



**SEMESTER REPORT 2023**  
**SC ARMATURA SA**  
**CLUJ- NAPOCA**

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

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

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

**The main characteristics of the securities issued by the company:**

- Number of shares:40.000.000
- Nominal value:0.1 RON/share
- Registered shares, issued in dematerialized form, registered in the independent register SC Depozitarul Central SA, according to contract no. 1958 of 19.01.2007

Date of report:07.08.2023

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

\* The financial statements from 30.06.2023 have not been audited.

**1. Economic and financial situation:**

The financial statements were prepared in accordance with the International Financial Reporting Standards.



THE SITUATION OF THE FINANCIAL POSITION

	January 1 2023	30th of June 2023
<b>Active</b>		
<b>Fixed assets</b>		
Tangible assets	109.134	102.572
Intangible assets	0	0
Right to use the leased assets	382.375	0
<b>Total fixed assets</b>	<b><u>491.509</u></b>	<b><u>102.572</u></b>
<b>Current assets</b>		
Inventories	0	0
Customers and other receivables	526.823	620.388
Cash and equivalents of cash	7.853.999	7.656.954
Financial assets short term	<u>0</u>	<u>0</u>
<b>Total current assets</b>	<b><u>8.380.822</u></b>	<b><u>8.277.342</u></b>
<b>Receivables regarding deferred profit tax</b>	<b><u>153.012</u></b>	<b><u>153.012</u></b>
<b>Total active</b>	<b><u>9.025.343</u></b>	<b><u>8.532.925</u></b>
<b>Equity and liabilities</b>		
Social capital	18.110.957	18.110.957
reserves	1.304.075	1.304.075
The carried forward result including the result of the period	<u>-11.365.151</u>	<u>-11.426.028</u>
<b>Total equity</b>	<b><u>8.049.881</u></b>	<b><u>9.989.005</u></b>
<b>Long-term debt</b>		
Loans	-	-
Debts related to financial leasing	392.431	-
Tax liabilities put off	-	-
Suppliers and other debts	<u>-</u>	<u>-</u>
<b>Total long-term debt</b>	<b>392.431</b>	<b>-</b>



**Current liabilities**

Suppliers and other debts	366.477	335.856
Settlements with shareholders regarding social capital	100	100
Loans	-	-
Debts from leasing operations	8.5887	-
Provisions for risks and expenses	207.966	207.964
<b>Total current liabilities</b>	<b>583.031</b>	<b>543.920</b>
<b>Total debts</b>	<b>975.462</b>	<b>543.920</b>
<b>Total equity and liabilities</b>	<b>9.025.343</b>	<b>8.532.925</b>

**STOCK ANALYSIS**

	<b>January 1 2023</b>	<b>30th of June 2023</b>
Raw materials and materials	0	0
Provisions for raw materials and materials	0	0
Production in progress	0	0
Provisions for products in progress	0	0
commodities	0	0
Provisions for goods	0	0
Finished product	0	0
Provisions for finished products	0	0
Other stocks	0	0
Provisions for other stocks	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



## ANALYSIS OF CLAIMS

On 30.06.2023, the company's receivables had the following structure:

	<b>January 1 2023</b>	<b>30th of June 2023</b>
Trade receivables	1.139.850	1.199.989
Minus:provision for the depreciation of receivables trader	-748.349	-798.056
Trade receivables - net	391.501	401.932
- of which in relation to related parties	1.262	1.262
VAT to be collected	112.026	119.763
Prepayments	6.372	11.816
Advances to suppliers	1.162	24.999
Minus:provision for depreciation of advances	-	-
Different debtors	7.000	7.000
Other claims	7.500	194.811
<b>The current portion of the receivables commercial and other receivables</b>	<b>526.823</b>	<b>761.583</b>

The company's trade receivables as of 06/30/2023 registered an increase of 234,760 lei compared to those existing in the balance at the beginning of 2023, i.e. a percentage increase of 44.56%.

## ANALYSIS OF PAYMENT OBLIGATIONS

	<b>January 1 2023</b>	<b>30th of June 2023</b>
Trade debts	184.763	163.163
- of which in relation to related parties	0	0
Debts with the staff, contributions, social insurance	84.237	55.039
Corporate tax liabilities	-	0
Other debts	97.477	117.754
	<b>366.477</b>	<b>335.956</b>

The current liabilities of the company registered a decrease in the amount of 30,521 lei compared to the beginning of 2023,



**INCOME AND EXPENDITURE SITUATION**

	<b>30th of June 2022</b>	<b>30th of June 2023</b>
Income	1.287.683	990.727
Other operating revenues	1.092	1.092
Variation in stocks of finished products and production in progress	54.210	0
Raw materials and materials	-68.868	-48.692
Cost of goods	-55.252	-55.252
Staff costs	-551.869	-372.698
Utility expenses	-331.475	-326.726
Services provided by third parties	-291.145	-343.419
Amortization and depreciation fixed assets	-357.148	-395.252
The net movement in the provision for other risks and expenses	100.032	0
Other operating expenses	-15.860	-15.859
Other income / (losses), net	<u>-170.763</u>	<u>-170.763</u>
<b>Operational result</b>	<b>-399.363</b>	<b>-277.417</b>
Financial income	<u>9.319</u>	<u>219.882</u>
Financial expenses	<u>-29.188</u>	<u>-3.342</u>
<b>Net Financial Profit/Loss</b>	<b><u>-19.869</u></b>	<b><u>216.540</u></b>
<b>Profit/Loss before tax</b>	<b>-419.232</b>	<b>-60.877</b>
Income / (Expense) with profit tax current and deferred	-	-
<b>Net profit / loss for the exercise</b>	<b>-419.232</b>	<b>-60.877</b>



## **2. Analysis of the activity of the commercial company**

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

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

The company has shares listed at BVB Bucharest. As a result, the company applies all the legal provisions in force: Updated Law 31/1990, OMFP 2844/2016 for the approval of Accounting Regulations according to International Financial Reporting Standards, ASF Regulation 05/2018 on reporting, Law 297/2004 on the capital market, BVB regulations and others. All these documents are public. Until the date of this report, the Company did not adhere to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2015. The company has implemented an Organization and Functioning Regulation as well as an Internal Order Regulation that are intended to ensure operation within safety parameters and to contribute to the fulfillment of the company's objectives. The internal control system fulfills its proposed objectives and no significant deficiencies were found in the functioning of the internal system. The principles of the implemented internal control system are the separation of decisions, the existence of automatic controls incorporated in the IT application, authorization limits, periodic reports, etc. The company has appointed an internal auditor but not an audit committee. There is no separate investor relations department. The company has a contract with an authorized financial auditor, according to legal requirements, who verifies the financial statements according to the legal provisions in force. The General Assembly has the powers provided by Law 31/1990 with related amendments and by the company's constitutive act in force on the date of the new general assembly. The manner of conducting the general meeting of shareholders and its key attributions are in accordance with the legislation in force and with the company's Statute. The rights of the shareholders and how they can be exercised are provided in the applicable legislation.

Board of Directors component:

- Stefan Bogdan – President of the Board of Administration
- Matthias Haider - member
- Damir Rutar – member
- Zoran Bankovic – member
- Walter Simmel - member



**3. Tangible assets of the company**

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

The equipment and production facilities owned by the company are located, in their entirety, in Cluj-Napoca, strada Garii no. 19.

**Administrator,**

Stefan Bogdan

**Prepared,**

Ec. Rus Dana

**ARMATURA SA**

**INDIVIDUAL FINANCIAL STATEMENTS FOR  
THE SEMESTER ENDED JUNE 30, 2023**

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





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**ARMĂȚURA SA STATEMENT OF FINANCIAL  
POSITION SITUATION  
ON JUNE 30, 2023  
(in lei, unless otherwise specified)**

Note	January 1 <u>2023</u>	30th of June <u>2023</u>
<b>Active</b>		
<b>Fixed assets</b>		
Tangible assets	3 109.134	102.571
Intangible assets	4 0	0
Right to use the leased assets	382.375	0
<b>Total fixed assets</b>	<b><u>491.509</u></b>	<b><u>102.571</u></b>
<b>Current assets</b>		
Inventories	5 0	0
Customers and other receivables	6 526.823	620.388
Cash and equivalents of cash	7.853.999	7.656.954
Financial assets short term	0	0
<b>Total current assets</b>	<b>8.380.822</b>	<b>8.277.342</b>
<b>Receivables regarding deferred profit tax</b>	<b><u>153.012</u></b>	<b><u>153.012</u></b>
<b>Total active</b>	<b><u>9.025.343</u></b>	<b><u>8.532.925</u></b>
<b>Equity and liabilities</b>		
Social capital	8 18.110.957	18.110.957
reserves	1.304.075	1.304.075
The carried forward result including the result of the period	<u>-11.365.151</u>	<u>-11.426.028</u>
<b>Total equity</b>	<b><u>8.049.881</u></b>	<b><u>7.989.005</u></b>
<b>Long-term debt</b>		
Loans	-	-
Debts related to financial leasing	392.431	0
Tax liabilities put off	-	-
Suppliers and other debts	7 <u>-</u>	<u>-</u>
<b>Total long-term debt</b>	<b>392.431</b>	<b>0</b>

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

**ARMĂTURA SA STATEMENT OF FINANCIAL  
POSITION SITUATION  
ON JUNE 30, 2023  
(in lei, unless otherwise specified)**

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	Note	January 1 2023	30th of June 2023
<b>Current liabilities</b>			
Suppliers and other debts	7	366.477	335.856
Settlements with shareholders looking social capital		100	100
Loans		-	-
Debts from operations of leasing		8.588	
Provisions for risks and expenses		207.966	207.964
<b>Total current liabilities</b>		<b>583.031</b>	<b>543.920</b>
<b>Total debts</b>		<b>975.462</b>	<b>543.920</b>
<b>Total equity and liabilities</b>		<b>9.025.343</b>	<b>8.532.925</b>

**Administrator,**  
Stefan Bogdan

**Prepared,**  
Ec. Rus Dana

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

**ARMATURA SA**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**FOR THE SEMESTER ENDED ON JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

	30th of June 2022	30th of June 2023
Income	1.287.683	990.727
Other operating revenues	1.092	1.092
Variation in stocks of finished products and production in progress	54.210	0
Raw materials and materials	-68.868	-48.692
Cost of goods	-55.252	-55.252
Staff costs	-551.869	-372.698
Utility expenses	-331.475	-326.726
Services provided by third parties	-291.145	-343.419
Amortization and depreciation fixed assets	-357.148	-395.252
The net movement in the provision for other risks and expenses	100.032	0
Other operating expenses	-15.860	-15.859
Other income / (losses), net	<u>-170.763</u>	<u>-170.763</u>
<b>Operational result</b>	<b>-399.363</b>	<b>-277.417</b>
Financial income	<u>9.319</u>	<u>219.882</u>
Financial expenses	<u>-29.188</u>	<u>-3.342</u>
<b>net financial profit</b>	<b>-19.869</b>	<b>216.540</b>
<b>Profit/Loss before tax</b>	<b>-419.232</b>	<b>-60.877</b>
Income / (Expense) with profit tax current and deferred	=	=
<b>Net profit / loss for the exercise</b>	<b>-419.232</b>	<b>-60.877</b>
Number of shares issued	40.000.000	40.000.000
<b>Basic and diluted earnings per share</b>	<b>-0,0104</b>	<b>-0,001522</b>

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

**ARMATURA SA**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**FOR THE SEMESTER ENDED ON JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

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	<b>30th of June 2022</b>	<b>30th of June 2023</b>
<b>Profit/Loss related to the exercise</b>	<b><u>-419.232</u></b>	<b><u>-60.877</u></b>
<b>Other elements of the overall result:</b>		
Gain/(Loss) on revaluation the buildings	-	-
Deferred tax impact on Reserves from revaluation	<u>-</u>	<u>-</u>
<b>Other elements of the overall result related to the year, net of tax</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total global result related to the exercise</b>	<b>-419.232</b>	<b>-60.877</b>

**Administrator,**  
Stefan Bogdan

**Prepared,**  
Ec. Rus Dana

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

**ARMATURA S.A.**  
**STATEMENT OF CHANGES IN EQUITY FOR THE**  
**SEMESTER ENDED JUNE 30, 2023**  
(in lei, unless otherwise specified)

	<b>SOCIAL CAPITAL</b>	<b>RESERVES IN REVALUAT ION</b>	<b>OTHE RESERVES</b>	<b>REPORTE D RESULT</b>	<b>TOTAL</b>
<b>Balance on January 1, 2023</b>	<b>18.110.957</b>	-	<b>1.304.075</b>	<b>-11.365.151</b>	<b>8.049.881</b>
Profit / (Loss) for the year	-	-	-	-60.877	-60.877
Other elements of the result	-	-	-	-	-
<b>Overall overall result</b>	-	-	-	<b>-60.877</b>	<b>-60.877</b>
<b>Balance on June 30, 2023</b>	<b>18.110.957</b>	-	<b>1.304.075</b>	<b>-11.426.028</b>	<b>7.989.005</b>

**Administrator,**  
Stefan Bogdan

**Prepared,**  
Ec. Rus Dana

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

**ARMATURA S.A.**  
**THE INDIVIDUAL SITUATION OF CASH FLOWS**  
**FOR THE SEMESTER ENDED JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

	<u>30th of June 2022</u>	<u>30th of June 2023</u>
<b>Cash flows from activities exploitation</b>		
Cash generated from operations	320.380	-83.149
Interest paid	-	-
<b>Net cash generated from operating activities</b>	<u><b>320.380</b></u>	<u><b>-83.149</b></u>
<b>Cash flows from investment activities</b>		
Purchases of tangible assets	0	0
Net proceeds from the sale of tangible assets	2.315	0
Interest received	9.319	113.896
<b>Net cash used in investment activities</b>	<u><b>11.634</b></u>	<u><b>113.896</b></u>
<b>Cash flows from financing activities</b>		
Repayments of leasing loans	-391.046	0
Settlements from associates Lease interest payments	-12.315	0
<b>Net cash used in financing activities</b>	<u><b>-</b></u>	<u><b>0</b></u>
	<u><b>403.361</b></u>	
<b>The net change in cash and cash equivalents</b>	<u><b>-71.347</b></u>	<u><b>-197.045</b></u>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>658.444</b>	<b>7.853.999</b>
<b>Increases / - Decreases</b>	<u><b>-71.347</b></u>	<u><b>-197.045</b></u>
<b>Cash and cash equivalents at the end of the semester</b>	<b>587.097</b>	<b>7.656.954</b>

**Administrator,**  
Stefan Bogdan

**Prepared,**  
Ec. Rus Dana

The attached notes are an integral part of these financial statement

**ARMATURA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL SITUATIONS**  
**FOR THE SEMESTER ENDING JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

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## **1 GENERAL INFORMATION**

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

The company's object of activity is "Manufacturing of faucets", CAEN code 2814 and operates in the field of metal fittings with an experience in the production of fittings for thermal installations and water and gas supply, including today in the product portfolio over 1,500 dimensional items. The Company's clients are national and international companies.

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

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

The company has subscribed and paid-up capital in the amount of 4,000,000 lei consisting of 40,000,000 shares with a nominal value of 0.1 lei per share.

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

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The main accounting policies applied to the preparation of these financial statements are presented below. These policies have been applied consistently in all the years presented, unless otherwise specified.

### **2.1 The basis of the preparation**

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

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



**ARMATURA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL SITUATIONS**  
**FOR THE SEMESTER ENDING JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

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

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

### **2.1.2 New accounting regulations**

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

**Changes to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement and IFRS 7 Financial instruments: information to be presented – Reform of the reference interest rate index – Phase 2.** They were adopted by the EU on 15 January 2020, and are applicable for periods starting on or after 1 January 2021.

**Amendments to IFRS 4 Insurance contracts – Extension of the temporary exemption from the application of IFRS**

**9.** The expiry date of the temporary exemption from applying IFRS 9 has been extended for annual periods beginning on or after 1 January 2023.

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

Starting with January 1, 2018, the Company applied the IFRS 15 Revenue from contracts with customers standard. IFRS 15 establishes a five-step model that will be applied for the recognition of revenues from a contract concluded with a customer (with limited exceptions), regardless of the type of transaction or industry.

Also, the requirements of the standard will apply for the recognition and evaluation of gains and losses from the sale of certain assets of a different nature than the operational one that are not the result of the entity's usual activity (eg: sale of tangible and intangible assets). The extensive presentation of information will be provided, including the disaggregation of total income, information about performance obligations, changes in the contractual balances of the assets and liabilities accounts between periods and key ratios and estimates.

*The company obtained income from renting some spaces to other commercial companies until the date of sale buildings, and revenues are measured at the fair value of the net collected amounts. The income obtained from renting the premises is recognized when there is an obligation to register a contract, respectively if*

**ARMATURA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL SITUATIONS**  
**FOR THE SEMESTER ENDING JUNE 30, 2023**  
**(in lei, unless otherwise specified)**

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the following conditions have been met:

- The parties to the contract have approved the contract in writing
- The company can identify the rights of each party regarding the services that will be transferred
- The company can identify the payment terms for rent
- The contract has commercial content
- As of 30.06.2023, the company has a number of 39 tenants
- The company extended the contracts for an indefinite period
- The company charges a reasonable level of rents as evidence of the increase in the number of tenants compared to 2021.

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

*New standards, amendments and interpretations issued by the IASB and adopted by the EU, but not applicable for the financial year ending on June 30, 2023, therefore not adopted:*

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

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

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

**Amendments to IAS 1 Presentation of financial statements and Statement of Practice 2 IFRS: Presentation of accounting policies (issued on 12 February 2021) – effective for periods beginning on or after 1 January 2021.**

The Company anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the Company's financial statements during the period of initial application. There are no other IFRS or IFRIC implementations that have not entered into force yet and that could have a significant impact on the Company's financial statements

**ARMATURA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL**  
**STATEMENTS FOR THE SEMESTER ENDED JUNE**  
**30, 2023**

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## **2.2 Segment reporting**

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

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

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

## **2.3 Foreign currency conversion**

### *(a) Functional and presentation currency*

The financial statements are presented in lei (RON), the national currency of Romania. The company keeps accounting records in lei, prepares and presents its financial statements in accordance with the specific legislation on the matter and with the Regulations on accounting and financial-accounting reports issued by the Ministry of Public Finance

### *(b) Transactions and balances*

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

Exchange rate gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement under 'financial income or expenses'. All other gains and losses from the exchange rate are presented in the profit and loss account under "other (losses)/gains - net".

**ARMATURA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL**  
**STATEMENTS FOR THE SEMESTER ENDED JUNE**  
**30, 2023**

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Monetary assets and liabilities denominated in foreign currency are expressed in lei at the balance sheet date. On January 1, 2023, the exchange rate used to convert foreign currency balances is 1 EUR = 4.9474 RON (30 June 2023 1 EUR = 4.9634 RON). Gains and losses resulting from the conversion of monetary assets and liabilities are reflected in the profit and loss account during the year.

#### **2.4 Accounting for the effects of hyperinflation**

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

IAS 29 requires that financial statements drawn up in the currency of a hyperinflationary economy be restated in terms of purchasing power as of the balance sheet date. The amounts expressed in terms of purchasing power on December 31, 2004 (the date of cessation of hyperinflation) are treated as the basis for the accounting values in these financial statements.

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

#### **2.5 Tangible assets**

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

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

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

The residual value of an asset is the estimated value that could be obtained by the Company from the sale of the respective asset minus the estimated costs of the sale, if the asset is already old and corresponds to the conditions related to the end of its useful life. The residual value of an asset is zero if the Company estimates the use of the asset until the end of its physical life. Asset residual values and useful lives are reviewed, and adjusted accordingly, at each balance sheet date.

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

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

## **2.6 Intangible assets**

### *Computer programs*

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

The costs related to the development or maintenance of computer programs are recognized as expenses in the period in which they are carried out.

### *Other intangible assets*

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

Expenditures that allow intangible assets to generate future economic benefits beyond the initially foreseen performance are added to their original cost. These expenses are capitalized as intangible assets, if they are not an integral part of tangible assets.

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

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

## **2.8 Financial assets**

### **Loans and**

### **receivables**

### **Classification**

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

#### *Recognition and evaluation*

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

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

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

### **2.9 Clearing of financial instruments**

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

### **2.10 Inventories**

As of 30.06.2023, the company no longer holds stocks of materials, finished products.

### **2.11 Trade receivables**

Receivables are recorded at nominal value minus adjustments for their depreciation.

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

The provision for the depreciation of commercial receivables is established when there is objective evidence that the Company will not be able to collect all the amounts owed to it according to the initial conditions of the receivables. The significant difficulties faced by the debtor, the probability that the debtor enters bankruptcy or financial reorganization proceedings, non-payment or non-compliance with payment conditions are considered indicators of the impairment of trade receivables.

The accounting value of the asset is reduced by using a provision account, and the value of the loss is recognized in the statement of income and expenses under "other gains/(losses) - net" in the profit and loss account and

loss. When a trade receivable cannot be recovered, it is expensed, with the corresponding reversal of the provision for trade receivables. Subsequent recoveries of amounts previously amortized are credited to the profit and loss account.

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### **2.12 Cash and cash equivalents**

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

### **2.13 Share capital and reserves**

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

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

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

### **2.14 Trade debts**

Trade payables are recognized at fair value.

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

### **2.15 Loans**

On 30.06.2023, the company no longer holds loans

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## **2.16 Uncertain fiscal positions**

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

## **2.17 Employee benefits**

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

*The company does not contribute to any other pension plan or post-retirement benefits and does not have any other obligations of the kind mentioned, for its employees.*

### *Benefits upon termination of employment*

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

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

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

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

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

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



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## **2.18 Revenue recognition**

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

The Company recognizes revenues when their value can be reliably estimated, when it is likely to produce future economic benefits for the entity, and when specific criteria have been met for each of the Company's activities as described below.

The amount of revenue is not considered reliably assessable until all sales contingencies have been resolved. The company bases its estimates on historical results, taking into account the type of client, the type of transaction and the specific elements of each contract.

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

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

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

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

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## **2.19 Leasing contracts**

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

On the date of commencement of development, the Company evaluates the asset related to

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

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

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

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

Depreciation of the supporting asset is determined as follows:

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

In the first semester of 2023, the company had an operational leasing contract in progress for which it registered an intangible asset related to the right to use the leased asset, namely buildings.

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**3 CORPORATE FIXED ASSETS**

	<b>Lands and buildings</b>	<b>Vehicles and machiner y</b>	<b>Furnitur e, fixtures and equipment</b>	<b>Assets under construction</b>	<b>Real estate investments</b>	<b>Total</b>
<b>Financial exercise on January 1, 2023</b>						
Initial net book value	0	108.577	557	0	0	<b>109.134</b>
Transfers	-	-	-	-	-	-
inputs	-	6.316	-	-	-	6.316
outputs	-	-	-	-	-	-
Depreciation expense	-	-12.362	-516	-	-	-12.878
Surplus from revaluation in capitals own	-	-	-	-	-	-
Reduction from revaluation in the income statement and expenses	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Final net book value on June 30, 2023</b>						
	<b>0</b>	<b>102.531</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>102.572</b>
Cost or valuation	0	114.893	557	0	0	115.450
Accumulated depreciation	0	12.362	516	0	0	12.878
<b>Net book value</b>	<b>0</b>	<b>102.531</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>102.572</b>

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**4 INTANGIBLE ASSETS**

	<u>Programmer COMPUTER</u>	<u>Advances and other ASSETS ASSETS</u>	<u>Total</u>
<b>Financial year on January 1, 2023</b>			
Initial balance	0	-	0
Depreciation expense	0	-	0
inputs	0		0
outputs	1.404	-	1.404
Transfers	-1.404	-	-1.404
<b>Final balance on 30 June 2023</b>	<b>0</b>	<b>-</b>	<b><u>0</u></b>
Cost	0	-	0
Accumulated depreciation	0	-	<u>0</u>
<b>Net book value</b>	<b>0</b>	<b>-</b>	<b>0</b>

**5 STOCKS**

	<u>January 1 2023</u>	<u>30th of June 2023</u>
Raw materials and materials	0	0
Provisions for raw materials and materials	0	0
Production in progress	0	0
Provisions for products in progress	0	0
commodities	0	0
Provisions for goods	0	0
Finished product	0	0
Provisions for finished products	0	0
Other stocks	0	0
Provisions for other stocks	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>

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**CUSTOMERS AND OTHER CLAIMS**

	<b>January 1</b>	<b>30th of June</b>
	<b>2023</b>	<b>2023</b>
	<u>                    </u>	<u>                    </u>
Trade receivables	1.139.850	1.199.989
Minus:adjustment for the depreciation of receivables trader	-748.349	-798.056
Trade receivables - net	391.501	401.932
- of which in relation to related parties	1.262	1.262
VAT to be collected	112.026	119.763
Prepayments	6.372	11.816
Advances to suppliers	1.162	24.999
Minus:provision for depreciation of advances	-	-
Different debtors	7.000	7.000
Other claims	7.500	194.811
	<u>                    </u>	<u>                    </u>
<b>The current portion of the receivables</b>		
<b>commercial and other receivables</b>	<b><u>526.823</u></b>	<b><u>761.583</u></b>

**7 SUPPLIERS AND OTHER LIABILITIES**

	<b>January 1</b>	<b>30th of June</b>
	<b>2023</b>	<b>2023</b>
	<u>                    </u>	<u>                    </u>
Trade debts	184.763	163.163
- of which in relation to the affiliated parties	0	0
Personal debts, contributions, social security	84.237	55.039
Value added tax	-	-
Corporate tax liabilities	-	-
Other debts	97.477	117.754
	<u>                    </u>	<u>                    </u>
	<b><u>366.477</u></b>	<b><u>335.956</u></b>
Minus the long-term portion:	<u>                    </u>	<u>                    </u>
	-	-
<b>The current portion of commercial and other debts</b>		
<b>LIABILITIES</b>	<b><u>366.477</u></b>	<b><u>335.956</u></b>

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## **8 SOCIAL CAPITAL**

The value of the subscribed capital on June 30, 2023 was 4,000,000 lei (December 31, 2022:4,000,000 lei) representing 40,000,000 shares.All shares have the same voting rights, have a nominal value of 0.1 lei/share and are traded at BVB standard category.

According to the data provided by the Central Depository, the shareholder structure on June 30, 2023 is presented as follows:

	<b>Number of actions (pc)</b>	<b>The amount (lei)</b>	<b><u>Percenta ge (%)</u></b>
Herz Armaturen Ges.MBH	13.197.352	1.319.735	32.9934
Hric Beteiligungs Ges.MBH	13.193.750	1.319.375	32.9844
Tridelta Heal Beteiligungsgesellschaft	6.703.418	670.342	16.7585
Legal persons	1.146.127	114.613	2.8653
Individuals	5.759.353	575.935	14.3984
<b>TOTAL</b>	<b>40.000.000</b>	<b>4.000.000</b>	<b>100.0000</b>

## **9 THE RUSSIAN-UKRAINIAN MILITARY CONFLICT**

In the context of the invasion of Ukraine by the Russian Federation, our company has no direct exposure to Russia or Ukraine, nor does it have any customers, suppliers or operations in these countries.Our company closely monitors the events inside Ukraine, and the outbreak of this war naturally generated an important stock market correction that spread globally.At the time of drawing up these financial statements, the company is not in a position to reliably estimate the impact, because events are constantly changing from one day to the next

**Administrator,**  
Stefan Bogdan

**Prepared,**  
Ec. Rus Dana

## Statement

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

The half-yearly financial statements from 30.06.2023 were drawn up

for: SC Armatura SA,

County: 12 – Cluj

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

Number of Comercial register : J12/13/1991

Property form: 34 – Joint-stock companies

Main activity (NAEN class code and name): 2814 – Manufacture of fittings

Fiscal identification code: RO 199001

The undersigned Stefan Bogdan, as Administrator of SC Armatura SA, assumes responsibility for the preparation of the half-yearly financial statements from 30.06.2023 and confirms that:

- a) The individual financial statements as of 30.06.2023 were drawn up in accordance with International Financial Reporting Standards (IFRS) and OMF 2844/2016.
- b) The accounting policies used to prepare the half-yearly financial statements are in accordance with the applicable accounting regulations.
- c) The half-yearly financial statements provide a true picture of the financial position, financial performance and other information related to the activity carried out.
- d) The legal entity carries out its activity under conditions of continuity.

**signatures,**