aspects related to the continuity of the activity and for using the accounting based on the continuity of the activity, unless the management either intends to liquidate the Company or to stop operations, or has no other realistic alternative in outside of them. The persons in charge of governance have the responsibility of supervising the financial reporting process of the Group.

Responsibilities of the auditor for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance on the extent to which the consolidated financial statements, as a whole, are free of significant distortions, caused either by fraud or error, as well as in issuing a report of the auditor that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detect significant distortion, if any. Misrepresentations may be caused either by fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of the users taken on the basis of these consolidated financial statements.

As part of an ISA-compliant audit, we exercise professional reasoning and maintain professional skepticism throughout the audit. Also:

- We identify and evaluate the risks of material misrepresentation of the consolidated financial statements, caused by either fraud or error, we design and execute audit procedures in response to those risks and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a significant distortion caused by fraud is higher than that of not detecting a significant distortion caused by error, because fraud can involve secret agreements, forgery, intentional omissions, false statements, and avoidance of internal control.
- We understand the internal control relevant for the audit, in order to design audit procedures appropriate to the circumstances, but without having the purpose of expressing an opinion on the effectiveness of the internal control of their Companies.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related presentations of information made by the management.
- We draw a conclusion on the adequacy of the management's use of accounting based on business continuity and we determine, based on the audit evidence obtained, whether there is significant uncertainty regarding events or conditions that could generate significant doubts regarding the Group's capacity to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related presentations in the consolidated financial statements or, if these presentations are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to no longer carry out its activity based on the principle of continuity of activity.
- We evaluate the presentation, structure and content of consolidated financial statements, including disclosures, and the extent to which the consolidated financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- We obtain sufficient and adequate audit evidence regarding the financial information of the entities or business activities within the Group, in order to express a point of view on the consolidated financial statements. We are responsible for coordinating, supervising and executing the audit of the Rupee. We are solely responsible for our audit opinion.

We communicate to the persons in charge of governance, among other aspects, the planned area and the time scheduling of the audit, as well as the main findings of the audit, including any significant deficiencies in the internal control, which we identify during the audit.

We also provide the governance's responsible persons with a statement regarding our compliance with ethical requirements regarding independence and we communicate to them all relationships and other matters that can

reasonably be considered to be likely to affect our independence and, where appropriate, the related safety measures.

Of the aspects that we have communicated to the persons in charge of governance, we establish those aspects that were more important in the audit on the consolidated financial statements of the current period and, therefore, represent key audit aspects. We describe these aspects in our audit report, unless the legislation or regulations prevent the public presentation of the respective aspect or if, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is reasonably expected that the benefits of the public interest will be outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

We were appointed auditors of the company according to the Ordinary General Decision of shareholders no.1 / 27.04.2022 and contracted according to contract no. 310/29/29.09.2023, to audit the financial statements of AAGES SA for the financial year ended December 31, 2023 and the consolidated financial statements of the Group concluded on the same date. The total uninterrupted duration of our commitment is 3 years, covering the financial year ended on December 31, 2023.

We confirm that:

- Our audit opinion is in accordance with the additional report submitted to the Company's Audit Committee, which we issued on the same date as we issued this report. Also, in carrying out our audit, we have maintained our independence from the audited entity.
- We have not provided for the Group the prohibited non-audit services mentioned in Article 5(1) of EU Regulation No. 537/2014.

On behalf of,

MGMT AUDIT & BPO SRL
Intrarea Amzei no.2, Mansarda, district 1, Bucharest

Registered in the electronic Public Register under
No. FA1263

Member of CAFR with no. 1263/07.09.2015

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit: MGMT AUDIT & BPO SRL
Registrul Public Electronic: FA 1263



Auditor: Gabriela Ciacaru

Registered in the electronic Public Register under
No. AF4044

Member of CAFR with no. 4044 / 25.08.2011

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: GABRIELA CIACARU
Registrul Public Electronic: AF 4044

25 March 2024

Bucharest, 25 March 2024

AAGES SA

16 Agricultorilor street, Sangeorgiu de Mures village,
Sangeorgiu de Mures, Mures county

AUDIT REPORT

Individual financial statements 31.12.2023

Prepared by
MGMT AUDIT & BPO SRL

**Report of independent auditors to shareholders
AAGES SA**

Report on the individual financial statements

Opinion

We audited the Financial Statements of AAGES SA, with the headquarter in Mures County, Sangeorgiu de Mures, Sangeorgiu de Mures Village, Farmers street, no. 16, fiscal code RO 1196550 (the "Company"), which includes the statement of the financial position as at 31 December 2023, the statement of the global result, the statement of changes in equity and the statement of cash flows for the financial year and concluded on this date and a summary of significant accounting policies and other explanatory notes.

The mentioned financial statements refer to:

Total assets	53,933,740 RON
Equity	33,321,388 RON
Turnover	43,126,032 RON
Result of the year - profit	5,407,593 RON

In our opinion, the financial statements present faithfully, in all significant aspects, the financial position of AAGES SA, as of December 31, 2023 and its financial performance, its cash flows for the year that ended on that date, in accordance with the Order of the Minister of Public Finance of Romania no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards with subsequent amendments and clarifications.

The Basis of Opinion

We conducted our audit in accordance with International Auditing Standards ("ISA"), EU Regulation no. 537 of the Parliament and of the European Council (hereinafter the "Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities based on these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent from the Company, according to the Code of Ethics for Accounting Professionals issued by the Council for International Ethics Standards for Accountants (IESBA code), according to the ethical requirements that are relevant for the audit of financial statements in Romania, including Regulation (EU) no. 537/2014 and Law 162/2017, and we fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit aspects

Key audit aspects are those aspects that, according to our professional reasoning, were of the greatest importance in our audit of the financial statements of the current period. These aspects were dealt with in the context of our audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these aspects.

For each aspect below, we presented in that context a description of how our audit approached that aspect.

<i>Audit aspect</i>	<i>How to approach the audit</i>
<p><i>Revenue recognition</i></p> <p>See Note 8 "Operating income", the income recognition policy set out in note 1.3 "Significant accounting policies and methods".</p> <p>According to the International Standards on Auditing, there is an implicit risk in the recognition of revenues, due to the pressure that the management may feel in order to obtain the planned results.</p> <p>The company earns income based on contractual agreements concluded with its customers for the sale of finished products and goods, as well as services.</p> <p>Income from sales of goods is recognized when the Company has transferred to the buyer the main risks and benefits associated with owning the goods, which is usually the time of delivery. Revenues related to the services provided are recognised on the basis of the completion status.</p>	<p><i>Our audit procedures included, among other things:</i></p> <ul style="list-style-type: none"> ✓ Valuation of revenue recognition principles according to IFRS 15 "Revenues from contracts with clients" and in relation to the accounting policies of the company; ✓ Testing the existence and effectiveness of internal controls as well as performing detail tests in order to verify the correct registration of transactions; ✓ Examination of the accuracy of the adjustments made by the company in order to comply with the principle of the independence of exercises, taking into account the delivery conditions and the contractual provisions regarding the delivery methods; ✓ Testing on the basis of a sample of the balances of commercial receivables as at 31 December 2023 by sending confirmation letters. ✓ Analytical procedures regarding the gross margin by monthly comparison.
<p><i>Existence and evaluation of stocks</i></p> <p>According to those presented in note 3.1 "Stocks", total stocks are worth 18,810,976 RON and represent about 35% of the total assets of the company, their valuation involving a high level of judgment of management. These stocks consist mainly of raw materials and production in progress.</p>	<p><i>Our audit procedures included, among other things:</i></p> <ul style="list-style-type: none"> ✓ Testing the existence of stocks, which we mainly did, but we did not limit ourselves to this, by assisting in the inventory of stocks for December 31, 2023, including the reconciliation of the count made by the auditor with that of the company's representatives, the identification of

The valuation of stocks is made, in principle, at the lowest value of the cost and the net realisable value.

The cost assessment includes various components such as the cost of production or acquisition, including the commercial discounts received.

The production in progress includes the direct costs of raw materials, materials, salaries of the personnel directly involved, as well as a share of indirects.

possible physically / morally impaired stocks.

- ✓ In order to validate the assessment of the acquisition/production cost of stocks, we have conducted detailed valuation tests against IAS 2 "Inventories" requirements.
- ✓ We checked whether the estimates of the net realisable value in relation to the sale price, including the commercial discounts granted, and we checked if there were any stocks that were sold with a negative margin by analyzing the sales invoices issued vs. the production cost.

Other information – Administrators' report and Remuneration report

Administrators are responsible for the preparation and presentation of "Other information". Those "Other information" include the Directors' Report and the Remuneration Report, which we obtained before the date of the auditor's report, but do not include the financial statements and the auditor's report on them.

Our audit opinion on the individual financial statements does not cover this "Other information" and, except for the case where it is explicitly mentioned in our report, we do not express any kind of assurance conclusion regarding them.

In connection with the audit of the individual financial statements for the year ended December 31, 2023, our responsibility is to read that "Other information" and, by doing so, to analyze whether it is not in accordance, in a significant way, with the individual financial statements or the knowledge we obtained from the audit or if it appears to include significant errors. If, based on the activity carried out, we come to the conclusion that there are significant errors regarding this other information obtained before the date of the audit report, we must report this. We have nothing to report in this regard.

Regarding the Administrators' Report, we have read and report whether it was drawn up, in all significant aspects, in accordance with OMFP 2844/2016, with subsequent amendments, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU with the amendments later, Annex 1, points 15-19.

Regarding the Remuneration Report, we have read and reported whether it has been drawn up, in all significant aspects, in accordance with the provisions of Law 24/2017, paragraphs no. 109-107.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Management Report for the financial year for which the individual financial statements were prepared is consistent, in all material aspects, with the individual financial statements;

- b) The Administrators' Report was prepared, in all significant aspects, in accordance with OMFP 2844/2016, as subsequently amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU with subsequent amendments items 15-19.
- c) The remuneration report was drawn up, in all significant aspects, in accordance with the provisions of Law 24/2017, paragraphs no.106-107.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on 31 November 2023, we are required to report whether we have identified significant distortions in the Management Report and in the Remuneration Report. We have nothing to report on this.

Other aspects

In Romania, the tax legislation is constantly changing and adapting to the international legislation. In this context, there is the possibility of different interpretations of the legal provisions by the Ministry of Finance and by the local tax authorities. The management of the company has registered in the accounts that are presented the different taxes and fees, based on the best interpretation of the tax provisions in force, an interpretation that can be challenged by a fiscal control.

This report is addressed exclusively to the company's shareholders and expressly mentions the recipients agreed by the contract or imposed by the legislation. Our audit was carried out in order to be able to report to the shareholders of the Company those aspects that we must report in a financial audit report, and not for other purposes. To the extent permitted by law, we do not accept and assume responsibility only to the Company and its shareholders, for our audit, for this report or for the opinion formed.

Responsibilities of the Management and those responsible for governance for financial statements

The Company's management has the responsibility for the preparation and faithful presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. ANRE President's Order no. 2844/2016, as amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU as subsequently amended and for that internal control that the management considers necessary to allow the preparation of financial statements that are free of significant distortions, caused either by fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's capacity to continue its activity, for presenting, if applicable, the aspects related to the continuity of the activity and for using the accounting based on the continuity of the activity, unless the management either intends to liquidate the Company or to stop the operations or has no other realistic alternative besides them. The persons in charge of governing have the responsibility of supervising the company's financial reporting process.

Responsibilities of the auditor for the audit of individual financial statements

Our objectives are to obtain reasonable assurance as to the extent to which the financial statements, as a whole, are free of significant distortions, caused either by fraud or error, as well as in issuing a report of the auditor that includes our opinion. Reasonable insurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detect significant distortion, if any. Misrepresentations can be caused either by fraud or error and are considered material if it can be reasonably expected that they, individually or cumulatively, will influence the economic decisions of users taken on the basis of these financial statements.

As part of an isa-compliant audit, we exercise professional reasoning and maintain professional skepticism throughout the audit. Also:

- We identify and evaluate the risks of significant distortion of the financial statements, caused by either fraud or error, we design and execute audit procedures in response to those risks and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a significant distortion caused by fraud is higher than that of not detecting a significant distortion caused by error, because fraud can involve secret agreements, forgery, intentional omissions, false statements and avoidance of internal control.
- We understand the internal control relevant for the audit, in order to design audit procedures appropriate to the circumstances, but without having the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related presentations of information made by the management.
- We draw a conclusion on the adequacy of the management's use of accounting based on the continuity of the activity and we determine, based on the audit evidence obtained, whether there is a significant uncertainty regarding events or conditions that could generate significant doubts regarding the Company's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related presentations in the financial statements or, if these presentations are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to no longer carry out its activity based on the principle of continuity of activity.
- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

We communicate to the persons in charge of governance, among other aspects, the planned area and the time scheduling of the audit, as well as the main findings of the audit, including any significant deficiencies in the internal control, which we identify during the audit.

We also provide the governess's responsible persons with a statement regarding our compliance with ethical requirements regarding independence and we communicate to them all relationships and other matters that can reasonably be considered to be likely to affect our independence and, where appropriate, the related safety measures.

Of the aspects that we have communicated to the persons in charge of governance, we establish those aspects that were more important in the audit on the financial statements in the current period and, therefore, represent key audit aspects. We describe these aspects in our audit report, unless the legislation or regulations prevent the public presentation of the respective aspect or if, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is reasonably expected that the benefits of the public interest will be outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

We were appointed auditors of the company according to the Ordinary General Decision of shareholders no.1 / 27.04.2022 and contracted according to contract no. 310/29/29.09.2023, to audit the financial statements of AAGES SA for the financial year ended on December 31, 2023. The total uninterrupted duration of our commitment is 3 years, covering the financial year ended on December 31, 2023.

We confirm that:

- Our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company, which we issued on the same date as we issued this report. Also, in carrying out our audit, we have maintained our independence from the audited entity.
- We have not provided for the Company the prohibited non-auditservices referred to in Article 5(1) of EU Regulation No. 537/2014.

On behalf of,

MGMT AUDIT & BPO SRL
Intrarea Amzei no.2, Mansarda, district 1, Bucharest

Registered in the electronic Public Register under
No. FA1263

Member of CAFR with no. 1263/07.09.2015

Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Firma de Audit: MGMT AUDIT & BPO SRL
Registrul Public Electronic: FA 1263



Auditor: Gabriela Ciacaru

Registered in the electronic Public Register under
No. AF4044

Member of CAFR with no. 4044 / 25.08.2011

Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: GABRIELA CIACARU
Registrul Public Electronic: AF 4044

Bucharest, 25 March 2024

Bucharest, 16th of April, 2024

AAGES SA

Agricultorilor street, no. 16, Sangeorgiu de Mures, Mures county

**Report regarding the compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")
Consolidated financial statements as at 31.12.2023**

Issued by
MGMT AUDIT & BPO SRL

Report regarding the compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")

Purpose of the report

We performed a reasonable assurance mission on the compliance of the consolidated financial statements prepared by the entity AAGES SA, included in the annual financial report presented in the digital file 254900VRQYFOKK90NX88-2023-12-31-en.xhtml ("digital files"), with Delegated Regulation (EU) 2018/815 of Commission, for the financial year ending on 31st of December, 2023.

The purpose of these procedures consists in testing and consistency of the Electronic Format - XHTML of the consolidated financial statements with the audited consolidated financial statements and expressing an opinion on the compliance of the electronic format of the company's financial statements for the financial year ended on 31st of December, 2023 with the requirements of the ESEF Regulation.

The specific purpose

Our report has exclusively the purpose established in the first paragraph of this report and it is prepared for the information of the Company, Bucharest Stock Exchange and Financial Supervisory Authority and will not be used for any other purpose. Our report should not be considered suitable for use by any party seeking to acquire rights against us, other than the Company, for any purpose or in any context.

AAGES SA management responsibility for digital files prepared in accordance with ESEF

The management of the Company is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:

- designing, implementing and maintaining the internal control relevant for the application of ESEF;
- selection and application of the corresponding iXBRL tags;
- ensuring consistency between the digital files and the consolidated financial statements that will be published in accordance with Order 2844/2016 with subsequent amendments.

The persons responsible for governance are responsible for supervising the preparation of digital files in accordance with ESEF.

Auditor's responsibility regarding the audit of Digital Files

We have the responsibility to express a conclusion regarding the extent to which the consolidated financial statements included in the annual financial report are in accordance with ESEF, in all material aspects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (revised), Assurance engagements other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

These standards require us to comply with ethical standards and to plan and carry out our mission in such a way as to obtain reasonable assurance about the extent to which the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria mentioned above. The nature, timing and extent of the selected procedures depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions provided in the ESEF, caused either by fraud or error.

Reasonable assurance represents a high level of assurance, but it is not a guarantee that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect a significant misstatement related to the requirements if they exist.

Our independence and quality control

We apply the International Standard on Quality Control 1 "Quality control for firms that perform audits and reviews of financial statements, as well as other assurance missions and related services" and, consequently, maintain a solid quality control system, which includes policies and procedures documented regarding compliance with ethical requirements, professional standards, and legal and regulatory provisions applicable to auditors registered in Romania.

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

Summary of the performed procedures

The objective of the procedures we planned and carried out was to obtain a reasonable assurance that the electronic format of the consolidated financial statements is prepared, under all significant aspects, in accordance with ESEF requirements. In carrying out our assessment of the compliance with the ESEF requirements of the electronic reporting format of the Group's consolidated financial statements, we maintained our professionalism and applied professional judgment. Also we:

- ✓ obtained an understanding of the process of preparing digital files in accordance with ESEF, including the relevant internal controls;
- ✓ reconciliation of the digital files that include the marked data, with the audited consolidated financial statements of the Group that will be published in accordance with Order 2844/2016 with subsequent amendments
- ✓ evaluated whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.
- ✓ assessed of whether all iXBrl markings, including voluntary markings, are in accordance with ESEF requirements.
- ✓ checked if the human-readable electronic format of the consolidated financial statements (XHTML) corresponds to the audited consolidated financial statements;

We consider that the evidence we have obtained is sufficient and adequate to form the basis for our opinion.

Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements ESEF Regulation

Based on the procedures we carried out, in our opinion, the electronic format of the financial statements consolidated accounts of the Group for the financial year ended on December 31, 2023, is drawn up, under all the significant aspects, in accordance with the requirements of the ESEF Regulation.

Other aspects

On March 25, 2024, we issued the Audit Report on the consolidated financial statements of AAGES SA, which include the consolidated statement of the financial position as of December 31, 2023 and the consolidated statement of the overall result, the consolidated statement of changes in equity and the consolidated statement of cash flows of the treasury for the financial year ended on this date and a summary of significant accounting policies and other explanatory notes. At the date of issuing the Audit Report on the consolidated financial statements of AAGES SA, the electronic format - XHTML of the consolidated financial statements was not available.

On behalf of,

MGMT AUDIT & BPO SRL
Intrarea Amzei no.2, Mansarda, district 1, Bucharest

Registered in the electronic Public Register under
No. FA1263

Member of CAFR with no. 1263/07.09.2015

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit: MGMT AUDIT & BPO SRL
Registrul Public Electronic: FA 1263



Auditor: Gabriela Ciacaru

Registered in the electronic Public Register under
No. AF4044

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Bucharest, 16st of April, 2024