

ANNUAL REPORT

under N.C.T.S. Regulation no. 5/2018 for the financial year 2024

Date of the report: 28.04.2025

Denomination IAR S.A.

Registered Office: No. 34, Herman OBERTH Street, Ghimbav city, Brasov county

Telephone/ fax number: 0268-475107; 0268-476981

Sole Registration Code with the Trade Registry: 1132930

Serial number in the Trade Registry: J08/IV/21.01.1991.

Regulated market where the issued securities are traded: The Bucharest Stock Exchange, the Equities Sector - Standard Class actions

Subscribed and paid capital: 47,197,132. 50 RON

The main characteristics of the securities issued by the company: 18,878,853 nominal shares, dematerialized, having a nominal value of 2.50 lei each.

1. ANALYSIS OF IAR S.A.'S ACTIVITY

1.1.a. The core activity of the company

The main activity carried out by the company is the one set out in Class 3030 - "Manufacturing of aircraft and spaceships", which belongs to Group 303 - "Manufacturing of aircraft and spaceships", division 30 – "Manufacturing of other means of transport"

The object of activity (both the primary and the secondary), stipulated in the Constitutive Act of IAR S.A., consists of activities defined and codified in accordance with the Classification of Activities of the National Economy - NACE, as updated by Order No. 337 /20.04.2007, issued by the President of the National Institute of Statistics.

1.1.b. IAR S.A. was founded on 28.01.1991 by the reorganization of the Aeronautics Manufacturing Enterprise Ghimbav, the legal basis for constitution being the G.D. 1200/1990.

1.1.c. Mergers or significant reorganization during the financial year 2024 - not applicable.

1.1.d. Purchases or disposals of assets

In 2024, IAR S.A. did not alienate share capital.

During the year under review, the company made a series of upgradings of its production facilities, purchases of machine-tools, production accessories, small equipment and IT products, amounting 11,380,797.55 lei. This value contains payments made for the upgrade works of the production facilities, purchase of machine-tools and equipment.

Such acquisitions are set out in section 2.1.

1.1.e. The economic and financial results registered by the company at the end of 2024 show that IAR S.A. registered profit incurred both by its operational activity (labour) and by its overall activity, the company continuing to be a profitable company.

1.1.1. Items of general evaluation

At the end of 2024, the major financial indicators registered by IAR S.A. are as follows:

FINANCIAL INDICATOR	IEB FORECASTS 2024 (lei)	ACHIEVED 2024 (lei)
1. Net turnover	487,845,000	381,619,358
2. Sold output	407,845,000	285,809,842
3. Total revenues, of which:	528,300,000	419,942,949
- operating revenue	518,000,000	411,944,784
- financial revenue	10,300,000	7,998,165
4. Total expenses, of which:	492,800,000	384,330,245
- operating expenses	489,200,000	380,983,370
- financial expenses	3,600,000	3,346,875
of which: interests	1,000,000	1,296,898
5. Gross profit	35,500,000	35,612,704
6. Net profit	29,820,000	31,544,924

About the quality management system (QMS) implemented in IAR S.A., we state the following:

- the quality management system implemented at IAR S.A., is certified by AEROQ Bucharest both in accordance with SR EN 9001 (certificate no. 007 originally issued in 1997 and renewed every 3 years with yearly surveillance audits, the latest re-certification given on 14.05.2024 expiring on the 13.05.2027) and according to SR EN 9100 (certificate no. 004A- originally issued in 2008 and renewed every three years with annual surveillance, the last recertification on 14.05.2024, expiring on 13.05.2027).
- IAR S.A. is authorized by the Romanian Civil Aeronautical Authority, both as an organization of production under EASA PART 21G (Certificate RO.21G.0006, originally issued in 2009, with unlimited validity and annual surveillance, current issue 30.08, 2021) and as a maintenance organization under the EASA PART 145 (Certificate RO.145.009 / 2009 originally issued in 2009, with unlimited validity and annual surveillance, current issue no 11 dated 26.11.2024)
- The company is certified by Airbus Helicopters Romania SA as a supplier for the military products namely for maintenance works on the airframes of Puma and Alouette III helicopters, PUMA helicopter equipment maintenance, manufacturing of spare parts for Puma and Alouette III helicopters, laboratory testing, metrology, and for manufacturing of spare parts and subassemblies for Airbus Helicopters, former Eurocopter SAS (initially Certified in 2010 and renewed annually).
- IAR SA IAR S.A. is certified by the National Military Aeronautical Authority as a design organisation in accordance with RMAR PART 21J (Certificate RO.AAMN.21J.00003, issued on 07.04.2023 at edition no.1, with unlimited validity and annual surveillance).

1.1.2. Technical level assessment of IAR S.A.

1.1.2.1. The main products manufactured and services provided

The products and services offer of the company may be structured as it follows:

- **IAR 330L Puma helicopters all versions** (Airbus Helicopters license): manufacturing of spare parts, maintenance, repairs, upgrades, training pilots and technicians, technical assistance;
- **IAR H 215M helicopters** in cooperation with Airbus Helicopters

The dynamics of the product offer is a consequence of the following modernization programs carried out in recent years:

- IAR 330L Puma helicopter upgrade with SOCAT, NATO and NAVAL systems;
- SA/IAR 330 Puma helicopter upgrade to the SA 330 SM version;
- IAR 330 L Puma Search&Rescue version upgrade.

1.1.2.2. Sales Markets

a. Current markets

The national market (Romania)

The main local customers of the company's products are:

- The Components of the National System of Defence, Public Order and National Security: the Ministry of National Defense, the Romanian Intelligence Service;

- Airbus Helicopter Romania S.A. (former Eurocopter Romania S.A.)
- Turbomecanica București

For the above-mentioned, IAR S.A. runs maintenance, repair and overhaul services for 316B Alouette III and IAR IAR 330 Puma helicopter fleets held by local beneficiaries, as well as upgrade services, according to requirements of their beneficiaries.

IAR SA cooperates with the joint venture company Airbus Helicopters Romania S.A.(former Eurocopter Romania S.A.), by providing maintenance and repair services for helicopter parts, as well as providing spare parts for the SA 330 Puma helicopters for own use.

For the Components of the National System of Defense, Public Order and National Security, framework agreements and contracts for the provision of services, signed in previous years, were developed and finalized in 2024, contracts which had as their object:

- the supply of major aggregates, equipment and spare parts in order to ensure logistical support during the life cycle of the military helicopters type IAR 330 Puma;
- provides repair and maintenance services for IAR330 Puma equipment and helicopters, as well as technical assistance works at the headquarters of the beneficiary military units.

In 2024, framework agreements and contracts were negotiated and signed, for the following years, with the following objects:

- repair services of medium and high complexity to some equipment/units/mechanical assemblies/components specific to the IAR-330 Puma L/M/S L-R.M helicopters, medium complexity repairs performed under the technical assistance regime at the beneficiaries' headquarters;
- supply of spare parts, tools, devices, verifiers and ground machines as well as equipment necessary to ensure integrated logistical support during the life cycle of the IAR-330 Puma L/M/S L-R.M helicopters.

Sales by product type on the local market	Percentage of total sales on the local market			
	y. 2021	y. 2022	y. 2023	y. 2024
IAR 330 PUMA helicopters upgrade+ Overhaul, IAR 316B helicopters Overhaul, IAR 330 and 316B Helic. Major repair works	43.91%	57.3%	51.81%	61.14%
Spare parts and services for helicopters	53.59%	40.92%	45.69%	36.24%
Aircraft - related miscellaneous	0.64%	0.83%	0.08%	0.23%
Non-aircraft - related miscellaneous	1.86%	1.22%	2.42%	2.39%

International market

The main external customers / markets for the company's products are:

- Pakistani Army/ Aviation (by AEROTEH SA) - PAKISTAN
- Lebanese Air Force - LEBANON
- AIRBUS HELICOPTERS FRANCE/GERMANY (by AIRBUS HELICOPTER ROMANIA S.A.)

For the above-mentioned, IAR S.A. runs maintenance, repairs and overhauls, spare parts supply and services for IAR 330 Puma helicopter fleets held by external beneficiaries.

In 2021, IAR SA concluded an important collaboration agreement with DGP Pakistan Army Aviation for the capital repair of 330 PUMA SM helicopters at IAR SA and the respective support through spare parts, equipment repairs, services of 330 PUMA helicopters operated by the Pakistani partner.

The first part of the contract ended in 2023 with the delivery of two 330 PUMA SM helicopters capital repaired at IAR SA and the supply of services and spare parts related to the first Part of the contract. In 2024 were delivered spare parts, repairs and services contracted with the Pakistani partner.

IAR SA provides maintenance and repair of helicopters components services, spare parts for the SA 330 Puma helicopters for AIRBUS HELICOPTERS.

Sales by product type on the external market	Percentage of total sales on the external market			
	y. 2021	y. 2022	y. 2023	y. 2024
upgraded helicopters	0.00%	0.00%	56.78%	0.00%
spare parts and services for the helicopters	100.00%	100.00%	43.22%	100.00%
airplanes – spare parts and repair services	0.00%	0.00%	0.00%	0.00%

The pro-rata of each product/service of all sales in the historical period:

Sales by type of product	Percentage of total sales			
	y. 2021	y. 2022	y. 2023	y. 2024
IAR 330 PUMA and IAR 316B helicopters upgrade+ Overhaul, IAR 330 PUMA and IAR 316B helicopters revisions.	43.91%	46.25%	52.86%	59.19%
IAR 330 and 316B Helic.major repair works, spare parts and services for helicopters	53.59%	52.09%	45.16%	38.27%
Aircraft-related miscellaneous	0.64%	0.65%	0.07%	0.21%
Non-aircraft –related miscellaneous	1.86%	1.00%	1.91%	2.33%

b. Potential markets

Potential local market

IAR SA aims to ensure service maintenance, repair and overhaul services for IAR 330 Puma helicopter fleets held by local beneficiaries, as well as upgrade services, according to requirements of these beneficiaries. IAR SA aims to continue in the future its cooperation with the joint venture company Airbus Helicopters Romania S.A.(former Eurocopter Romania S.A.), by providing maintenance and repair services for helicopter parts, as well as providing spare parts for the SA 330 Puma helicopters.

IAR SA is also concerned with the involvement in meeting the currently existing off-set obligations and that will result following the initiation of strategic programs to equip the public institutions in Romania in the following directions:

- a) manufacturing of aircraft structures activities
- b) manufacturing activities for aircraft electrical wiring and electric panels for aircraft
- c) other aviation-profiled activities.

Potential external market

IAR SA aims to increase the volume of orders and services to support 330PUMA helicopter fleets held by various external beneficiaries.

1.1.2.3. New products in question, which will need a substantial amount of assets affected to in the financial year 2025:

The company IARS A has signed with Airbus Helicopters France the General Contract regulating the industrial and commercial cooperation concerning the execution at IAR SA of the H215/H215M helicopter customization works and transformation into IAR-H215M, the manufacture of subassemblies and the execution of maintenance works (MRO) for the whole life cycle of this type of helicopter, as well as the manufacture of other component parts for the manufacturing and distribution chain of Airbus Helicopters France. Based on the provisions of this general contract, the company's management is in negotiations with the representatives of Airbus Helicopters France for the acquisition of the license to manufacture the H215/H215M helicopter in Romania.

In this regard, IAR SA intends to allocate the necessary financial resources for the acquisition of this license and for the actions deriving from it (training of personnel, obtaining certifications and authorizations, etc).

1.1.3. Evaluation of technical and material supply activity

Given that the manufacturing/repair of aircraft fully complies with both requirements on materials and on equipment used, and with the requirements under which suppliers must have specific authorization, technical and material supply was made mainly from import, from certified suppliers.

IAR S.A. chose established, world-renowned companies as **external suppliers**, such as Airbus Helicopters, Elbit Systems, Rokwell Collins, Safran, Thales, Northrop Grumann, etc. . The products purchased from them give the guarantee of quality, reliability and safety in operation.

The main **local suppliers** are, on the one hand, those working in the field of aeronautics (Turbomecanica SA, Aeroteh SA and Aerofina SA in Bucharest, Aerostar SA Bacau, Airbus Helicopter Romania SA) and, on the other hand, suppliers of raw materials which meet the quality standards required by manufacturing licenses used by IAR S.A..

Long-lasting cooperation with local providers confer the security of contractual relationships concluded by IAR S.A. with them.

Prices are established through direct negotiations with the suppliers.

The company ensures its utilities, under contract, from Electrica S.A. Brasov Branch - electricity, Distrigaz S.A. Brasov Branch - methane gas, R.A. Olt Water Directorate Rm Valcea, S.G.A. Brasov - water.

1.1.4. Evaluation of the sales activity

1.1.4.1. The evolution of sales on the local and external markets. Perspectives

Capitalization of the company's products in 2024 was achieved both on the local market (96.08% of total sales), as well as on the external market (3.93% of total sales).

a. Export activity

Export sales actions were conducted on the following distinct relationships: Pakistani MoD, Lebanon MOD.

The value of exports under the orders and contracts of 2024 amounted to 2,454.75 thousand EUR.

Comparing the period 2021-2024, in terms of types of product recovery, shows that no changes occurred in the exports' structure:

% of achieved annual export	upgraded helicopters	spare parts and services for helicopters	airplanes - spare parts and repairs
y. 2021	0%	100%	0%
y. 2022	0%	100%	0%
y. 2023	56.78%	43.22%	0%
y. 2024	0%	100%	0%

b. Sales on the local market

Locally there were developed and implemented in 2024 orders and contracts amounting to 369,741.63 thousand lei (VAT excluded). This value represents helicopters upgrade, product, repairs / overhauls of helicopters, spare parts, services, technical assistance and materials as follows:

1. the National Security System components: 324,390.06 thousand lei (VAT excluded),
2. various local customers: 45,351.57 thousand lei (VAT excluded).

c. Opportunities. The prospect of sales on medium and long term - the local market

- 1 IAR SA interest in providing maintenance, repairs and overhauls for the helicopter fleets of IAR 330 L PUMA owned by internal beneficiaries, as well as works of upgrade, according to the requirements of the beneficiaries.
- 2 Continuing the collaboration with Airbus Helicopters Romania SA, by providing maintenance and repair of helicopter components, as well as the works on the spare parts manufactured by IAR SA for the helicopters SA330 Puma.

- 3 Involvement of IAR SA in covering the existing offset obligations and those that will arise as a result of the initiation of the strategic programs for the endowment of public institutions in Romania, as follows:
 - a. manufacturing activities of aircraft frames
 - b. activities of manufacturing electrical wiring and panels for aircraft
 - c. other aviation-oriented activities
- 4 Involvement of IAR SA in the future helicopter acquisition programs of the institutions within the National Defense System:
 The involvement of IAR SA in the multi-role helicopter program will be made in accordance with the provisions of the Definitive Cooperation Agreement signed between Airbus Helicopters and IAR SA, having as object the industrial and commercial cooperation regarding the execution of H215/H215M Helicopter Customization Works, and turning it into IAR-H215M, subassembly manufacturing and maintenance works (MRO) throughout the lifecycle of this helicopter, as well as the manufacturing of other components for the Airbus Helicopters manufacturing and distribution chain. IAR SA will be the first contractor in relationship with the Romanian MOD to purchase this type of helicopter, and will be authorized by Airbus Helicopters as the IAR-H215M Helicopter Customization Center. On the same model, a cooperation agreement is signed for the customization of the H145M multi-role helicopter for the Ministry of Defense.
5. IAR SA is interested in entering a partnerships for the industrialization of any helicopter models needed by the National Defense System Forces, as well as for ensuring the maintenance, repair and overhaul of these types of helicopters, throughout their life cycle.

- the external market

- 1 IAR SA involvement in overhaul and upgrade works for 330 PUMA SM helicopter fleets operated by external beneficiaries, including ongoing support with spare parts, services and equipment repairs.
- 2 IAR S.A. plans to take over the off-set obligations relating to public procurement contracts concluded by the Romanian government bodies with foreign companies.

1.1.4.2. The competitive situation in the business environment of the IAR S.A. Company

The main competitors of the IAR S.A. Company's products are the following:

Crt no.	Product or group of products	Competitor
		on the external market
1	PUMA helicopter	Airbus Helicopters – H225, Sikorsky USA – S92, UH 60L, NH Industries (European corporation) – NH 90

1.1.4.3 The dependence of the company on a single customer or on a group of customers

The local beneficiaries of IAR S.A.'s products and services are components of the National Defence System, Public Order and National Security.

In order to observe the conditions for maintaining the airworthiness of the helicopter fleets owned by these local customers, it is necessary to periodically perform maintenance/repair/overhaul works and services, so that the budget allocations for these institutions have a strong impact on IAR S.A..

1.1.5. Evaluation of the company's employees/ personnel aspects

1.1.5.a The number and level of training of the company's employees. The unionisation degree

In the organization structure of IAR S.A. the following can be identified:

- a) the departments directly subordinated to the General Manager of IAR S.A., including the Quality Department;
- b) the Development-Production Division, which includes the design, software / calculation / certification departments and training departments/production follow-up, engineering, production facilities;
- c) the Economic and Commercial Division, which includes the economic and commercial departments.

On the 31st of December 2024, the company had the following personnel structure which does not differ substantially from the years 2022 and 2023:

- chief executive officers	2
- heads of departments	18
- upper education	104
- specialized secondary education	26
- foremen	10
- technical quality inspectors	12
- workers	195
-support workers	10
- understudies workers	3

The average age of the personnel employed in IAR S.A. at the end of 2024 was 49.18 years at company level, considering that the average age with men was of 49.46 and with women of 48.24. On the 31st of December 2024, men represented 77.37% of the total personnel, the difference being represented by women.

Of the total employees of the company, 54.73% are members of the Free Independent Union "ICA".

1.1.5.b Relationship between the manager and employees. Conflicting elements.

The foundation of labor relations within IAR S.A is the Collective Labor Agreement applicable at company level. Both the Management and the Executive Boards of IAR S.A. consistently showed an attitude of cooperation and understanding towards the employees of the company and, therefore, the representatives of F.I.U. "ICA". During 2024, in IAR S.A., no labor disputes or conflicting elements were recorded.

1.1.6. Evaluation of the impact of IAR S.A.'s core business on the environment in

2024 IAR S.A's activity is regulated in terms of environmental protection by means of the Integrated Environmental Authorization no. BV1 of 18/07/2014 issued by the Environmental Protection Agency Brasov, revised on 24.05.2019, valid in concordance with Decision No 467/17.07.2024, which also includes the Water Management Authorization no. 66 of 09.06.2021 issued by the Water Management System Brasov, valid until 09.06.2026.

In these regulatory acts are set the conditions and operating parameters for existing activities, ensuring that the unit complies with the provisions concerning integrated pollution prevention and control.

Environmental protection activities during 2024 were conducted in accordance with the specific requirements of environmental legislation and requirements of three environmental permits held by IAR SA.

It should be noted that IAR S.A. has taken all necessary steps to obtain the environmental permits required by the town planning certificates related to the retrofit / upgrade / relocation works performed on the fixed assets Final Painting Workshop, Firefighting Space and Garage, being issued the Report regarding the conformity verification no. IAR-I-24-1300 of 19.11.2024, confirming compliance with the conditions of the Decision of the Stage of Enabling Stage no. 173 dated 12.08.2022.

During 2024 the company monitored the quality of environmental factors: water, air, soil, in collaboration with accredited companies and laboratories: ECOSIMPLEX NOVA Bucharest for air emissions, ECOBREF Brasov for audits and specialized environmental documentation, SGA Brasov for waste water analysis, REMAT Brasov, COMPREST and SC ECO ELA IMPORT EXPORT SRL for the collection and disposal of waste resulting from the company's activity. During 2024, the minimum value of 2mg/l for ammoniacal nitrogen in treated water (effluent) was exceeded. As a result of this, the work for the connection to the sewerage network of the Brasov Water Company was started, which is being finalized, for which the Building Permit was issued and the works, including the implementation of a water quality monitoring system, were completed.

During checks on the line of environmental protection and environmental law compliance made by the Environment Guard - Brasov County Commission, the Romanian Waters National Administration -Division Olt Basin and the Water Management System Brasov, it has been found that IAR SA meet their environmental obligations.

1.1.7. Evaluation of the research and development activities – the company does not carry out research and development activities, thus having no necessity in applying specific policies in this field.

IAR S.A. has a design organisation, certified in accordance with RMAR 21 J. by the National Military Aviation Authority. The design workshops provide support for production and maintenance activities and carry out helicopter modernization projects according to contractual requirements.

The IAR design organisation continued design activities for new product variants as required by the Air Force and the Naval Forces. The design work for these products was started at the end of 2022 and will continue during 2024-2025 with the execution design and certification/qualification activities.

The IAR design organisation continued the activities to define a new customised helicopter according to the requirements of the Naval Forces, activities that have been materialised by finalising the technical specification and contracting the product. The design work for will run for a period of 5 years and will be completed with product certification and qualification in the first half of 2029.

As can be seen from the above, IAR SA has the experience, certifications and full capacity to develop and manufacture new aeronautical products, and has the ambition to participate in the development of an ecosystem of research-development-innovation and technology transfer in the aerospace industry in the Center Region, which is why, since 2020 it has been carrying out activities to access and use European funds, managing to access two European funds by the end of 2024. The activities concerned are the following:

1. Refurbishment and operationalization of the IAR Science and Technology Park, which will be the first of its kind in Romania and will become the pole of Romanian research and innovation in the field of aviation and aeronautics.

Up to date, non-reimbursable funds amounting to 736,049.40 lei, VAT excluded, have been accessed, on POAT, for the preparation of the project. The project has been realized and the amount of money has been fully disbursed, according to the calls that will be eligible, for the implementation of the project, which has a total budget of 38,997,723.43 lei, VAT excluded. The proceedings are ongoing.

2. IAR SA Brasov has accessed through PNRR, as a partner in the Consortium for Dual Education Brasov, non-reimbursable funds totaling 107,000 lei for a period of 5 years, which will be used for the purchase of technological equipment and the realization of practical activities of students in dual education, with which IAR SA Brasov has signed contracts.

3. There are also concerns about attracting other funds for green energy and technology development.

The Brasov Science and Technology Park project, initiated 2 years ago, continues the steps for its realization, it falls within the "Smart Specialization Sector 3.2. - Aerospace Industry", IAR being identified by RDA Center in the "Smart Specialization Strategy of the Center Region 2014-2020", as being active in the region in the following fields:

- 3030 - Manufacture of aircraft and spacecraft
- 3316 - Repair and maintenance of aircraft and spacecraft.

The investment contributes to cross-cutting theme **4. Industrial modernization**, creating an infrastructure that can be used for manufacturing preparation, testing services, diagnostics, maintenance, analysis, reliability, production process monitoring, certification of laboratories/measuring equipment, production automation, technology transfer (modernization of production processes through new technologies), development of materials and components, transfer of research results - innovation in aeronautics and other fields (targeting new product development), fab lab and open lab facilities (new prototyping and testing technologies).

The general objective of the project is the creation of the IAR Science and Technology Park with relevance for the field of intelligent specialization in the aerospace industry in the Centre Region, **the specific objectives** are: the Refurbishment and extension of the existing buildings in which the

IAR Science and Technology Park will operate and the Equipping of the IAR Science and Technology Park with hi-tech technology in the aeronautical field.

Primary objectives include the development of new UAV/UAS (generically UAVs/UAS) dual-purpose flying machines, the development of other self-rotating flying machines, the development of equipment used in secure communications and electronic warfare.

The funding was obtained for the realization of the project in 2023, through the POAT 2021-2027, an activity that was fully carried out and for which the money was fully paid by the RDA Center (736,049.40 lei, VAT excluded). The Park project being realized, we acted to identify other sources of non-reimbursable or partially non-reimbursable funding, a sine qua non condition in order not to be obliged to return the money granted by the POAT and to start the works at the Park.

Following the approaches made to RDA Centru and the research activities of the funding offers, a new source of funding was identified, through REGIO, Program Region Centru 2021-2027, Priority 1, SO 1.1, SO 1.4, Action 1.1, Intervention 1.1.2 - Development of Private RDI Capacities. The maximum eligible amount of non-reimbursable funding requested is 3,500,000 euro, which represents 40% of the total amount of investment. The total amount needed to operationalize the Park in minimum conditions is about 7,500,000 euro, which makes the absorption rate of the funds within the maximum limit, the remaining 60% to be provided by co-financing. In order to finalize the whole project, it will be necessary to complete it by accessing other types of financing, hopefully with a lower co-financing rate from IAR SA.

Once the funding has been obtained, the necessary premises will be built, within the limits of the required funds, 2 laboratories will be equipped and a research project will be carried out, which will aim to produce and homologate a UAV/UAS with dual use, 100% Romanian product.

1.1.8. Evaluation of the company's activity on risk management

In order to successfully achieve its general and specific objectives, IAR SA systematically identifies and assesses the risks and opportunities generated by the internal and external context of the organization and implements actions to keep the level of these risks within the approved tolerance limits.

IAR SA's risk management complies with the applicable legal and regulatory requirements, as well as with the international standards for management systems, adopted in Romania and implemented within the organization.

All risk management requirements specified in the Order of the General Secretariat of the Government No 600/2018 on the approval of the internal managerial control of public entities and in the standards for quality, environmental, occupational health and safety and energy management systems are taken into account.

At the same time, the management of corruption risks is aligned with the requirements of the Anti-Corruption Strategy in force, the Integrity Plan being developed and approved at the level of the Company (in order to implement in IAR S.A. the provisions of art 58¹ paragraph 1 of GEO 109/2011 with subsequent amendments and additions and art 6, paragraph 1 of GD 1269/2021 on the approval of the National Anti-Corruption Strategy 2021-2025 and its related documents).

Within IAR SA, the risk management process is an integral part of all documented organizational processes, facilitating reasoned decision making and prioritization based on identified and assessed risks.

Risk management within IAR SA is transparent and participative, adapted to the external and internal context of the organization and its own risk profile.

The entire risk management process is based on current information as well as future expectations, taking into account the uncertainties associated with this information and expectations.

When changes are planned within the organization, analyses of the associated risks are carried out and control measures are established by the functions involved.

Action plans are established and continuously improved, including to ensure business continuity of the organization.

The risk profile and the risk tolerance limit shall be approved annually by the Director General on the basis of the documents drawn up by the monitoring committee of the internal management control system and the conclusions drawn during the annual risk management review.

Account shall be taken of both the number and level of risks identified, as well as their evolution over time and, where appropriate, the opportunities identified and the capacity to exploit them.

The risk management policy is described in the procedure Risk and Opportunity Management in Management System Processes, which is adopted in the company for the processes within the Quality Management/Compliance Monitoring System (QMS), Safety Management System (SMS) and the System for Managerial Internal Control (SCIM).

It provides an operational framework for process owners to apply an appropriate system to fulfill the objectives of risk and opportunity management: identifying, assessing, evaluating, treating, managing, monitoring and reporting risk or opportunity events.

The objectives of the risk and opportunity management policy are:

- to ensure high quality, relevant and usable risk analysis;
- to promote common risk management practices in IAR S.A. through continuous training and communication activities;
- clear definition of roles and responsibilities for risk management activities at the company level;
- support the decision-making process at company level on risk reports and analysis;
- generating added value either from a resilience and business continuity or performance perspective.

The purpose of the risk management policy, from a safety point of view, is to provide IAR SA management with early information about the formation and perpetuation of unsafe practices and behaviors during the course of activities. The information comes from regular Safety Action Group (SAG) reviews and is brought to the attention of management (Safety Review Board) whenever needed, as well as in the Risk Management Review meeting.

The executive management of IAR SA:

- **develop a culture of risk-based approach in all its processes and decisions and encourage immediate reporting of any new risks identified by any employee**

Indicators and target values shall be established for the annual general objectives and the resulting specific objectives, defining how to calculate and assess the achievement of those indicators.

The general and specific objectives shall be updated whenever there are changes in the internal and external context of the organization, either as a result of the identification of new objectives or as a result of the identification of objectives that are no longer relevant.

Risks associated with general and specific objectives, process objectives, risks associated with significant environmental issues, risks associated with compliance obligations, are identified and analyzed within the risk management committees that exist at the Company level and are recorded in the Risk Register.

Bribery risks are identified and assessed at least annually, taking into account threats and vulnerabilities that could lead to corruption.

- Consultation and communication with stakeholders are important links in the risk management process.
- **establishes, maintains and documents appropriate risk assessment methods, planning and monitoring significant risk control measures**

Procedures are established, maintained and continuously improved for the management of risks associated with the organization's objectives and for the management of corruption risks.

The Risk Register specifies the results of the risk assessment and the measures to control them, as well as target values for residual risk.

The monitoring committee of the managerial internal control system draws up and monitors the management of risks associated with the organization's objectives.

The systematic evaluation of the effectiveness of risk control measures and the identification of opportunities for improvement of the applicable procedures shall also be ensured by the internal audit of the integrated management system and by public internal audit.

- allocates the necessary resources for risk management, including both those for training/education/awareness-raising of employees and those needed to implement the measures established to deal with the risks

Prioritization of the allocation of material, financial and human resources is done following the identification and prioritization of risks.

All IAR SA staff is trained on risk management issues and the procedures applied by the Company in this area.

- establishes clear responsibilities for staff involved in risk management

The risk management teams, risk officers, the monitoring committee of the managerial internal control system, the security task force and the working group for the management of risks and vulnerabilities specific to corruption have clearly defined responsibilities for risk management documented in procedures, decisions of the IAR SA CEO and job descriptions.

- systematically reports relevant risk management data to stakeholders

The Monitoring Committee annually reviews the performance of the managerial internal control system and how risks have been managed within the Society.

The results of the Monitoring Committee's analysis are included in the Management Review Summary Report. This information is also made available to the Board through the Risk Management Committee.

The monitoring of corruption risks is carried out through the preparation of a report on the status of the implementation of preventive/control measures, which is submitted to the members of the working group for the management of corruption risks and vulnerabilities for review, endorsed by the coordinator of this group and then approved by the Director General of the Company.

The Risk Management Committee of the Board ensures that the control activities are in line with the risks generated by the activities and processes subject to control, identifies, analyzes, evaluates and monitors both the identified risks and the plan of measures to mitigate or anticipate them.

The Risk Management Committee also annually assesses the effectiveness of the risk management system and advises the Board on IAR SA's current and future risk strategy.

1.1.9. Elements of perspective on the company's activity

1.1.9.a Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year

IAR S.A. intends to provide maintenance, repairs and overhauls for the helicopter fleets IAR 330 PUMA owned by internal beneficiaries, as well as upgrade works according to the requirements of the beneficiaries, having concluded a series of framework agreements with the components of the national defense, public order and national security system for the period 2023-2026.

Running these agreements, in the following years the company IAR is able to load their production capacities and those of its authorized subcontractors: Turbomecanica SA Bucharest, Aerostar SA Bacau, Aerotech SA Bucharest and Aerofina SA Bucharest.

As arises from the action program which puts into practice the development strategy of the national security industry in the aeronautic field:

- IAR S.A. will be involved in the national program for the purchase of helicopters by the institutions of the National Defence System /other budgetary institutions - a program for the next 10-20 years, which is why specific activities are currently being carried out to acquire the production license for the H215 helicopters from the AIRBUS partner, with the support of the relevant Romanian ministries and the French partner, and to ensure the financial resources, technical, industrial, human and commercial conditions for the realization of a project of such size and financial, economic and strategic importance for the Romanian state.
- The company has concluded a contract for the production of two H215 helicopters, in collaboration with AIRBUS and foreign partners, which will equip the Romanian Naval Forces and plans to develop production on this trend.

IAR S.A. will take the necessary measures to become a national center for helicopters maintenance as per the Law 232 / 2016.

All measures contained in this program will influence positively, significantly, the dynamics of IAR S.A. on medium and long term.

In the same time, IAR S.A. is looking for orders from other aviation companies, including participation in covering their offset obligations.

However, should IAR SA become involved in the series manufacturing program of some subassemblies and electrical wiring for medium and heavy helicopters that are to be manufactured this company with established partners, the policies, strategies, activities and operations of the company will be significantly influenced. In the future, IAR S.A. will continue to provide facilities and services for all economic agents within the Aeronautical Technology Park Brasov.

Also, IAR S.A. may initiate/participate in other programs within the Aeronautic Technology Park, in connection with starting the construction project of the International Airport Ghimbav - Brasov, such as the development of airport facilities, providing heliport services, involvement in programs for maintenance/upgrading of airplanes, assets rental.

The aim is to develop the infrastructure, to upgrade the company and to ensure the professional training of staff at levels that ensure excellence in the field of activity.

The evolution of the **current liquidity** and **immediate liquidity** indicators over the last 4 years is as follows:

Indicator	Analysed period			
	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Current liquidity indicator	2.42	1.56	1.99	20.55
Immediate liquidity indicator	0.72	0.84	0.83	6.03

1.1.9.b The presentation and analysis of the effects of capital expenditures, current or anticipated, on the financial statements of IAR SA compared to the same period last year – not applicable

1.1.9.c The presentation and analysis of the events, transactions, economic changes that significantly affect revenues from the core activity

Products and services that the company capitalizes both locally and for export are meant mainly for budgetary users who, basically, are part of the national systems of safety and security forces.

For this reason, the number of agreements depends heavily on the beneficiaries' needs, especially on the budgetary allocations related thereto.

Increasing the budget allocation for the Ministry of National Defence in 2024 to 2.3% of GDP could also have positive repercussions on IAR S.A., by increasing the volume of activity and, implicitly, the company's turnover/net revenue.

In addition, implementing the development strategy of the security industry will significantly affect revenues from the core activity of the company.

The initiation and implementation of the Government Ordinance 156/2024, on some fiscal-budgetary measures in the field of public expenditure for the consolidated general budget for 2025, for amending and supplementing some normative acts, as well as for the extension of some deadlines, will have a negative impact on the development of society, investments and human resources with all the consequences that ensue from here.

The conclusion of PUMA SM maintenance contracts will lead to a significant increase in export volume in the coming years.

If IAR SA becomes involved in the series manufacturing program of the helicopters that are to be purchased by Romania, the policies, strategies, activities and operations of the company will be significantly influenced. Factors that can play a significant role in the evolution of income are also the evolution of utility and material costs and the level of inflation.

2. TANGIBLE ASSETS OF THE COMPANY IAR S.A.

2.1 The location and characteristics of the main production capacities owned by IAR S.A.

Currently, IAR S.A.'s assets are initially placed into 8 buildings, distinctively highlighted in the patrimonial registers of the company.

The stated objectives of the company regarding its products and services offered to its main customers (see the presentation at Chapter 1.1.2) lead to the achievement of extensive works of modernization of the production facilities and of their machinery / machine-tools/ equipment / test benches / verification devices, etc.

To this it is added that much of the equipment and installations currently owned by the company have an advanced degree of physical and moral wear, requiring them to be replaced with new, cutting-edge ones.

In order to accomplish these actions, the management of the company identified an investment requirement for 2024 worth 21,874,000.00 lei, amount that will be affected by the value, unknown at this moment, of the investments that should be made in order to ensure the minimum conditions imposed by any future helicopter programs in which the company could be involved.

For the year 2024, the management of the company has identified a need for investments worth 21,874,000.00 lei, financed from its own sources, embodied in:

1) rehabilitation/modernization works carried out on existing tangible assets:

- rehabilitation ob. 2 (company administration building)
- rehabilitation ob. 101a
- relocation and modernization of quality assurance laboratorie
- connecting domestic and technological water pumping station to the Braşov Water Company,
- modernizing the heat treatment of steels
- warehouse for ensuring the logistic flow in objective 101

2) purchases of equipment, production accessories, small equipment, AMCs, the most important of which are: thread rolling machine, Watkin type contour milling machine, stripping gangways, carbon fibre injection machine, electrical cable splicing machine, wiring assembly and testing equipment, fixed power supply, mobile external power supply, etc.

3) IT product purchases made/started/continued from 2022:

- implementation and development of an ERP enterprise resource planning system,
- action to modernize hard and soft components: multifunctional, servers, firewall, "IP telephony" solution.

The production capacities of IAR SA will undergo upgrades over the next few years through the investments to be made by ensuring the technical and technological conditions necessary both for the good development of productive activities and for the development of productive activities.

The unused assets after the reorganization of activities that occurred over time, which are not relevant to the current and medium term development of the company, are in conservation, and they will be valorised by rental or sale, as per the approvals given by competent management bodies.

2.2 The degree of wear of IAR S.A.'s properties is as follows:

- the buildings and objectives in which the company currently operates have a wear rate between 10% and 35% depending on the year of their putting into service and on the upgrade works they underwent.
- fixed assets, inventory items and technological equipment used have a wear rate of between 25% and 50%, reaching in certain cases a higher level as well;
- the wear rate is between 30% and 60% on the production buildings and other objectives in the construction category (buildings, roads and platforms) currently in conservation;
- external networks of heating, water/sewage, have a wear rate between 0% (the water and gas network) and 25% (the others).

2.3 Issues of ownership of tangible assets owned by IAR S.A. - not applicable

3. The corporate governance statement

3.1. The statement of compliance with the Corporate Governance Code of BSE

The Statement of compliance of IAR SA in 2024 to the provisions of the Code of Corporate Governance of BSE (The Comply or Explain Statement) is presented below:

The provisions of the Code of Corporate Governance	Complies	Does not, or only partially complies	Reason of the non-compliance
A1 - All companies must have an internal regulation of the Board which includes terms of reference/responsibilities of the Board and the key functions of the management of the company, which applies, inter alia, the General Principles from Section A.	x		
A2 - The provisions for managing conflicts of interest shall be included in the Board's Regulation. However, the Board members must notify the Board on any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by no show, unless that no show would prevent the formation of the quorum) and from the vote for adopting a decision on the matter which is the reason of the conflict of interest.	x		
A3 - The Board of Directors or the Supervisory Board must be composed of at least five members.	x		
A4 - The majority of the Board of Directors' members must have no executive function. At least one member of the Board of Directors or of the Supervisory Board must be independent in the case of companies in the Standard Category. For the companies in the Premium Category, no less than two non-executive members of the Board of Directors or of the Supervisory Board must be independent. Each independent member of the Board of Directors or of the Supervisory Board, as appropriate, must submit a declaration at the time of his nomination for election or re-election and when there is any change in his status, indicating the elements on which it is considered that it is independent in terms of its character and judgment and based on the following criteria: he/she is not a General Manager/chief executive of the company or of a company controlled by it and has not held such a function in the last five (5) years;	x		

<p>A.4.2. he/she is not an employee of the company or of a company controlled by it and has not held such a position in the last five (5) years;</p> <p>A.4.3. he/she does not receive and did not receive additional remuneration or other benefits from the company or companies controlled by it, in addition to those appertaining to a non-executive manager;</p> <p>A.4.4. he/she is or was not an employee or has or had during the previous year a contractual relationship with a significant shareholder of the company, a shareholder who controls more than 10% of the voting rights, or with a company controlled by him/her;</p> <p>A.4.5. he/she does not have and did not have in the previous year a business or a professional relationship with the company or a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Manager, general manager/chief executive or employee of a company if, by its significant character, this relationship may affect its objectivity;</p> <p>A.4.6. he/she is not and has not been in the last three years the internal or external auditor or associate partner or employee of the current external financial auditor or of the internal auditor of the company or of a company controlled by him/her;</p> <p>A.4.7. he/she is not a general manager/chief executive of another company where another general manager/chief executive of the company is a non-executive manager;</p> <p>A.4.8. he/she hasn't been the company's non-executive manager for more than twelve years;</p> <p>A.4.9. he/she does not have family connections with a person in the cases referred to in paragraphs A.4.1. and A.4.4.</p>			
<p>A 5 - Other commitments and permanent professional obligations relating to a member of the Board, including executive and non-executive positions in the Board of some companies and non-profit institutions, must be disclosed to shareholders and potential investors before his/her nomination and during his/her mandate.</p>	x		
<p>A 6 Any member of the Board must provide information on any relation to a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights. This obligation extends to any relationship which may affect the member's position on issues decided by Board.</p>	x		
<p>A 7 - The company must appoint a secretary of the Board responsible for supporting the work of the Board.</p>	x		
<p>A 8 - The corporate governance statement will inform you if there was an evaluation of the Board under the President or the nomination committee and, if so, it will summarize the key measures and changes resulting from it. The company must have a policy / guide on the assessment of the Board including the purpose, criteria and frequency of the evaluation process.</p>	x		
<p>A 9 - The corporate governance statement must contain information regarding the number of Board meetings</p>	x		

and committees over the past year, the participation of managers (in person and in absentia) and a report of the Board and committees on their activities.			
A 10 - The corporate governance statement must include information on the exact number of independent members of the Board of Directors or of the Supervisory Board.	x		
A 11 - The Premium Category companies Board should establish a nomination committee consisting of non-executive members, who will lead the nominations procedure of new members of the Board and make recommendations to the Board. Most members of the nomination committee must be independent.		x	Not applicable.
B 1 - The Board must establish an Audit Committee in which at least one member must be an independent non-executive manager. Most members, including the chairman, must have shown to have adequate qualifications relevant to the functions and responsibilities of the committee. At least one member of the Audit Committee must have accounting or auditing experience proven and appropriate. For companies in the Premium Category, the Audit Committee must be composed of at least three members and the majority of the Audit Committee members must be independent.	x		
B 2 - The chairman of the Audit Committee must be an independent non-executive member.	x		
B 3 - Among its responsibilities, the Audit Committee must conduct an annual evaluation of the internal control system.	x		
B 4 - The assessment must consider the effectiveness and scope of the internal audit function, the adequacy of the reports on the risk and internal control management submitted by the Audit Committee of the Board, the timeliness and effectiveness by which the executive management resolves the deficiencies or weaknesses identified during the domestic inspection and presentation of relevant reports to the Board.	x		
B 5 - The Audit Committee must assess conflicts of interest in connection with the transactions of the company and its subsidiaries with the related parties.	x		
B 6 - The Audit Committee must assess the effectiveness of the internal control and of the risk management system.	x		
B 7 - The Audit Committee must monitor the application of legal standards and generally accepted internal audit standards. The Audit Committee must receive and assess reports of the internal audit team.	x		
B 8 - Whenever the Code mentions reports or analyzes initiated by the Audit Committee, these must be followed by periodic reports (at least annually) or adhoc that must be submitted later to the Board	x		
B 9 - No shareholder may be given preferential treatment in	x		

relation to other shareholders and their affiliates.			
B 10 - The Board must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relations whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Board following a binding opinion of the audit committee of the Board and disclosed correctly to shareholders and potential investors, to the extent that these transactions fall within the category of events which are subject to reporting requirements.	x		
B 11 - Internal audits must be conducted by a separate structural division (internal auditing) of the company or by hiring an independent third party entity.	x		
B 12 - In order to ensure the fulfillment of the main functions of the internal audit department, it should report functionally to the Board through the audit committee. For administrative purposes and within the obligations of the management to monitor and reduce risks, it must report directly to the general manager.	x		
C 1 - The company must publish on its website the remuneration policy and include a statement in the annual report on the implementation of the remuneration policy during the annual period under analysis. The remuneration policy must be formulated so as to allow shareholders to understand the principles and arguments underlying the remuneration of the Board, the General Manager and the Executive Board in the dualistic system. It should describe the running of the process and the decision making process regarding remuneration, detailing components of the remuneration of the executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to all forms of variable remuneration). In addition, the remuneration policy should specify the length of the Executive Manager's contract, the period of notice stipulated in the contract, and any compensation for unjust dismissal. The report on remuneration must present the implementation of the remuneration policy for the individuals identified in the remuneration policy during the annual period under analysis. Any significant change occurred in the remuneration policy must be timely published on the website of the company.	x		
D 1 - The company must set up an Investor Relations service - indicating to the public the individual / individuals in charge or the organization unit. In addition to the information required by the law, the company must include on its website a section dedicated to Investor Relations, both in Romanian and in English, with all	x		

relevant information of interest to investors, including: D 1.1 - The main corporate regulations: the constitutive act, the procedures for shareholders assemblies; D 1.2 - The professional resumes of the company's management members, other professional commitments of the Board members, including executive and non-executive positions in the boards of directors of companies or non-profit institutions; D 1.3 - The current reports and periodic reports (quarterly, half-yearly and yearly) - at least those specified in paragraph D.8 - including current reports with detailed information on non-compliance with this Code; D 1.4 - Information on shareholders assemblies: the agenda and the information materials that support the nominations for election to the Board, together with their professional resumes; the shareholders questions about items on the agenda and responses of the company, including decisions taken; D 1.5 - Information on corporate events such as payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or the limitation of rights of a shareholder, including the deadlines and principles for such operations. The information will be published within a period which allows investors to take investment decisions; D 1.6 - The name and contact details of the person who can provide, upon request, relevant information; D 1.7 - The company presentation (eg. the presentations for investors, the quarterly results presentations etc.), the financial statements (quarterly, half-yearly, yearly), audit reports and annual reports.	X		
D 2 - The company will have an annual dividend distribution policy or other benefits for shareholders, proposed by the General Manager or by the Executive Board and adopted by the Board, as a set of guidelines that the company intends to follow on the distribution of net profits. The annual dividend distribution policy to shareholders will be published on the website of the company.	X		
D 3 - The company will adopt a policy regarding forecasts, whether they are made public or not. The forecasts refer to quantified findings studies aimed at determining the overall impact of a number of factors relating to a future period (so called hypotheses): by its nature, this project has a high level of uncertainty, actual results may differ significantly from forecasts initially presented. The policy on expectations will determine the frequency and content of the period covered by the forecast. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The policy on forecasts will be published on the website of	X		

D 4 - The general assemblies of shareholders' rules should not limit the participation of shareholders in general meetings and the exercise of their rights. The changes in the rules come into force at the earliest, starting with the next	x		
D 5 - The external auditors will attend the general meeting of shareholders when their reports are presented in such meetings.	x		
D 6 - The board will present to the annual general meeting of shareholders a brief assessment of internal control systems and management of significant risks and opinions on issues subject to the decision of the general meeting.	x		
D 7 - Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting based on a prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board shall decide the contrary.	x		
D 8 - The quarterly and half-yearly financial reports will include information both in Romanian and in English on the key factors that influence changes in the level of sales, the operational profit, the net profit and other financial indicators relevant both from one quarter to another, and from a year to another.	x		
D9 - A company will organize at least two meetings/conference calls with analysts and investors every year. The information presented on these occasions will be published in the investor relations section on the website of the company at the time of meetings/conference calls.		x	
D 10 - If a company supports various forms of artistic and cultural expression, sporting, educational or scientific activities and considers their impact on the innovative nature and competitiveness of the company are part of the mission and its development strategy, it will publish the policy on its work in this area.			Not applicable

3.2. Information on the membership, responsibilities and activities of the Board and of the committees

3.2.1. The Board of Directors of IAR S.A. consists of 5 members.

a. Membership, qualifications and experience

Crt. no.	Name and Surname	Position in the IAR SA Company	Qualification	The period of the mandate for 2024
1	Horațiu Cătălin BARBU	Chairwoman of the Board	engineer	01.01.2024-04.04.2024 and 13.05.2024-
2	Constantin ALEXIE-COTAN-BODOLAN	Chairman of the Board	economist	15.12.2024-31.12.2024
3	Cristian MĂRIȘTEANU	Administrator	engineer	03.09.2023-04.04.2024
4	Cătălina PREDA	Administrator	lawyer	13.05.2024-14.12.2024

5	Mihai Aurel DONȚU	Administrator	economist	01.01.2024-04.04.2024 and 13.05.2024-
6	Liviu COCOȘ	Administrator	engineer	01.01.2024-04.04.2024
7	Simona ONESCU	Administrator	economist	11.07.2024-14.12.2024
8	Lucian-Ioan RUS	Administrator	juridical studies	18.01.2024-04.04.2024 and 13.05.2024-
9	Cristina-Gabriela DRAGOMIR	Administrator	language studies	15.12.2024-31.12.2024
10	Alexandra-Cristiana VASILE	Administrator	lawyer	15.12.2024-31.12.2024
11	Bogdan COSTAȘ	Administrator	juridical, economical and administrative studies	15.12.2024-31.12.2024
12	Tudor-Alexandru DUȚU	Administrator	juridical studies	15.12.2024-31.12.2024

None of the above nominees: has any agreement, understanding or connection with others, under which he/she has been appointed as manager of IAR S.A.; he/she did not enter into any transaction with IAR S.A.; he/she did not participate in the share capital of IAR S.A..

b. The professional experience of IAR S.A. Board members

1. Since 2006 **Mr. Horațiu Cătălin BARBU**, **interim non-executive administrator of IAR SA**, has held the following management / leadership positions:

PERIOD	COMPANY / POSITION OCCUPIED
10.2021 – 02.2022 & 07.2023-	IAR SA- Non-executive interim administrator
2006 - 2014	Defence Ministry-Head of Resources and Informational Flow Office

Mr. Horațiu Cătălin BARBU has the following training and professional experience:

- Long-term studies:
 - Polytechnic University of Bucharest, Faculty of Electrical Engineering - 1996-1998 (license)
 - "Leontin Sălăjan" Brasov - military school for active artillery and anti-aircraft missile officers 1984-1987
- Various short-term studies / trainings / certifications

2. Since 2016 **Mr. Mihai Aurel DONTU**, **interim non-executive and independent administrator of IAR SA**, has held the following management / leadership positions:

PERIOD	COMPANY / POSITION OCCUPIED
02.2020-06.2021 și 10.2021-12.2024	IAR SA – Non-executive interim administrator
2016 – 2023	SC DONAD TURISM SRL –GENERAL DIRECTOR
2023 – 2024	SC CONSOFT TURISM SRL –GENERAL DIRECTOR

Mr. Mihai Aurel DONTU has the following training and professional experience:

- Long-term studies: The Academy of Economic Studies, Accounting Management Faculty –1992-1996
- Short-term studies:
 - In-depth studies: Local Public Administration in the European Integration Process, Lucian Blaga University in Sibiu - 2006-2007
- Various short-term studies / trainings / certifications

3. Since 2017 **Mr. Liviu COCOȘ**, **interim non-executive and independent administrator of IAR SA**, has held the following management / leadership positions:

PERIOD	COMPANY / POSITION OCCUPIED
10.2021 – 04.2024	IAR SA – Non-executive interim administrator

10.2017 – 01.2021	SC LACOLI PRODIMPEX SRL – TOURISM MANAGER
10.2019 – present day	SC OVIVET DISTRIBUTIE SRL – DIRECTOR (until May 2022) and ADMINISTRATOR (between June 2022 and the present day)
10.2020 – present day	SC CL SOUND CONSTRUCT SRL – DIRECTOR (until May 2022) and ADMINISTRATOR (between June 2022 and the present day)
04.2021 – 05.2022	SC METROM INDUSTRIAL PARC SA – ADMINISTRATOR
05.2022 – present day	SC METROM INDUSTRIAL PARC SA – GENERAL DIRECTOR

Mr. **Liviu COCOȘ** has the following training and professional experience:

- Long-term studies:
 - Bioterra University of Bucharest, Faculty of Agrotourism Engineering and Management - 1993-1998
 - Bioterra University of Bucharest - 2005-2007 Master of Management and Legislation
- Various short-term studies / trainings / certifications

4. Since 2017 **Mr. Cristian MĂRIȘTEANU**, interim non-executive administrator of IAR SA, has held the following management / leadership positions:

PERIOD	COMPANY / POSITION OCCUPIED
12.2022 – 04.2024	IAR SA – Non-executive interim administrator
08.2023-present day	Ministry of Environment, Water and Forests – General Director - Directorate General National Recovery and Resilience Plan
05.2023 – 08.2023	Ministry of Investment and European Projects – Director-Programming Directorate, Directorate-General for Recovery and Resilience Mechanism Management
08.2021 – 05.2023	Ministry of Energy -Director-Directorate of European Funds, Directorate General for State Aid and European Funds
11.2019 – 07.2021	Ministry of European Funds – General Director - Directorate General European Programmes Large Infrastructure
10.2017 – 11.2019	Ministry of European Funds – Deputy Director

Mr. **Cristian MĂRIȘTEANU** has the following professional training:

- Long-term studies:
 - Christian University Dimitrie Cantemir Bucharest – Faculty of Political Sciences - 1998-2002
 - Spiru Haret Bucharest, Finance-Banks Faculty – 2009-2012
 - Spiru Haret Bucharest, Finance-Banks Faculty – master 2013-2015
 - Bucharest University – Post university studies – 2002-2003

5. As of 2006, **Mr. Lucian Ioan RUS**, interim non-executive administrator of Societății IAR SA, has held the following management positions:

PERIOD	COMPANY / POSITION OCCUPIED
11.2024 – present day	Mayor of Deva municipality
07.2023 – 11.2024	Ministry of Economy, Entrepreneurship and Tourism – Deputy Minister
02-10.07.2023 și 11.2023-04.2024	Company IAR SA – Non-executive interim administrator
09.2023 – present day	CUPRU MIN SA - Interim administrator
2006 – 2008	AMBIENT HD CORVIN SRL – Administrator
2008 – 2009	AMBIENT SA SIBIU – Director of Subsidiary
2009 – 2012	AMBIENT SA SIBIU – Projects Director
2011 – present day	Lusian Gardea SRL Deva – Administrator
2012 – 2015	National Company of Gold, Copper and Iron MINVEST SA Deva – Commercial Director
2016 – 2021	Raisa Prod SRL Deva – Commercial Director
2021 – present day	ADI Aqua Prest SRL – Executiv Director

Mr. **Lucian Ioan RUS** has the following professional training:

long-term studies: graduate of the Faculty of Law and European Institutions Sibiu – licence 2002

- short-term studies:

- refresher course in "Management of Projects with funding in the EU in the field of Regional Development", National Institute of Administration, 2002
- refresher course "Leadership through Cooperation", Regional Center for Continuing Education for Local Public Administration, 2002
- refresher course "Concepts on European Integration and Regional Development", National Institute of Administration, 2002

- experience: as of 2006 Mr. Lucian Ioan RUS has held various top-management positions

6. Ms. Cătălina PREDA, interim non-executive and independent administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
13.05.2024-present day	Company IAR SA – Non-executive interim administrator
Teaching activity	
2002 - 2007	Sextil Pușcariu University Brașov - University lecturer
1999 - 2002	Sextil Pușcariu University Brașov – University assistant
1997 - 1999	I C Drăgan University Brașov - Teaching associate
Practical activity in the profession	
2008 – present day	Bar Association Brașov - Lawyer
2007 - 2008	Associate lawyer of Florescu and Tarșia Law Firm
2000 - 2002	Various companies - Legal adviser
1997 - 2002	Various associations and foundations - Legal adviser
1997 - 2000	SC ASM INVEST SRL Brașov - Director of Legal and Personnel
1994 - 1996	TVS Holding Brașov - Italian translator
1987 – 1997	Brasov County Hospital - Nurse

Ms **Cătălina PREDA** has the following professional certifications/training:

- long term studies:

- University IC Dragan Lugoj, Faculty of Law - 1992-1996
- University IC Dragan Lugoj, Faculty of Economics - 1996-2000
- Academy of Economic Studies Bucharest, PhD student in commercial law 2001 - 2008

- various short studies / trainings / certifications

7. Ms. Simona ONESCU, interim non-executive and independent administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
10.07.2024 – 15.12.2024	IAR SA - Non-executive interim administrator
07.2021 – present day	SNTFM CFR MARFĂ, Work Point Brasov Yard - specialist economist
08.2020 - 07.2021	SNTFM CFR MARFĂ, Sucursala Transilvania, Centru Zonal Marfă Brașov - customer services analyst
2011 - 2020	SNTFM CFR MARFĂ, Transylvania Branch, Zonal Freight Centre Brasov - Head of Accounting Department
2005 - 2011	SNTFM CFR MARFĂ, Transylvania Branch - economist
2003 - 2005	SNTFM CFR MARFĂ, Transylvania Branch - specialist technician
2002 - 2003	SNCFR SA, Brașov Branch - Head of Office
1994 - 2002	CFR, Regionala CFR Brașov - technician
1990 - 1994	CFR, Regionala CFR Brașov - typist
1988 - 1990	CFR, Regionala CFR Brasov - electrician

Ms **Simona ONESCU** has the following professional certifications/training:

- long term studies: George Barițiu University of Brasov, Faculty of Economic Sciences - 1999-2003 - bachelor's degree
- various short term studies / trainings / certifications

8. Mr. Constantin ALEXIE-COTAN-BODOLAN, interim non-executive administrator of IAR SA and chairman of the board, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
12.2024 – 05.2025	IAR SA - Non-executive interim administrator
08.2018 – present day	Ministry of Economy, Entrepreneurship and Tourism (MEAT), Ministry of Economy, Energy and Business Environment, Ministry of Tourism – Senior Advisor/Head of Service/Director
03.2018 – 08.2018	National Institute of Administration, Bucharest – Lead Expert
2016 – 2018	Bucharest City Hall – Lead Expert
2014 - 2016	National Environmental Guard - General Commissioner's Office, Bucharest – IA contract advisor
2008 – 2014	Konektica Advertising SRL – Sales Director

Mr. Constantin ALEXIE-COTAN-BODOLAN has the following training and professional experience:

- Long-term studies: Bucharest Academy of Economic Studies, Faculty of Management - 1998-2002 - license
- Various short-term studies/trainings/certifications (trainer, project manager, public procurement expert)

9. Ms. Cristina-Gabriela DRAGOMIR, interim non-executive administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
12.2024-05.2025	IAR SA - Non-executive interim administrator
08.2019 – present day	Ministry of Economy, Entrepreneurship and Tourism – Senior Advisor
07.2017 – 08.2019	Ministry of Economy - Expert
09.2012 – 05.2015	SC BTT SA - Heritage Administration Department - Advisor
09.2011 – 12.2011	SC CRIVAS CONSULT SRL - Expert Training and Improvement Centers
05.2011 – 08.2011	SC ROYAL INVESTMENTS CONSULTING SRL - Director
09.2009 – 04.2011	SC FORUM DEVELOPMENT INVESTMENT SRL - General Director Subsidiary company with head office in Valencia (Spain)
03.2009 – 04.2024	SC EXCELLENCE CONSULTING INVESTMENTS SRL – Sole Administrator
11.2007 – 06.2008	SC NORDULUI HOUSES SRL – SC REAL INVESTMENTS CONSULTING SRL, SC COSERCON SRL – Asistent Manager - Translator

Ms Cristina-Gabriela DRAGOMIR has the following professional certifications/training:

- long term studies: Faculty of Foreign Languages and Literatures Spiru Haret
- various short studies / trainings / certifications (HR inspector, public procurement expert, project manager, trainer, translator certificates and authorizations).

10. Ms. Alexandra-Cristiana VASILE, interim non-executive and independent administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
12.2024 - 05.2025	IAR SA - Non-executive interim administrator
08.2024 – present day	METROM – Member of the Board of Directors
06.2011 – present day	Vasile Alexandra Law Firm – Principal lawyer
06.2011 – 03.2013	SCA Jinga & Asociații Brașov – Associate awyer
10.2009 – 03.2011	SCA Prunaru & Kertesz Brașov – Trainee awyer
2008 – present day	Authorized English translator and interpreter

05.2006 – 03.2009 SCA Prunaru & Kertesz Braşov – Executive assistant

Ms Alexandra-Cristiana VASILE has the following professional certifications/training:
- long term studies: Transilvania Braşov University, Faculty of Law - 2009 Graduation

11. Mr. Bogdan COSTAŞ, interim non-executive and independent administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
12.2024 – 05.2025	IAR SA - Non-executive interim administrator
08.2023 – present day	ROMAERO – General Director
07.2023 – 08.2023	MEAT - Personal ministerial counsellor
05.2022 – 07.2023	FISE ELECTRICA SERV SA – Non-executiv member of the Board of Directors
07.2020 – 07.2023	Aviația Utilitară București – General Director
03.2011 – 09.2019	Aviația Utilitară București – General Director / Chairman of the Board
07.2020 – 12.2021	ANSVSA – Counsellor of the ANSVSA president
10.2019 – 06.2020	ROMATSA – General Director
11.2017 – 11.2019	METROREX SA – Non-executive interim administrator
02.2018 – 09.2019	MINISTRY FOR BUSINESS, TRADE AND ENTREPRENEURSHIP – Personal ministerial counsellor
11.2017 – 02.2018	Ministry of transportation – Personal Adviser State Secretary
03.2013 – 04.2017	ROMATSA - Non-executive interim administrator
09.2008 – 02.2011	Ministry of Justice – Director, Public Procurement - Investment Directorate
09.2007 – 09.2008	NATIONAL PENITENTIARY ADMINISTRATION – Director, Financial-Administrative Directorate
01.2007 – 09.2007	Maximum Security Penitentiary Baia Mare – Deputy Financial-Administrative Director
09.1996 – 12.2006	Ministry of National Defence, UM 01354 Baia Mare – Head of Logistics Management Department

Mr. Bogdan COSTAŞ has the following training and professional experience:

- Long-term studies:
 - The Military Institute for Quartermaster And Finance “Gheorghe Lazăr” Sibiu - Licence diploma in Marketing, 1992-1996
 - North University Baia Mare – Faculty of Economic Sciences - Licence diploma in Management, 1998-2002
 - University Titu Maiorescu București – Faculty of Law - Licence diploma in Law, 2011 –
 - University of Craiova – The Faculty of Sciences And Business Administration – PhD Management 2004-2010
- various short-term studies / trainings / certifications (quality auditor, financial management, modern management in administration, project management, public procurement expert, certified cost-benefit analysis, Robinson R22 and R44 helicopters pilot)
- various papers published between 2007 and 2010

12. Mr. Tudor-Alexandru DUȚU, interim non-executive and independent administrator of IAR SA, has the following professional experience:

PERIOD	COMPANY / POSITION OCCUPIED
12.2024 – 05.2025	IAR SA - Non-executive interim administrator
2022 – present day	CNAIR SA – DRDP Braşov – Regional Director
2022 – present day	SC IMOBILIARE KRONPRESS SRL – Administrator
2019 – present day	SC ECOFAST 3D SRL – General Director
2017 – 2019	SC ROMPLUMB SA – Special Administrator
07.2018 – 07.2019	Vestmoldtransgaz SRL Chişinău – Administrator
2017 – 2018	Eurotransgaz SRL – Administrator

2015 – 2019	SNTGN Transgaz SA – Head of TRANSGAZ Chisinau Representative Office
2013 – 2015	SNTGN Transgaz SA – General Director Advisor
2012 – 2020	Braşov City Council – Local Councillor, Braşov Municipality
2011 – 2013	TEMVAR SRL – Director
2004 – 2010	TEMVAR SRL – Legal Advisor

Mr. Tudor-Alexandru DUȚU has the following training and professional experience:

- Long-term studies:
 - Transilvania University Braşov, Faculty of Law and Sociology - 2000-2004
 - Transilvania University Braşov, Faculty of Law and Sociology, Master in notarial techniques and special procedures, 2004-2005
- various short-term studies / trainings / certifications (General Management Certificate, Tourism Manager, Real Estate Broker, International Relations Certificate, Intelligence Course, Corporate Governance and Business Ethics Course, SSM Specialist, Procurement Expert, Risk Management, Management Courses, International Visitor Leadership Program)

3.2.2. The activity of the Board of Directors and advisory committees within the Board

The activity carried out in 2024 by both the Board of Directors of IAR SA and by its advisory committees, is summarized in the following table:

No. of meetings 2024	THE BOARD OF DIRECTORS	THE AUDIT COMMITTEE	THE NOMINATION AND REMUNERATION COMMITTEE
	9	4	4

The administrators of IAR SA were present at all the meetings of the council, which took place either with physical participation or in the form of a teleconference, in accordance with the provisions of the Constitutive Act. The secretary of the Board of Directors of the Company is Ms. Aurelia SUMEDREA. She is also the secretary of the two advisory committees within the Board.

In 2024, the Board of Directors approached in its meetings various topics of interest to the company, such as:

- approval of the yearly investment plan for 2024 – August 2024;
- endorsement of the IEB 2024 – January 2024;
- the summarizing information on the work carried out by the company between the Board meetings - on the date of each meeting;
- the analysis and approval of financial statements: during May and November for quarterly statements, in August for the half-yearly statements and in March for the annual statements for the previous financial year;
- the development of the periodic (quarterly/half-yearly/annual) reports - together with the approval of financial statements for the respective periods;
- approval of the extension of the mandate contract between the company and its general manager - in January and August 2024;
- the approval of the key performance indicators related to the current financial year - with the approval of the mandate contract, based on IEB 2024;
- approval of the participation of employees in the profit registered at the end of 2023 - in September 2024;
- any other analysis in the limits of the Board of Directors' prerogatives - in the moment of occurrence of such situations;
- the convening of the GSM for issues falling within its competence.

As provided in the Internal Regulations of the Board of Directors of IAR SA, under the leadership of its Chairman and in accordance with the best practices, the Board is considering conducting an annual self-evaluation of its performance, its committees and its cooperation with the managers, making, based on the evaluation results, the action plan necessary for the improvement of the board performances.

According to the principles taken into account:

- the Board's assessment took into account the balance between skills, experience, independence and knowledge of the Board, its diversity, the way the Board works as a whole and other factors relevant to its effectiveness;

- the evaluation of the board performances was realized making individual and group interviews;
- the assessment process was focused primarily on the achievement of three objectives:
 - a) the assessment of the way in which the Board and its committees have operated during 2023;
 - b) the preparation and discussion of important issues in the Company's activity;
 - c) the presence of the management in the Board meetings and relevant advisory committees and their constructive involvement in discussions and decision-making.

The purpose of Board evaluation for 2023 was to show whether each member continues to contribute effectively and to demonstrate commitment to the role assumed (including allocation of time for Board meetings and committees, as well as any other duties).

Through the activity that took place during 2024, the Audit Committee has sought to assist the Board in carrying out its duties mainly related to financial reporting, internal control and risk management.

The activities of this committee during 2024 focused on:

- the monitoring of the external auditor's independence, objectivity and effectiveness of the audit process;
- the monitoring and reviewing of the appropriateness and effectiveness of the internal audit function and internal financial controls in context of the entire risk management system of the Company;
- the monitoring of transactions between related parties (noting the absence of such transactions);
- the identification of persons affiliated with IAR SA (noting that there are no other individuals affiliated to IAR);
- the analysis of reports prepared by the internal auditor and the commission responsible for risk management at company level;
- the monitoring of the integrity of financial statements of the Company;
- the development of policies for detecting and preventing fraud and bribery;

By the activity that took place during 2024, the Nomination and the Remuneration Committees provided assistance to the Board of Directors in the following matter:

- the analysis of the way in which, in 2023, the criteria and performance targets have been met in relation to the mandate contract concluded with the General Director of the Company
- the establishment, for the current year, of the key performance indicators
- extension of the mandate contract of the general director of the company.

The Nomination and Remuneration Committee thus played an important role in monitoring the executive management of IAR SA during 2024, one of the criteria on the basis of which the assessment of how the CEO of IAR SA provides the executive management of the company is made being the degree to which the performance criteria and targets set for 2023 are met.

It should be stated that the members of the Nomination and Remuneration Committee did not carry out any activities regarding the remuneration of the administrators and the general director, in the context in which the IAR SA Company, having majority state capital, was subject to the legal regulations in the field applicable to the company with full capital of state.

The Nomination and Remuneration Committee prepared and submitted to the Annual General Meeting of Shareholders held on 29.04.2024 the Remuneration Report for the year 2023. As stipulated in the OGMS Resolution no. 06/29.04.2024, the General Meeting of Shareholders of IAR SA took note of the above-mentioned Remuneration Report 2023.

The principles on remuneration during year 2024 of the Board of Directors and of the General Manager of IAR SA, which were established by applying the provisions of GO no. 26/2013 and GEO 109/2011, subject to the GSM resolution no. 07/26.06.2023.

Complying to the principles on remuneration of the Board of Directors and of the General Manager of IAR SA, in 2024:

- the non-executive members of the Board of Directors of IAR SA were granted a monthly gross indemnity established in accordance with the OGSM Resolution no. 02 / 30.01.2018, by indexing by 20% of the value of the allowance approved by GMS Resolution no. 11 / 28.11.2017, according to the provisions of art. 18 of GEO 90/2017, in order to comply with the new mandatory social contributions due under Law no. 227/2015, as subsequently amended and supplemented, as amended by Government Emergency Ordinance no. 79/2017.

- the members of the Advisory Committees within the Board shall not be remunerated in addition to their work in the respective committees
- the upper limit of the fixed remuneration due to the General Director of IAR SA established by the OGSM Resolution no 01/30.01.2018 was the value corresponding to 6 times the average gross monthly salaries for the last 12 months prior to his appointment, communicated by the National Institute of Statistics for the Machine Construction Industry – Aircraft and Spaceships Manufacturing (corresponding to the main activity object of IAR SA)
- for the work carried out in 2024, the General Director won't get the annual variable component of the gross remuneration established by the AGM Resolution No 06/27.04.2018
- special pension rights and/or benefits are not provided.

The principles of the remuneration policy is posted on the website of the company.

3.3. Information on risk management and internal control

IAR SA has implemented an effective framework for risk identifying, monitoring and management.

The risk management activity, which includes all processes concerning identifying, evaluating and assessing risks, establishing responsibilities, taking measures to mitigate or to anticipate them, periodic reviewing and monitoring of progress, is regulated procedurally in the Company in order to provide a method by which IAR's risk management becomes operational, so it can be streamlined and strengthened.

During the year 2024, by implementing the risk management system, the executive management of the company:

- identified key risks, by assessing and monitoring these risks in terms of potential impact and the probability of their materialization;
- monitored the activity of the commission responsible for risk management at company level;
- determined key risk indicators for monitoring the performance of the company in relation to the types of risks (eg., operational risk, human resources risk, legal risk, etc.);
- informed the Board of Directors, through the Auditors' Committee on the status of significant risks, including on the risk on the company's shares, in order to manage such risks.

The risk management system implemented in the IAR SA is complemented by an internal control system which during 2024 assured both exercising the internal control (excluding internal audit), as defined under the profile legislation in force and performed the detailed administrative control in all departments and divisions of the company

- foresaw an appropriate level of policies, procedures and processes to limit risks and the achievement of the company's envisaged objectives for the analyzed year,
- intended to provide reasonable assurance regarding the achievement of the objectives which fall into the following categories: effectiveness and efficiency of operations; the accuracy of financial reporting; compliance with the applicable laws and regulations.

The internal audit function, legally regulated, provided in 2024, sought:

- to provide, in a reasonably way, some objective and independent assurances to both administrative and executive management, according to which the company's organization, policies and procedures are working effectively and according to expectations
- to provide ensurances regarding the effective implementation at the company level of the framework of risk management and of internal control system,
- to independently make decisions on matters of audit,
- to conduct, independently, activities from an operational perspective compared to other departments within the company and to the executive management of the Company,
- to develop risk plans, by consulting with:
 - o the commission responsible for risk management,
 - o the audit committee of the Board of Directors.
- to elaborate the justifying documents that are supported by the conclusions drawn by it while performing its activity.

3.4. Information regarding the shareholders

The share capital of IAR S.A. is 47,197,132.5 lei, representing a total of 18,878,853 nominal shares, with a nominal value of 2.5 lei each. Each share gives right to one vote in the general meeting of shareholders.

The record of IAR SA 's shareholders is held, under a service agreement by the Depozitarul Central SA. Company.

In IAR SA a department dedicated to handling all issues related to ownership of the company is organized and operates on: the evolution of the shareholder structure, rights arising from the IAR SA's shares, organizing of the general assemblies of shareholders, the dividend distribution, the relationship with the ASF, the BVB and the Depozitarul Central, any matters of corporate governance, as they are governed by the applicable law on capital market issuers whose securities are traded in the Bucharest Stock Exchange.

On the webpage of the company, www.iar.ro, are posted all the information that might be of interest to shareholders and to potential investors.

The information on the shareholder activity may also be obtained from any of the persons below, who work in this department, daily from 07:30 to 15:30:

1. eng. Aurelia SUMEDREA - tel +40-268-475269, extension 1018

2. ec. Camelia CEAPRAZARU – tel +40-268-475269, extension 1026

3.4.1. Markets on which the shares issued by IAR S.A. are traded

The shares issued by IAR S.A. were traded on the Bucharest Stock Exchange, the Equity Sector - Standard Category shares- symbol IARV.

As can be seen from the public information posted on the website of the Bucharest Stock Exchange on 14.02.2025, in the last year 377412 shares issued by IAR SA were traded and the unit price recorded negative variations. Performance:

	Price variation (%)	Volume	Value	Number of transactions
one week	-0.4	3194	39142.55	24
one month	0.00	14623	177983.35	142
6 months	-8.82	100552	1264152.35	822
one year	-15.7	377412	5153483.95	2543



Analyzing the above chart one can see how the share price was significantly influenced by the quarterly and half-yearly financial statements.

3.4.2. The amount of dividends paid by the IAR S.A. Company in the past three years

For the year 2021, the amount established to be distributed as dividends to the shareholders of IAR S.A. was RON 5,483,656, resulting in a gross dividend value per share of RON 0.30 lei/share. At the same time through GMS Resolution no. 03/28.04.2022, the general meeting of shareholders approved the prescription

unpaid dividends for the 2017 financial year (older than 3 years). Dividends were paid via S.C. Depozitarul Central SA, shareholders registered in the shareholders' register on 28.06.2022.

For the year 2022, the amount established to be distributed as dividends to the shareholders of IAR S.A. was RON 5,319,146, resulting in a gross dividend value per share of RON 0.291 lei/share. At the same time through GMS Resolution no. 03/27.04.2023, the general meeting of shareholders approved the prescription of unpaid dividends for the 2018 financial year (older than 3 years). Dividends were paid via S.C. Depozitarul Central SA, shareholders registered in the shareholders' register on 15.06.2023.

For the year 2023, the amount established to be distributed as dividends to the shareholders of IAR S.A. was RON 11.698.466 resulting in a gross dividend value per share of RON 0.64 lei/share. At the same time through GMS Resolution no. 05/29.04.2024, the general meeting of shareholders approved the prescription of unpaid dividends for the 2019 financial year (older than 3 years). Dividends were paid via S.C. Depozitarul Central SA, shareholders registered in the shareholders' register on 05.07.2024.

For the year 2024, starting from the specific legal provisions in force, the Board of Directors and the executive management of IAR S.A. propose the distribution of the amount of 5.300.867 lei in the form of dividends, resulting in a gross dividend per share of 0,29 lei.

The dividend payment date will be 04.07.2025. The dividend will be paid via Depozitarul Central SA to the shareholders registered in the register of shareholders on 17.06.2025, identification date of shareholders who will be impacted by the GMS resolution approving the financial statements. Expenses incurred by the distribution of dividends shall be borne by the shareholders.

Under the conditions in which:

- For objective reasons, (related either to not cashing-in by some shareholders of the dividends owned by them, or the very low total value of dividends due to some of the shareholders) some of the total amount of dividends to be distributed could not be paid,
- IAR S.A. fulfilled a legal obligation to disclose information relating to the distribution of dividends fixed by the general meeting of shareholders with the approval of the distribution of the annual profit made by the company and by publishing it in the press and on its website, in press releases issued on this subject and by transmitting these releases to the Financial Supervisory Authority and the BSE,

The Board of Directors and the executive management of IAR S.A. propose that the general meeting of shareholders to approve:

- **prescribing unpaid dividends for the fiscal year 2020, which meets the condition for achieving the deadline of 3 years from the date of chargeability of distributed dividends stipulated by art. 2517 of the Civil Code**
- **the proposal for their registration under "other income" - account 758 under the law provisions.**

The date of prescribing these amounts will be 30.06.2025.

3.4.3. Purchase activities of own shares

In 2024, the company IAR SA has not taken any action in relation to the package of shares acquired following the withdrawal from the company, in 2018, of SIF III Transylvania.

3.4.4. Subsidiaries of IAR S.A. - not applicable.

3.4.5. Issuance of shares or other debt instruments - not applicable

3.5. The operational management of IAR S.A.

In compliance with Law no. 31/1991, republished, as amended and supplemented, the leadership, organization, representation and management of the activity of IAR S.A. were ensured, by **Mr. Laurian ANASTASOF - GENERAL DIRECTOR**, representing the company in relation to third parties and was responsible for how the company carried out acts of leadership under some mandate contracts.

Mr. Laurian ANASTASOF does not hold any share of IAR SA.

During 2024, IAR S.A.'s executive management was provided as follows:

- **Commercial and Economic Executive Director: ec. Ion DUMITRESCU**

- **Development and Production Executive Manager: eng Ioan CHIRITA**

The respective executives are employees of the company (based on individual employment contracts signed with the company). None of the above nominees has any agreement, understanding or connection with others, under which they have been appointed to IAR S.A.'s management and was not involved in litigation or administrative procedures in the past 5 years.

The executive directors held the following shares of the share capital of the IAR S.A. Company, as at 31.12.2024:

- Mr. Ion DUMITRESCU: 0.00125537% of the share capital (the share owned by assigning shares under the mass privatization process and as a result of shares acquisition on the capital market)
- Mr Ioan CHIRITA: has no shares within IAR SA.

3.6. Litigation or administrative procedures regarding the activity of the people in the management of IAR S.A. – not applicable

4. FINANCIAL-ACCOUNTING STATEMENTS; FINANCIAL-ACCOUNTING ADMINISTRATION ELEMENTS

4.1. THE FINANCIAL-ACCOUNTING STATEMENT FOR 2024 COMPARED TO THE PREVIOUS 3 YEARS

The current financial and economic situation compared to the past three years is as follows:

a) balance sheet items

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BALANCE SHEET ITEMS	31.12.2021	31.12.2022	31.12.2023	31.12.2024
I. Fixed assets	92,495,424	102,021,445	109,588,011	115,326,972
Stocks	222,838,034	256,828,675	294,421,728	489,234,862
Debentures	48,610,435	40,063,750	125,581,308	183,449,409
Petty-cash and banking accounts	45,304,346	258,293,914	18,127,878	5,032,468
Short-term financial investments			67,514,543	14,827,812
II. Circulating assets	316,752,815	555,186,339	505,645,457	692,544,551
III. Expenses reg. in advance	99,376	82,044	63,166	101,027
TOTAL ASSETS	409,347,615	657,289,828	615,296,634	807,972,550
Share capital	47,197,132	47,197,132	47,197,132	47,197,132
Reserves from reevaluation	25,060,661	24,293,058	23,581,562	22,966,867
Reserves	126,279,309	146,031,245	152,489,885	165,367,397
Profit	23,488,292	14,198,145	24,069,830	31,544,924
Own shares	6,708,000	6,708,000	6,708,000	6,708,000
Reported result	5,963,678	6,731,281	7,442,777	8,057,472
Profit distribution	1,468,342	3,215,642	795,284	1,301,432
I Shareholder's equity	219,812,730	228,527,219	247,277,902	267,124,360
II Provisions for risks and expenses	53,730,595	67,724,642	109,026,484	102,952,078
Loans and assimilated debts	73,023,068	42,730,605	0	0
Suppliers	32,468,363	16,754,011	23,687,928	25,622,835
Creditor clients	14,864,346	250,775,884	213,747,340	399,160,372
Other debts	15,421,407	50,776,610	20,820,074	12,375,999
III Total payables	135,777,184	361,037,110	258,255,342	437,159,206
IV Settlement accounts	27,106	857	736,906	736,906
TOTAL LIABILITIES	409,347,615	657,289,828	615,296,634	807,972,550

The share of fixed assets in the total assets was of 22.60% in 2021, of 15.53% in 2022, of 17.81% in 2023 and 14.27 in 2024.

b) the profit and loss account

				lei
THE PROFIT AND LOSS ACCOUNT	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Income from the sale of goods	124,383,425	90,493,389	55,508,890	95,809,516
Sold production	205,123,178	224,931,055	371,975,817	285,809,842
Turnover	329,506,603	315,424,444	427,484,707	381,619,358
Income from the stored production– S.C.	0	25,473,700	12,148,669	28,583,055
Income from the stored production – S.D.	2,302,723	0	0	0
Other operating income	3,488,300	418,825	1,170,449	1,742,371
OPERATING INCOME –TOTAL	330,692,180	341,316,969	440,803,825	411,944,784
Expenditure on goods, com discounts received	104,708,291	72,170,458	44,487,199	72,338,035
Expenditure on raw mat. and consumable mat.	125,423,423	160,691,588	225,846,315	209,717,325
Expenditure on water and energy	2,965,661	4,250,137	3,214,665	3,128,913
Other mat. expenditure	681,378	509,025	604,812	702,558
External services-related expenses	21,524,103	15,076,442	29,009,364	21,252,128
Duties, taxes and similar levies-related expenses	585,307	710,321	702,936	1,362,131
Salaries-expenses, participation to the company's profit, restaurant tickets	48,685,765	50,979,017	60,511,747	70,553,377
Insurance and social protection-related expenses	1,990,300	2,364,420	2,804,753	3,204,939
Staff-related expenses	50,676,065	53,343,437	63,316,500	73,758,316
Compensation, environment and transferred assets-related expenses	58,331	68,722	257,017	758,064
Expenditure on provisions reduced by income from provisions	-3,295,236	13,994,047	39,969,294	-5,736,824
Expenditure on the amortization and, constitution and provisions adjustments	4,116,856	4,235,183	3,891,608	3,702,724
Tangible assets re-assessment-related expenses	0	0	0	0
Adjustments to circulating assets	12,592	0	0	0
EXPENDITURE ON OPERATING -TOTAL	307,456,771	325,049,360	411,299,710	380,983,370
RESULT FROM OPERATING - PROFIT	23,235,409	16,267,609	29,504,115	30,961,414
TOTAL INCOME	336,311,209	347,160,532	450,700,599	419,942,949
TOTAL EXPENDITURE	309,786,521	329,217,694	415,583,066	384,330,245
GROSS RESULT - PROFIT	26,524,688	17,942,838	35,117,533	35,612,704

The share of operating costs in the total expenditure: in 2020 it is 98.13%, in 2021 it is of 99.25%, in 2022 it is of 98.74%, in 2023 it is of 98.97% and in 2024 it is of 99.13%.

The share of operating income in the total income: in 2020 it is of 99.72%, in 2021 it is of 98.33%, in 2022 it is 98.32%, in 2023 it is of 97.81% and in 2024 it is of 98.10%.

The production of the company is based only on firm contracts and multiannual master agreements with secured end-users. The values of "turnover" and "income from stored production" indicators are given by the delivery schedule and the product transport modality agreed with the beneficiaries.

In 2024, the workload of production capacities has averaged 118%.

c) cash flows - the available funds of the company on 31.12.2024 were 19,860,280 lei.

4.2. ELEMENTS OF FINANCIAL-ACCOUNTING MANAGEMENT

In 2024 the financial and economic activity of the IAR S.A. was coordinated by the Commercial and Economic Executive Manager of the company.

The economic department is operated by specialized personnel with secondary and higher education.

The entire financial-accounting activity took into account the following principles:

- the principle of prudence;

- the principle of permanence of methods;
- the principle of continuity of activity;
- the principle of matching;
- the principle of the intangibility of the opening balance sheet;
- the principle of no offsetting;
- the principle of the prevalence of the economic over the legal.

The general accounting principles underlying the accounting registration of operations, transactions, assessment of items presented in the annual financial statements and the financial statements are as follows:

The principle of prudence according to which assets and income shall not be overstated and liabilities and expenses understated. In the individual situation of the global result only the profit made on the date of the financial statements may be included.

In the financial statements all debts incurred in the current financial year or in the previous year are highlighted, even if they become obvious only between the date of the balance sheet and the date of their establishment.

In the financial statements all liabilities and potential losses arising in the current financial year or in the previous financial year are highlighted even if they become obvious only between the date of the balance sheet and the date of their establishment.

To this end the possible provisions, and liabilities resulting from a contract are also being considered. They shall stand in the balance sheet or in the explanatory notes by debt type.

All depreciation is taken into account, whether the result of the period is a loss or profit. The registration of adjustments for depreciation or value loss is made at the expense of expense accounts, regardless of their impact on the statement of the global result.

The principle of permanence of methods: The assessment methods and accounting policies are applied consistently from one financial year to another.

The principle of continuity of activity: The Company continues to operate normally, without going into liquidation or significant reduction of activity.

The principle of matching: the income and expenditure relating to the financial year are highlighted, regardless of the income collection date or the expenditure payment date.

The principle of valuation of asset and liability items according to which, components of assets and liabilities must be valued separately.

The principle of no offsetting: The assets and liabilities, income and expenses are not offset unless offsetting is required or permitted by a standard or an interpretation.

The principle of substance over form according to which, the presentation of the amounts in the balance sheet and in the profit and loss account is taken based on the economic substance of the reported transaction or arrangement, and not only their legal form.

The IAR S.A. accounting, as the main instrument of knowledge, management and control of assets, provides chronological and systematic registration, processing and storage of information on the property situation, its outcomes, both for internal use and for the business relations with the customers, banks and tax authorities, etc..

IAR SA relies on double-entry accounting, in compliance with the Norms of the Ministry of Public Finance, compiling monthly reports, and at the end of the semester and at the end of the year presenting a balance sheet. Accounting records are chronological and systematic, according to the chart of accounts and norms in force, any asset transaction being registered in an accompanying document.

The accounting registration of movable and fixed assets was carried at the acquisition value or production as appropriate.

The fixed assets accounting is made based on categories, on each item and by jobs.

The accounting of material values is made based on types of management, and within these, on the types of materials, tools, devices, checkers, etc.

The types of management are organized both at central and at the manufacturing divisions, by monthly compiling with the trial balance, which is facing the company's synthetic records.

In addition, the financial-accounting department is organized in order to obtain a process established to achieve high quality financial reporting. The roles and responsibilities are specifically defined and a control process is implemented in order to ensure fairness and accuracy of financial reporting process.

Regarding the **unfinished production**, this is organized based on production orders, technical plan and household expenses, and within them, on beneficiaries.

The accounting of providers, of customers, of other claims and obligations, is made by categories and, within them, by each natural or legal person.

The accounting income is made based on the kinds of income and expenditure according to their nature.

Monthly, to verify the correct recording in the accounting of property transactions, the synthetic balance checking is prepared, which on its turn is based on analytical balances on the accounts.

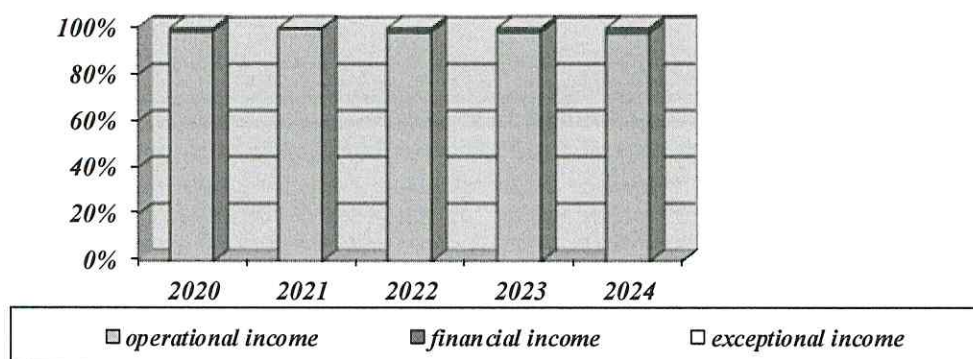
The property inventory was conducted in accordance with the legal regulations in force: Law 82/91 republished, OMPF 2861/2009 - on the rules for organizing and conducting the inventory of assets, liabilities and equity and by Decisions no. 37 /24.09.2024, 42/24.10.2024 and 48/02.12.2024. The inventory aimed at establishing the actual status of the assets, liabilities and equities of the company and the goods and values owned by any title, belonging to other legal or natural persons, in drawing up the annual financial statements that must provide a true and fair view of the financial position and performance of IAR SA for the financial year 2024.

IAR SA's balance sheet for the period 01.01-31.12.2024 was compiled based on the trial balance accounts that were registered in all economic and financial operations based on legal documents drawn up, on the principles and by the provisions of the Accounting Law no. 82 / 1991 approved the company's accounting policies and in compliance with the company's approved accounting regulations harmonized with the 4th Directive of the European Economic Community, the MFO no. 2844/2016 for approving the Accounting regulations compliant with the International financial reporting standards, applicable to commercial companies whose securities are admitted to trading on a regulated market, as amended and supplemented.

THE DEVELOPMENT OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS IN THE PAST 5 YEARS

The evolution of the components of the total income in the past 5 years is as follows:

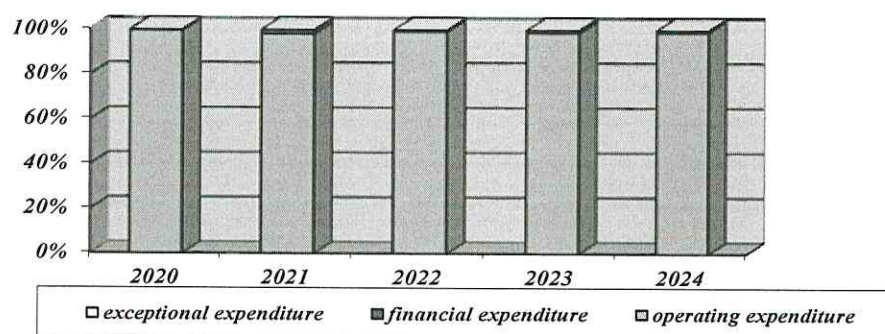
	2020	2021	2022	2023	2024
Operating income	99.72	98.33	98.32	97.81	98.10
Financial income	0.28	1.67	1.68	2.19	1.90
Exceptional income	0	0	0	0	0



The main share, respectively 98.10% of total revenues achieved by the company in 2024, is represented by the income from operating activities.

The evolution of the components of total expenditure in the past 5 years is as follows:

	2020	2021	2022	2023	2024
Operating expenditure	98.13	99.25	98.74	98.97	99.13
Financial expenditure	1.87	0.75	1.26	1.03	0.87
Exceptional expenditure	0	0	0	0	0



The main share, respectively 99.13% of total expenditure made by the company in 2024, is the expenditure on operating activities.

THE PATRIMONY OF IAR S.A. IS AS FOLLOWS:

✓ ASSESTS

The value of non-current assets at 31.12.2024 is of 115,327 thousand lei and represents the value of the intangible assets, the tangible fixed assets affected by the amortization value, as well as the financial assets.

Other tangible assets titles are maintained in the amount of 5,429 thousand lei on 31.12.2024 and they are:

- shareholder titles in SC Airbus Helicopters Romania SA: 5,390 thousand lei,
- shareholder titles at SC Aerodrom "Iosif Silimon" SA: 39 thousand lei,
SC Aerodromul "Iosif Silimon" SA did not register any activity as of 2014 and is under liquidation as decided by the shareholders.

✓ STOCKS/INVENTORIES

In the stocks category are comprised:

- raw materials directly involved in the manufacturing of products and are found fully or partly in the finite product, either in their original or processed shape;
- consumables (auxiliary materials, fuel, packaging materials, spare parts and other consumables), which participate or support the manufacturing or operating process without usually being found in the finite product;
- inventory objects materials;
- products, namely:
 - semi-finite products;
 - finite products;
 - scrap, recoverable materials and waste;

- merchandise;
- packaging, including reusable packaging, purchased or manufactured, designed for sold products that can be temporarily stored by third parties, having the restitution obligation as stipulated in the agreements;
- production in progress;
- the goods in custody for processing or on consignment with third parties.

Certain stocks that were bought are reflected separately, for which risks and benefits were transferred, and are in the supply process.

The accounting of stocks is held quantitatively and qualitatively by using the perpetual inventory. In these circumstances, in the accounting are registered all incoming and outgoing transactions, which allow the establishment and knowledge, at all times, of the stocks, both in quantity and in value.

The value of the stocks at 31.12.2024 is 489,235 thousand lei, maintained constant compared to the previous year.

✓ RECEIVABLES

On 31.12.2024 the situation of the receivables is as follows:

	lei
Total receivables	183,449,409
- commercial receivables	96,477,934
- long-term receivables	0
- paid deposits	73,876,676
- other receivables, of which:	13,094,799
• Other taxes-excises	216,513
• Sundry debtors	102,892
• Interests to be received	151,398
• VAT to be recovered	4,178,868
• Other receivables related to the personnel	7,792,788
• Undue VAT	872
• Contribution for leaves and indemnities	651,468

In the total receivables, the trade receivables in the amount of 96,478 thousand lei, respectively 52.6 %.

Their componence is:

- the amount of 14,289 thousand lei, which represents letters of guarantee for good execution, related to the commercial contracts carried out by IAR SA and guaranteed with cash / collateral deposit
- the amount of 82,189 thousand lei, represents the value to be cashed in as per the commercial contracts.

✓ PETTY CASH AND BANK ACCOUNTS

The company cash funds at 31.12.2024 amount to 19,860,280 lei, of which:

- Liquidity in lei in other bank accounts 19,586,052 lei
(card accounts, dividend distribution account,
CECs, Brasov Treasury account, EXIMBANK current account)
- Liquidity in foreign currency 246,797 lei
 - Liquidity in the cash register of the company 44 lei
 - Other values 27,387 lei.

✓ PAYABLES

The debts of the company stand out in the accounting based on the third parties accounts. The providers and other payables accounting is kept on categories and on each person or entity.

Total payables, including “incomes from downpayments” (lei):	437,896,112
• financial debts	0
• trade debts	25,622,835
• creditor customers	399,160,372
• incomes registered in advance	736,906
• other debts to: personnel, budget, social insurance, of which:	12,375,999
• tax on profit	0
• other creditors (AJOFM – The Unemployment Agency)	4,312,747
• dividends	2,888,476
• current salary contributions	3,662,565
• VAT payable	0

The company's debts structure is as follows:

- **commercial debts**, amounting to 25,623 thousand lei, respectively 5.85 % of the total debts; commercial debts are current debts, in line with the deadlines stipulated in the commercial contracts.
- Other debts include the debt of "**other creditors**" (AJOFM) in the amount of 4,313 thousand lei, i.e. 0.98% of total debts.

As regards the amount due to the Territorial County Employment Agencies (AJOFM), depending on the residence of the employees made redundant by the company, this represents compensation payments granted from the unemployment insurance budget, to employees of IAR SA whose individual employment contracts were terminated through collective redundancies on the basis of restructuring programmes in 2009-2010, following the privatisation and reorganisation of defence industry units, in accordance with Article 12 of GEO 95/2002, to which IAR SA also belongs (in accordance with GD 0813/2002).

We would like to point out that, according to art 12, ind 8 of OUG 95/2002 - "the amounts granted from the unemployment insurance budget by way of compensatory payments will be recovered from economic agents in the defence industry, up to a maximum of 20% of the amounts received from leases, sales of assets and sales of shareholdings in the capital of companies". Regarding the aspects noted above, it is clear that the amounts due as compensation payments have no due date expressly stated, these liabilities becoming due on the date and to the extent that IAR SA achieved revenues from the activities above.

Please note that these amounts do not bear interest, penalties or other system accessories.

- Also included in the chapter *other debts* is the amount of 2,888 thousand lei, representing **dividends** due to shareholders unpaid or paid and returned because of the impossibility of payment from their negligence, respectively the change of address or the communication of incomplete addresses.

The company's payables at the end of 2024 are worth 437,896 thousand lei, of which short-term debts worth 296,330 thousand lei are current debts, whose chargeability is consistent with the legal and contractual deadlines stipulated in the Fiscal Code.

We mention that from the total debts to be paid over a period of more than one year, the value of which is 140,829 thousand lei, the major share is accounted for by advances received under commercial contracts.

We mention that IAR SA paid on time and in full its obligations to the state budget and the budget of the State Social Insurance, as well as the local ones.

We mention that IAR S.A. doesn't have outstanding payments on 31.12.2024.

✓ PROVISIONS

Provisions are intended to cover liabilities whose nature is clearly defined and which, at the balance sheet date, are likely to exist or it is certain that they will exist, but are uncertain in terms of the amount or the date when they will occur.

The accounting of provisions is kept on types, depending on the nature, purpose or object for which they were established.

In 2024 provisions have been established and increased in compliance with Article 26 of Law 227/2015, with Order no. 2844/2016 for approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

The set-up/increased provisions value in 2024 is of 27,493 thousand lei, presenting them in the following structure:

- provision for employees participation to profit, amounting to 3,266 thousand lei;
- provision for the retirement bonus, amounting to 2,771 thousand lei
- provision for compensation agreement in the amount of 21,118 thousand lei;
- provision for the updating of inventories of undetermined production, amounting to 338 thousand lei.

Also, provisions in the amount of 33,229 thousand lei have been canceled or diminished by the resumption on income, as follows:

- provision for guarantees of good performance granted to domestic customers, amounting to 13,518 thousand lei;
- provision for employee profit-sharing, in the amount of 2,800 thousand lei.
- provision for retirement bonus, in the amount of 232 thousand lei;
- provision for depreciation of fixed assets, in the amount of 1,333 thousand lei;
- provision for OFFSET risk, in the amount of 16,679 thousand lei.

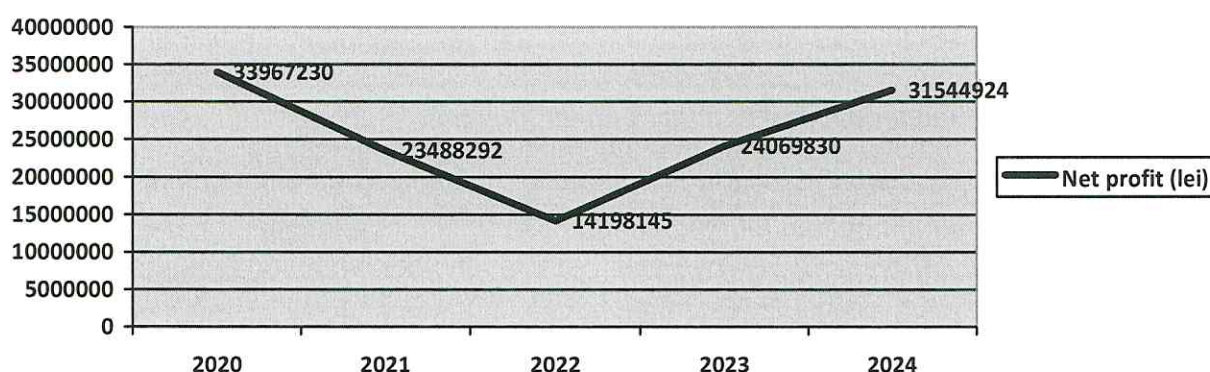
Thus, the adjustments for provisions represent in 2024 the amount of -5,736 thousand lei.

✓ SHAREHOLDERS' EQUITIES

The equity on 31.12.2024 is 267,124 thousand lei and shows an increase by 8.03 % compared to 2023.

The evolution of the economic-financial results of the company between 2020-2024 is as follows:

	2020	2021	2022	2023	2024
Net profit (lei)	33,967,230	23,488,292	14,198,145	24,069,830	31,544,924



At the end of 2024, the company IAR SA no longer met the legal conditions for establishing the legally deductible reserve from profit, taking into account the provisions of **Order no. 2844/2016**, of **Law 31/1990** and of **Law 227/2015** with subsequent amendments and completions.

THE ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

A. Current liquidity ratio:

$$\frac{\text{Current assets}}{\text{Current debts}} = \frac{692,544,551}{33,678,564} = 20.55$$

B. Liquidity coverage ratio:

$$\frac{\text{Current assets-stocks}}{\text{Current debts}} = \frac{203,309,689}{33,678,564} = 6.03$$

C. Efficiency indicators:

1. The financial rate of return

$$\frac{\text{Net profit}}{\text{Equity}} \times 100 = \frac{31,544,924}{267,124,360} = 11.81\%$$

2. The rate of return on advanced capital

$$\frac{\text{Current result}}{\text{Fixed assets+current assets}} \times 100 = \frac{35,117,535}{615,233,461} = 5.70\%$$

3. The profit rate

$$\frac{\text{Gross profit}}{\text{Turnover}} \times 100 = \frac{35,612,704}{381,619,358} = 9.33 \%$$

4. The rotation speed of debits-customers

$$\frac{\text{Med.balance of customers} \times 365}{\text{Turnover}} = \frac{64,275,619 \times 365}{381,619,358} = 61.48 \text{ days}$$

5. The rotation speed of fixed assets

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{381,619,358}{115,326,972} = 3.31 \text{ times}$$

6. The rotation speed of total assets

$$\frac{\text{Turnover}}{\text{Total assets}} = \frac{381,619,358}{807,972,550} = 0.47 \text{ times}$$

7. The total amount invested in 2024 was 9,506 thousand lei.

The financial-accounting statement complies with the documents attached to this annual report: the financial statements of 31.12.2024 and the financial auditor's report for the financial year 2024.

5. ANNEXES: the list of companies in which IAR S.A. holds shares.

THE CHAIRMAN of the BOARD

Constantin ALEXIE-COTAN-BODOLAN

GENERAL DIRECTOR

Marian-Iulian BASALIU



ANNEX TO THE ANNUAL REPORT 2024

List of companies in which IAR S.A. owns participations

1. At 31.12.2024 IAR S.A. holds shares in **AIRBUS HELICOPTERS ROMÂNIA S.A.** as follows:

Company name	Trade Registry registration number	Object of activity	% of the share capital owned by IAR S.A. in this company	Total value of the shares owned by IAR SA in this company (RON)	Partner in the joint venture
AIRBUS HELICOPTERS ROMÂNIA S.A.	J08/53/23.01.2002	Aircraft manufacturing and repair	40	5,389,997	AIRBUS HELICOPTERS S.A.S.

The value of the participation is recorded in the accounting files at the nominal value per share of 0.10 lei.

AIRBUS HELICOPTERS ROMÂNIA SA is a closed company, its shares not being traded on the share market.

Its social headquarters is: 40 1 A, Hermann Oberth Street, Ghimbav, county of Braşov 507075, tel. 0268303000.

2. IAR S.A. owns shares in **SC AERODROM “IOSIF ŞILIMON” SA** as follows:

- participation titles SC Aerodrom “Iosif Şilimon” SA: 39 thousand lei.

SC Aerodromul “Iosif SILIMON“ SA has not had any activity since 2014 and its liquidation is in progress as per the resolution of the shareholders.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR CONCLUDED ON 31 DECEMBER 2024

Drawn up in accordance with:

The Order of the Public Finance Ministry no. 2844 /2016 and subsequent additions provided at entry 1.1 of Annex 3 to the MoF Order No. 4268/2022

BALANCE SHEET 2024 (RON)

	<u>Row</u>	<u>Note</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2024</u>
<u>A. NON-CURRENT ASSETS</u>				
<u>I. INTANGIBLE ASSETS</u>				
1. Formation expenses	1			
2. Development expenses	2			
Concessions rights, patents, licenses, trade marks and other similar values and other intangible assets	3		17,333	18,105
4. Goodwill	4			
5. Advances and intangible assets in progress	5			
TOTAL	6	1(a)	17,333	18,105
<u>II. Intangible assets</u>				
1. Land and buildings	7		52,725,143	51,057,860
2. Technical equipment and machinery	8		8,853,568	8,235,987
3. Other equipment & furniture	9		264,323	229,037
4. Advances and intangible assets in progress	10		40,204,468	46,646,977
5. Advances (ct.4093)	10a		2,090,626	3,710,009
TOTAL	11	1(b)	104,138,128	109,879,870
III. Rights to use assets arising from leasing			3,553	0
<u>IV. Financial assets</u>				
1. Shares held in affiliated entities	12			
2. Loans to affiliated entities	13			
3. Participating interests	14			
4. Loans granted to entities with participating interests	15			
5. Investments held as fixed assets	16		5,428,997	5,428,997
6. Other loans	17			
TOTAL	18	1(c)	5,428,997	5,428,997
Non-current assets - Total	19		109,588,011	115,326,972
<u>b. Current assets</u>				
<u>I. Inventories</u>				
1. Raw materials and consumables	20		69,220,978	128,598,919
2. Work in progress	21		96,258,417	122,691,683
3. Finished goods and merchandise	22		75,851,076	24,360,087
4. Advances for stock purchases	23		53,091,257	213,584,173
TOTAL:	24		294,421,728	489,234,862
<u>II. Receivables</u>				
1. Trade receivables	25	12	63,688,703	96,477,934
2. Advances paid	26		52,217,220	73,876,676
3. Receivables from participating interests	27			
4. Other receivables	28	13	9,675,385	13,094,799
5. Share capital called up but not paid up	29			
TOTAL	30		125,581,308	183,449,409
<u>III. Short-term financial investments</u>				
1. Shares held in affiliated entities	31			
2. Other short-term financial investments	32		67,514,543	14,827,812
TOTAL	33		67,514,543	14,827,812
IV. Petty cash and bank accounts	34	11	18,127,878	5,032,468
Current assets – Total	35		505,645,457	692,544,551
C. Prepayments	36		63,166	101,027

D. Amounts payable in a period of one year

1. Debenture loans given separately from convertible bond	37		
2. Bank loans	38	0	0
3. Advance payments from customers	39	213,729,806	1,477
4. Trade suppliers	40	14	23,687,928
5. Trade notes payable	41		25,622,835
6. Payables to affiliated entities	42		
7. Amounts due to entities with participating interests	43		
8. Other payables, including debts to the state budget and social security budget	44	15	16,371,304
TOTAL	45	253,789,038	33,687,564

e. Current assets, respectively net current liabilities	46	251,178,685	658,120,301
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f. Total assets minus current liabilities	47	360,770,690	773,548,080
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g. Liabilities: amounts payable in a period above one year

1. Loans from bond issues	48		
2. Bank loans	49		
3. Advance payments from customers	50	17,534	399,158,895
4. Trade debts	51		
5. Trade notes payable	52		
6. Amounts owed to affiliated entities	53		
7. Amounts owed to entities with participating interests	54		
8. Other debts, including tax debts and social insurance debts	55	4,448,770	4,312,747
TOTAL	56	4,466,304	403,471,642

h. Provisions for risks and expenses

1. Provisions for retirement benefits and other similar obligation	57	2	3,650,360
2. Provisions for employees benefits	58		6,188,695
3. Other provisions	59		2,800,000
TOTAL PROVISIONS	60	102,576,124	93,497,471

i. Deferred income

- Investment subsidies	61	736,049	736,049
- Deferred income	62	857	857
Total	63	736,906	736,906

j. Capital and reserves**I. Capital**

from which			
- Paid in capital	64	47,197,132	47,197,132
- Un-paid capital	65		
- The patrimony of the directorate	66		
TOTAL	67	47,197,132	47,197,132

II. Share premium

	68		
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III. Revaluation reserve	69	23,581,562	22,966,867
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IV. Reserves

1. Legal reserves	70	9,439,426	9,439,426
2. Statutory or contractual reserves	71		
3. Reserves representing the surplus made from revaluation reserves	72		
4. Other reserves	73	143,050,459	155,927,971
TOTAL	74	152,489,885	165,367,397

Own shares	75		6,708,000	6,708,000
Gains related to own shares instruments	76			
Losses related to own shares instruments	77			
V. Profit or loss carried forward				
Credit balance	78		<u>7,442,777</u>	<u>8,057,472</u>
Debit Balance	79			
VI. The result of the financial year				
Credit balance	80		24,069,830	31,544,924
Debit Balance	81			
Profit appropriation	82	3	795,284	1,301,432
Total equity	83		247,277,902	267,124,360
Public patrimony	84			
TOTAL CAPITAL	85		247,277,902	267,124,360

GENERAL DIRECTOR,
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU



(RON)				
	Row	Note	31 Dec.2023	31 Dec. 2024
1. Net turnover	1		427,484,707	381,619,358
Balance production	2		371,975,817	285,809,842
Income from sale of goods	3		55,508,890	95,809,516
Income from interests registered by entities whose main activity is the leasing	4			
Income from operating subsidies related to net turnover	5			
2. Changes in inventories of finished goods and the production in progress	6			
Balance C			12,148,669	28,583,055
Balance D	7			
3. The production made by the entity for its own purposes and capitalized	8			
4. Other operating income	9		1,170,449	1,742,371
Operating income - Total	10		440,803,825	411,944,784
5. a) Row materials and consumables	11		225,846,315	209,717,325
Other material expenses	12		604,812	702,558
b) Other external expenses (with energy, water)	13		3,214,665	3,128,913
c) Merchandise expenses	14		44,609,481	72,338,366
Commercial discounts received			122,282	331
6. Personnel expenses	15		63,316,500	73,758,316
a) Salaries	16		60,511,747	70,553,377
b) Social security costs	17		2,804,753	3,204,939
7. a) Value adjustments related to tangible and intangible assets	18		3,891,608	3,702,724
a.1) Expenses	19		3,891,608	3,702,724
a.2) Income	20			
7. b) Adjustment on the value of circulating assets	21			
b.1) Expenses	22			
b.2) Income	23			
8. Other operating expenses	24		29,969,317	23,372,323
8.1 Expenses regarding external services	25		29,009,364	21,252,128
8.2 Expenses with other taxes, duties and assimilated payments	26		702,936	1,362,131
8.3 Expenses on compensations, donations and disposed assets, environment expenses, other operating expenses, revaluation of tangible assets expenses	27		257,017	758,064
Expenses on refinancing interests registered by the entities whose main activity is represented by the leasing	28			
Adjustments regarding provisions for risks and expenses	29		39,969,294	-5,736,824
Expenses	30		66,993,209	27,492,560
Income	31		27,023,915	33,229,384
Operating expenses - total	32		411,299,710	380,983,370
Operating result				
- Profit	33	4	29,504,115	30,961,414
- Loss	34			
9. Income from participating interests	35		568,320	568,780
- out of which, income from subsidiaries	36		568,320	568,780

10. Income from other investments and loans which are a part of the non-current assets	37		
- of which within the group	38		
11. Interest income	39	<u>6,354,355</u>	<u>2,839,893</u>
- of which within the group	40		
Other financial income	41	<u>2,974,099</u>	<u>4,589,492</u>
Financial income - total	42	9,896,774	7,998,165
<hr/>			
12. Adjustment of the value of financial assets and financial investments held as current assets	43		
Expenses	44		
Income	45		
13. Expenses on interest	46	566,897	1,296,898
- of which within the group	47		
Other financial expenses	48	3,716,459	2,049,977
Financial expenses – total	49	<u>4,283,356</u>	<u>3,346,875</u>
Financial result		5,613,418	4,651,290
- Profit	50		
- Loss	51		
14. Current result			
- Profit	52	<u>35,117,533</u>	<u>35,612,704</u>
- Loss	53		
15. Extraordinary revenues	54		
16. Extraordinary expenses	55		
17. Extraordinary result			
- Profit	56		
- Loss	57		
Total income	58	<u>450,700,599</u>	<u>419,942,949</u>
Total expenses	59	<u>415,583,066</u>	<u>384,330,245</u>
Gross result			
- Profit	60	<u>35,117,533</u>	<u>35,612,704</u>
- Loss	61		
18. Income tax	62	11,047,703	4,067,780
19. Other expenses on taxes not presented among the above items	63		
20. Net result of the financial year			
- Profit	64	<u>24,069,830</u>	<u>31,544,924</u>
- Loss	65		

All the Company's activities are continuous.

Signed on behalf of the Board of Directors

GENERAL DIRECTOR,
Marian-Iulian RASALIU



ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU

**SITUATION OF CHANGES IN OWN CAPITAL FOR THE FINANCIAL YEAR
ENDED ON 31 DECEMBER 2024 (RON)**

Equity element		Balance on 01.01.2023	Increase		Decreases		Balance on 31.12.2024
			out of which:	by transfer	out of which:	by transfer	
A		1	2	3	4	5	6
Subscribed capital		47,197,132					47,197,132
Share Capital adjustments							
The patrimony of the directorate							
Share premium							
Revaluation reserve		23,581,562			614,695		22,966,867
Legal reserves		9,439,426					9,439,426
Statutory or contractual reserves							
Reserves representing the surplus obtained from revaluation reserves							
Other reserves		143,050,459	12,877,512				136,591,819
Own shares		6,708,000					6,708,000
Gains related to own shares instruments							
Losses related to own shares instruments							
The carried-forward result representing the undistributed profit or the uncovered loss	Balance C						
	Balance D						
The carried forward result from the adoption for the first time of IAS 29	Balance C						
	Balance D						
The carried-forward result arising from the first adoption of IAS, except for IAS 29	Balance C	7,010,620	614,695				7,625,315
	Balance D						
The carried-forward result from the correction of accounting errors	Balance C	432,157					432,157
	Balance D						
Reported result from the application of the Accounting regulations compliant with Directive IV of the E.E.C.	Balance C						
	Balance D						
The profit or loss of the financial year	Balance C	24,069,830	31,544,924		24,069,830		31,544,924
	Balance D						
Profit appropriation		795,284	1,301,432		795,284		1,301,432
TOTALEQUITY		247,277,902	43,735,699		23,889,241		267,124,360

GENERAL DIRECTOR,
Marian-Iulian RASALIU



ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

TREASURY CASH FLOWS STATEMENT 2024 (RON)

Item denomination	Financial year	
	2023	2024
Operational activities:		
Net profit after taxation	24,069,830	31,544,924
Adjustments for the reconciliation of net result to net cash used in operational activities	-14,860,508	14,647,050
Depreciation and other provisions for fixed assets	3,891,608	3,702,724
Provisions for current assets	39,969,294	5,736,824
Profit from the sale of tangible assets	-53,496	10,060
Cash from operations before changes to current capital	53,016,728	49,904,758
Changes in current capital (Note 18)	-182,848,426	-200,032,365
Paid interests	566,897	-1,296,897
Interest received	6,354,355	2,839,894
Paid income tax	4,765,115	-18,654,087
Cash generated from / (used in) operational activities	-118,145,331	-167,238,697
Investment activity:		
Acquisition of fixed assets	-10,125,144	-10,669,472
Proceeds from the sale of fixed assets	2,560	10,060
Receivables from the sale of fixed assets	568,320	568,780
Net cash used for investments	-9,554,264	-10,090,632
Financing activity:		
Net (decrease)/increase of credits and long-term payables	- 313,348	136,362,673
The net increase (decrease) in short-term loans	-105,074,779	42,541,191
Paid dividends	-5,980,064	-12,344,006
Amounts paid in respect to employees' participation to profit	-1,098,250	-2,325,939
Net cash (used)/generated by financing activity	-112,466,441	164,233,919
Changes in cash and cash equivalents	-240,166,036	-13,095,410
Balance at the beginning of the year	258,293,914	18,127,878
Increase/(decrease) in cash and cash equivalents	-240,166,036	-13,095,410
Balance at the end of the year	18,127,878	5.032.468

GENERAL DIRECTOR
Marian-Iulian RASALIU



ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

NOTES TO THE FINANCIAL STATEMENTS

1 NON-CURRENT ASSETS

a) Intangible assets

(RON)

		Gross value			Depreciation (amortization and provisions)					
	no. rd	Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year	Depreciation relating to write- offs	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				Total	Out of which: Decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
INTANGIBLES										
Formation costs and development costs	01								0	
Other intangibles	02	2,372,920	15,586			2,388,506	2,355,587	14,814	0	2,370,401
Advances and intangible assets in progress	03									
TOTAL (rd. 01 la 03)	04	2,372,920	15,586			2,388,506	2,355,587	14,814		2,370,401

b) Tangible assets

(RON)

		Gross value			Depreciation (amortization and provisions)					Accumulated depreciation in the closing balance(col 9 = 6+7-8)
	Row No	Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year (and provisions)	Depreciation related to written-off assets and cancellation of provisions	
				total	Out of which: Decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
TANGIBLE ASSETS										
Lands	05	27,660,386				27,660,386				
Buildings	06	44,065,419				44,065,419	19,000,662	1,667,283		20,667,945
Technical equipment and machinery										
	07	23,592,990	1,417,343	60,112		24,950,221	14,739,422	2,034,924	60,112	16,714,234
Other equipment & furniture	08	934,520	10,817			945,337	670,197	46,103		716,300
Tangible assets in progress	09	40,204,468	7,806,716	1,364,207		46,646,977				
Advance payments for tangible assets	10	2,090,626	1,619,383			3,710,009				
TOTAL (rd. 05 - 10)	11	138,548,409	10,854,259	1,424,319		147,978,349	34,410,281	3,748,310	60,112	38,098,479

The tangible assets of the Company were assessed at historical cost to which were added the reassessments ordered by normative acts;
The tangible assets in Group 1, Buildings, were evaluated according to the Romcontrol evaluation report.

c)

Rights to use assets in leasing	12	63,953			63,953			0	60,400	-60,400			0
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d) Financial investments ****

(RON)

		Gross value				Depreciation (amortization and provisions)				
Non-current assets	Ra w No	Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Provisions established during the financial year, deprec.	Provisions charged to income,	Closing balance (col.13 = 10+11-12)
				total	Out of which: Decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
TANGIBLE ASSETS	13	5,428,997				5,428,997				
TOTAL (rd. 13)	14	5,428,997				5,428,997				
NON-CURRENT ASSETS - TOTAL										
(rd.04+11+12+14)	15	146,414,279	10,869,845	1,488,272		155,795,852	36,826,268	3,702,724	60,112	40,468,880

List of companies which IAR S.A. holds participations in

Name of the company	Registration number with the Trade Registry	Object of activity	% of the share capital owned by IAR S.A. to this company	The total value of the shares held by IAR SA in this company (RON)	The joint venture partner
AIRBUS HELICOPTERS ROMÂNIA S.A.	J08/53/23.01.2002	Aircraft construction and repair	40	5,389,997	AIRBUS HELICOPTERS S.A.S.
AERODROM "IOSIF ȘILIMON" SA	J08/793/2011	Aerodrome construction and operation		39,000	The Townhall of Brasov Other shareholders

AIRBUS HELICOPTERS ROMÂNIA SA is a closed company, its shares are not traded on the capital market.
SC Aerodromul "Iosif SILIMON" SA has not been active since 2014 and is in the process of being dissolved according to the decision of the shareholders.

GENERAL DIRECTOR
Marian-Iulian RASALIU



ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

2. PROVISIONS FOR RISKS AND EXPENSES (RON)

Denomination of the provision*)	Balance at the start of the financial	Transfers**)		Balance at the end of the financial
		into the account	out of the account	
0	1	2	3	4 = 1+2-3
Provisions for receivables and	187,183			187,183
Provisions for risks and expenses	17,420,772		16,678,993	741,779
Provisions for inventories	14,485,189	337,581		14,822,770
Provision for retirement premiums	3,650,360	2,770,596	232,261	6,188,695
Provisions for receivables and	2,800,000	3,265,912	2,800,000	3,265,912
Provision for Contracts Dec. 2021	5,852,035		5,852,035	0
Provision related to 2022 contracts	31,840,500		3,030,300	28,810,200
Provision related to 2023 contracts	48,204,596		4,635,796	43,568,800
Provision related to 2024 contracts	0	21,118,471		21,118,471
TOTAL	124,440,635	27,492,560	33,229,385	118,703,810

3. PROFIT APPROPRIATION (RON)

Destination	31.12.2023	31.12.2024
Net profit to be appropriated:	24,069,830	31,544,924
- Legal reserve	0	0
- Reinvested profit	795,284	1,301,432
- Shares buy-back		
- Unappropriated profit	23,274,546	30,243,492
Out of which:		
- Offsetting the accounting loss from previous years		
- Shareholders' current dividends	11,698,466	
- Own financing source	11,576,080	

The above appropriations were made according to official regulations on the appropriation of profit performed by the company in accordance with the law no. 31/1990 on commercial companies and law no. 232/2016 on the national defense industry.

4. ANALYSIS OF THE OPERATING INCOME (RON)

Crt	Indicator	Fiscal year Prior year	Fiscal year Current year
1	Net turnover	427,484,707	381,619,358
2	Cost of sold goods and services rendered (3+4+5)	369,425,712	343,093,446
3	Main activities expenses	339,685,983	309,321,833
4	Auxiliary activities expenses	7,411,046	7,551,072
5	Production overheads	22,328,683	26,220,541
6	Gross result corresponding to the net turnover (1-2)	58,058,995	38,525,912
7	Selling expenses	1,683,346	1,713,960
8	General administration expenses (with acc.658)	28,041,983	30,439,140
9	Other expenses / operating income	1,170,449	24,588,602
10	Operating result (6-7-8+9)	29,504,115	30,961,414

5. SITUATION OF RECEIVABLES AND PAYABLES

A. SITUATION OF RECEIVABLES (RON)

	Balance on 31/12/2024	term of liquidity	
		Under a year	Over a year
1. Trade receivables	96,477,934	96,477,934	
2. Paid advances	73,876,676	73,876,676	
3. Other receivables	13,094,799	13,094,799	
4. Investment held as fixed assets			
5. Other fixed receivables			
TOTAL :	183,449,409	183,449,409	

B. SITUATION OF PAYABLES (RON)

	Balance on 31/12/2024	maturity for balance		
		Under 1 year	Between 1and 5 years	Over 5 years
1. Trade payables	25,622,835	25,622,835		
2. Other payables	12,375,999	8,063,252		4,312,747
3. Payables to credit institutions				
4. Advance payments from customers	399,160,372	1,477	399,158,895	
TOTAL :	437,159,206	33,687,564	399,158,895	4,312,747

GENERAL DIRECTOR

Marian-Iulian Rasaliu



ECONOMIC AND COMMERCIAL DIRECTOR

Ion DUMITRESCU

6. ACCOUNTING PRINCIPLES, POLITICS AND METHODS

The main accounting policies adopted in preparing these financial statements are summarized below.

General information

These financial statements have been prepared in accordance with the Accounting Regulations in conformity with the Directive IV of the European Economic Community and with International Accounting Standards, approved by the Romanian Public Finance Ministry's Order No. 2844/2016 for the approval of Accounting Regulations in accordance with the European directives. This order requires these financial statements to be prepared in accordance with:

- The Accounting Law no. 82/1991 (republished);
- The disclosure requirements contained in the FMO 2844/2016

These specific provisions stipulate that the annual financial statements are compiled based on the trial balance resulting after applying the IAS.

These financial statements have been prepared based on the historical cost convention, with the exceptions set out in the accounting policies.

Foundations of accounting

The Company keeps the accounting records in lei ("RON") and prepares the financial statements in accordance with the Accounting and reporting Standards issued by the Ministry of Finance.

The statements are based on the company's accounting records, drawn up on an going concern principle and history of costs basis and modified to their current form which is in conformity with Order no. 2844/2016. The financial statements ensure the comparability with the financial statements for the previous period.

Use of estimates

The preparation of financial statements in accordance with PMFO 2844/2016 requires the management of the Company to make estimates and hypotheses that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statement preparation date and the expenses reported for that period.

Going concern

The nature of the company's main activity and the uncertainty existing in Romania regarding the outcome of current economic policies implemented in real operational conditions, enable the emergence of considerable unpredictable variations regarding future cash inflows. However, the directors believe that the Company will be able to continue its activity using the going concern principle in the near future and therefore, the financial statements have been prepared on the basis of this principle.

Conversion of transactions in foreign

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date: the gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities in foreign currencies, are specified in the profit and loss account. Such balances are converted in lei at the exchange rates established by the end of the year.

On December 31, 2024, the exchange rate used was 1 euro= 4.9741 lei , 1 usd = 4.7768 lei.

Trade receivables

The trade receivables are registered at anticipated attainable value, which is the amount originally invoiced except for a provision for doubtful receivables. For the doubtful receivables an estimation is made based on a review of all outstanding amounts at the end of the year.

Cash and cash equivalents

These are registered in the balance sheet under cost. For the treasury flow statement, these include cash in hand, sight deposits and other short-term investments with high liquidity.

Tangible assets

(i) Cost

The cost of purchase of the fixed assets is the value of the element taken into consideration when purchasing the assets and other directly attributable costs that are incurred when bringing the assets at the present location and the necessary condition provided for their use.

The costs incurred with the maintenance and repair of fixed assets are included in the profit and loss account, as they were executed. The improvements that significantly increase the life of the assets or their technical performance are capitalized.

The fixed assets elements that are written off or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period.

Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period. Fixed assets registered as inventory objects, including equipment and tools, are registered as expenses when put into use and are not included in the accounting value of fixed assets.

(ii) Depreciation

Depreciation is determined by linear method, in order to distribute the cost of the recorded asset during the estimated lifespan, as follows:

Asset	Depreciation method
Buildings	40-50 years, using the linear method
Other equipment and furniture	8-10 years, using the linear method
Technical equipment	5-10 years, using the linear method
Transportation means	5 years, using the linear method

(iii) Land

Land is registered at the value given by the measurement. Land is not depreciated as it is deemed to have an indefinite lifespan.

Intangible assets

Development expenses for IT programs

Expenses which increase and extend the benefits of IT programs beyond their description and initial lifespan are recorded as improvements and added to the original cost of the IT program. IT programs development costs recognized as assets are depreciated on a linear method basis over their lifespan, which does not exceed 3 years.

Financial assets

Our company owns financial assets not intended for trading, necessarily valued at fair value by means of profit or loss.

These assets were also valued before the application of IFRS 9 at fair value according to IFRS 39.

As a consequence, the application of IFRS 9 did not bring a value impact in the financial statements of the company, nor did the reclassification of the financial instruments held generate an impact considering that the company owns financial instruments valued as performing exposures and recognized the gains in the profit and loss account loss.

Other intangible assets

Intangible assets are not re-evaluated.

Inventories

Raw materials' inventories, materials, inventory objects are recorded at the purchase price. The cost of finished goods and of production in progress includes materials, labour force and related production costs. The storage and picking method is FIFO.

Inventories are recorded at the lowest value between the cost and net realizable value. The cost is generally determined on the basis of the weighted average cost. The cost of finished goods and work in progress includes materials, labor force and related production overheads. Where necessary, provisions are made for slow moving or defective inventories. The net realizable value is the normal selling price, except for costs of completion and selling expenses.

Taxation

The company records the current income tax based on the net profit in the Romanian financial statements, under Romanian law on income tax.

The differences between the International Accounting Standards and the Romanian Accounting and Taxation Principles do not lead to the emergence of differences between the accounting basis of certain assets and liabilities, namely income and expenses in connection with their tax basis.

Income recognition

Income from sales is recorded when the goods are delivered to the customer at an amount that does not include commercial rebates or discounts offered.

Turnover

Turnover, excluding VAT, represents the amounts invoiced to third parties.

Turnover totaling 381,619,358 lei, is obtained as a result of activity in the field: repair and maintenance of aircraft and spacecraft (NACE code 3030).

Cost of debt

Cost for interest on all loans are registered on expenses when they are made. Interest on loans obtained for financing of construction of fixed assets are capitalized only until commissioning. Future interests are registered on costs.

Pensions and other post retirement benefits

In the normal course of business, the Company makes payments to the Romanian state in its employees' account. All employees of the Company are included in the state pension system. The company does not operate any other pension scheme or post retirement benefits and, consequently, has no other obligations related to pensions. Furthermore, the Company is not required to provide additional benefits to employees.

Liabilities

Liabilities are recorded at nominal value.

In 2024, the Company established provisions for risks and expenses. Rate exchanges related to obligations were recorded under costs.

Provisions are recognized when the Company has a legal or implicit obligation arising from past events, when in order to settle the obligation an outflow of resources is necessary, encompassing economic benefits, and when a reliable estimate can be made regarding the value of the obligation.

Provisions

In 2024, the following provisions were established:

❖ **Tax deductible, amounting to 27,492,560, as follows:**

- Provision for employees' participation to profit amounting to 3,265,912 lei;
- Provision for the pension premium amounting to 2,770,596 lei;
- Provision for update of stocks on unfinished production amounting to 337,581 lei
- Offset risk provision in the amount of 21,318,471 lei.

De asemenea, au fost anulate provizioane in suma de 33,229,384 lei astfel:

- Provision for performance guarantees given to internal customers amounting to 13,518,131 lei
- Provizion pentru participarea salariatilor la profit in valoare de 2,800,000 lei;
- Provision for the pension premium, amounting to 232,261 lei;
- Offset risk provision in the amount of 16,678,993 lei.

Warranties

The Company is not registered with any responsibility for the repair and replacement of products under warranty at the balance sheet date.

7 SHARES AND BONDS

a) Shares

shareholding structure is as follows:

ACTIONARI SHAREHOLDERS	NUMBER OF SHARES 2023	HELD PERCEN- TAGE	NUMBER OF SHARES 2024	HELD PERCEN- TAGE
TOTAL OF SHARES	18,878,853	100%	18,878,853	100%
ROMANIAN STATE THROUGH THE MINISTRY OF ECONOMY, ENTREPRENEURSHIP AND TOURISM	12,250,488	64.89%	12,250,488	64.89%
LEGAL PERSONS	2,940,361	15.5787%	2,916,874	15.4505%
NATURAL PERSONS	3,688,004	19.5313%	3,711,491	19.6595%

All shares are ranked pari passu (have equal voting rights) and have a nominal value of 2.5 RON / share.

8 INFORMATION REGARDING EMPLOYEES, ADMINISTRATORS AND DIRECTORS

a) Remuneration of directors and administrators (lei)

SALARIES PAID TO DIRECTORS	Fiscal year <u>2023</u>	Fiscal year <u>2024</u>
	RON	
ANASTASOF LAURIAN	819,167	932,203
TOTAL	819,167	932,203

BOARD OF DIRECTORS

	2023	2024
BARBU HORATIU CATALIN	28,168	47,977
COCOS LIVIU	56,640	14,632
ANGHEL RUXANDRA RODICA	28,472	
DONTU MIHAI AUREL	56,640	47,977
CRISTIAN MARISTEANU	56,640	14,632
HARALAMBIE VOICILAS	28,472	
IOAN LUCIAN RUS	10,343	36,029
CATALINA PREDA		33,345
SIMONA ONESCU		24,362
CONSTANTIN ALEXIE-COTAN-BODOLAN		2,588
CRISTINA GABRIELA DRAGOMIR		2,588
ALEXANDRA CRISTIANA VASILE		2,588
BOGDAN COSTAS		2,588
TUDOR ALEXANDRU DUTU		2,588
TOTAL	265,375	231,894

b) Employees

In the fiscal year ended on the 31st December, 2024, the company had an average of 372 employees (in the fiscal year in 2023 = 369 employees).

In the normal course of business, the company makes payments to the Romanian state institutions on behalf of its employees' pensions. All company employees are members of the Romanian State pension plan. The company does not operate any other pension scheme or post retirement benefits and, consequently, has no other obligations in respect of pensions. The Company is not obliged to provide additional benefits to employees after retirement.

9 ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS

9.1. Liquidity indicators

Denomination	Calculation formula	(A) year 2021	(B) year 2022	(B - A) Variation	Observations
Rapid ratio (acid test)	$\frac{\text{current assets} - \text{inventories}}{\text{current liabilities}}$	0.83	6.03	5.20	must be >1
Current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	1.99	20.55	18.56	must be ~ 2

9.2. Risk indicators

a) Gearing ratio

Denomination	Calculation formula	(A) year 2023	(B) 2024	(B - A) Variation	Observation
Gearing ratio	$\frac{\text{total liabilities}}{\text{total assets}}$	1.04	1.64	0.60	must be <35%
Leverage ratio	$\frac{\text{borrowed capital}}{\text{employed capital}}$	0%	0%	0	must be <35%
interest cover rate	$\frac{\text{gross profit} + \text{interest expenses}}{\text{interest expenses}}$	62.95%	28.46%	-34.49	must not be <2

9.3. Profitability indicators

Denomination	Calculation formula	(A) year 2023	(B) year 2024	(B - A) Variation	Observation
Profit ratio	$\frac{\text{net profit}}{\text{sales figure}}$	5.63	8.27	2.64	must be > de 1.8
Return on investment	$\frac{\text{net profit}}{\text{total assets}}$	3.92	3.90	-0.02	must be more > 13%
Financial return	$\frac{\text{net profit}}{\text{total equity}}$	9.74	11.81	2.07	must be >5%

9.4. Activity indicators (management indicators)

Denomination	Calculation formula	(A) year 2023	(B) year 2024	(B - A) Variation	Observation
Inventory turnover ratio	$\frac{\text{sales figure}}{\text{inventories value}}$	1.45	0.78	-0.67	inventory turnover ratio has increased
Number of storage days	$\frac{\text{average inventory} * 365}{\text{sales figure}}$	235.33	374.76	139.43	
Average cash collection of clients (IN DAYS)	$\frac{\text{clients}}{\text{daily sales}}$	39.42	78.79	39.37	should be 30-45 days
Days payable outstanding	$\frac{\text{average balance supplier} * 365}{\text{goods purchases}}$	38.20	60.59	22.39	
Use ratio of fixed assets	$\frac{\text{sales figure}}{\text{net value of fixed assets}}$	3.90	3.28	-0.62	must be > than 1

9.5. Indicators regarding the result per share

Result per share

The result per share is calculated by dividing the net profit attributable to the shareholders by the average number of ordinary shares outstanding during the year, except for the shares repurchased by the Company during the year. There were no dilutive potential ordinary shares during the year.

	2023	2024
Net profit attributable to Shareholders - lei	24,069,830	31,544,924
Weighed average	18,278,853	18,278,853
ordinary shares outstanding during the year		
Gross profit per share	1.3168 lei/ share	1.7257 lei / share

10 OTHER INFORMATION

a) Informații cu privire la prezentarea societății

- The Company is headquartered in Brasov, 34 Hermann Oberth Street, and is constituted as a joint stock company, being founded in Romania.
- The company's main activity is the construction and repair of aircraft.
- The shares issued by IAR SA were traded on the Bucharest Stock Exchange, the Equity Sector - Standard Class actions.

b) The method used to express in the national currency the assets, revenues and expenses which are outlined in a foreign currency

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date. The gains and losses resulting from the settlement of transactions in a foreign

and from the conversion of monetary assets and liabilities in foreign currencies, are recognized in the profit and loss account. Such balances are converted in lei at the exchange rates established at the end of the year, communicated by the National Bank of Romania.

c) Information on the income tax

Note: The reconciliation of the fiscal year result and the fiscal result, as shown in the tax declaration.

	31.12.2024
1. Gross accounting profit according to declaration 101	31,544,924
2. Legal reserves	0
3. Non-taxable income	33,798,165
3.1 Other deductions	3,088,028
4. Tax non-deductible expenses	35,396,067
5 Income taxable before the tax loss	
6. Prior tax loss	
7. Tax loss (5-4)	
8. Taxable profit	30,054,798

d) Fees paid to auditors

The company signed audit contracts worth 67,122 lei in 2024, as follows:

- Contract No. 191/ 11.01.2019 and AA No. 1/20.12.2022 in the amount of 13,500 EUR

e) There are no pledged/mortgaged fixed assets in 2024

11 CASH AND BANK ACCOUNTS (lei)

	31 Dec.2023	31 Dec.2024
Bank deposits in lei	16,302,233	4,758,240
Bank deposits in foreign currency	1,806,160	246,797
Other values	19,423	27,387
Cash in lei	62	44
Cash in foreign currency		
Other short-term financial investments	67,514,543	14,827,812
Interests receivable	163,132	151,398
TOTAL	85,805,553	20,011,678

In order to present the cash flow statements, the cash and the cash equivalents comprise the following elements (RON):

	31 Dec.2023	31 Dec.2024
Cash, bank accounts, other values	18,127,878	5,032,468
Interests receivable	163,132	151,398
Other short-term financial investments	67,514,543	14,827,812
TOTAL	85,805,553	20,011,678

12 TRADE RECEIVABLES

	2023	2024
External trade receivables	8,929,939	808,135
Internal trade receivables	37,244,855	81,568,309
Advances to internal suppliers	43,856,592	37,710,512
Advances to external suppliers	8,360,628	36,166,164

Deposit for the SGB real estate receivable	17,701,093	14,288,674
Provisions for doubtful customers	-187,184	-187,184
TOTAL:	115,905,923	170,354,610

13 OTHER RECEIVABLES

	2023	2024
Personnel receivables	0	0
VAT to be recovered	8,747,988	4,178,868
Other taxes (excise and customs duties + CCI)	574,600	867,981
Various debtors	188,385	102,892
Income tax	0	7,792,788
Receivable interest	163,132	151,398
Provision for doubtful debtors	0	0
Other receivables – VAT not due	1,280	872
TOTAL:	9,675,385	13,094,799

14 A. TRADE PAYABLES

	2023	2024
Suppliers, of which	22,558,055	25,280,068
Internal	13,993,001	7,985,794
External	8,565,054	17,294,274
Fixed assets suppliers, of which	1,129,873	342,768
Internal	1,129,873	342,768
External	0	0
Advance payments from customers	213,747,340	399,160,371
TOTAL:	237,435,268	424,783,207

B. OTHER PAYABLES. INCLUDING FISCAL PAYABLES AND SOCIAL SECURITY PAYABLES

	2023	2024
State budget of which :	7,373,272	553,592
- Tax on salaries and other incomes	579,753	553,592
-Income tax	6,793,519	0
- TVA de plata	0	0
Social Security Budget	3,307,988	3,108,973
Contribution to health social insurance, labor insurance contribution	3,307,988	3,108,973
VAT not due		
Various creditors	4,497,169	4,349,287
Payables related to personnel	2,103,923	1,475,671
Dividends	3,534,017	2,888,476
Other debts, operational leasing	3,705	0
TOTAL:	20,820,074	12,375,999

C. AMOUNTS DUE TO SHORT-TERM CREDIT INSTITUTIONS (RON) = 0 LEI

15. INCOME TAX

The Company registered an income tax due for the previous concluded fiscal year worth 4,067,780 lei. The accounting gross profit was adjusted based on fiscal principles, determining the fiscal profit. The differences applied in preparing these financial statements between regulations issued by the Ministry

Finance of Romania and the accounting rules do not give rise to significant differences between the accounting value of certain assets and liabilities on the one hand, and their value established for the purposes of fiscal taxation on the the other hand.

16. EXPENSES WITH PERSONNEL (RON)

	2023	2024
Salaries and indemnities	60,511,747	70,553,377
Expenses with social security and other personnel expenses	2,804,753	3,204,939
Total	63,316,500	73,758,316

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

TOTAL 372

17. INTEREST EXPENSES AND OTHER SIMILAR EXPENSES (lei)

	2023	
Losses from foreign exchange differences	3,716,459	
Interest	566,897	
Expenditure on discounts granted	-	-
Other financial expenses	-	-
financial leasing	-	-
TOTAL	4,283,356	
3,346,875		

18. CHANGES IN CURRENT ASSETS ELEMENTS(LEI)

	December 31. 2023	December 31. 2024
Receivables	125,581,308	
Inventories	294,421,728	
Trade payables and other payables(-)	(253,789,038)	
TOTAL		166,213,998
638,996,707		

19. FINANCIAL RISKS

(i) Market risk

The assets and monetary payables expressed in lei are analysed below:

	December 31. 2023	December 31. 2024
Asset	RON	RON
Monetary assets in lei	80,072,586	19,764,881
Monetary assets in foreign currency	1,806,160	246,797

(ii) Interest rate risk

The interest rate risk means the risk that the value of a financial instrument will fluctuate due to variations of interest rates on the market.

The company did not sign foreign currency loan agreements at variable interest rates.

(iii) Credit risk

The credit risk means the risk that one of the parties who participate to a financial instrument shall fail to fulfill an obligation, which will cause the other party to record a financial loss, In the given situation the management of the company argues that there may not be situations with significant influence.

(iv) Liquidity risk

The company's policy concerning liquidity is to maintain sufficient liquidity so that it can pay its obligations on maturities' dates, The assets and liabilities are analyzed according to the period remaining until the contractual maturities.

(v) Fair values

The accounting amounts of financial assets and liabilities with maturity under one year approximates their fair value. On 31 December 2024, the fair value of short-term debts, estimated by updating future cash flows with current interest rate for similar instruments on the market, does not differ significantly, according Company's management, from the value to which these financial instruments are registered,

20. CONTINGENT LIABILITIES

Litigations and other disputes

On the date of the balance sheet, various legal actions, proceedings and investigations were open against the company. Based on the professional advice received from the legal advisors of the Company, the Company's management believes that the Company is unlikely to register any significant material obligation, arising from legal proceedings against the Company,

Onerous contracts,

The company had no concluded onerous contracts on December 31, 2024.

Other aspects concerning the contingent liabilities

Environmental regulations are under development in Romania, and the Company has not registered any obligations as of December 31, 2024 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remedial plans, regarding environmental elements. The Company's management does not consider the expenses associated with possible environmental problems as being significant.

The Company's management does not consider the costs associated to any environmental problems to be significant.

GENERAL DIRECTOR
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU



I. Data on Result	Row No.	No. of units	Amounts (RON)	
A	B	1	2	
Units with profit	01	1	31,544,924	
Units with loss	02			
II. Data on outstanding payments	Row No.	Col total 2+3	Out of which	
			For the current activity	For investments
A	B	1	2	3
Outstanding payments- total (row 04+08+14 to 18 +22), out of which:	03	0	0	
Outstanding suppliers – total (row 05 to 07) out of which:	04	0		
- over 30 days	05	0		
- over 90 days	06	0		
- over 1 year	07	0		
Outstanding liabilities to the social security budget – total (row 09 o 13) out of which	08	0		
- Contributions to state social security due by employers, employees and other related persons	09	0		
- contributions to the health fund	10	0		
- contributions to the supplementary pension fund	11	0		
- contributions to the unemployment fund	12	0		
- other social liabilities	13	0		
Outstanding liabilities to special funds budget	14	0		
outstanding liabilities to other creditors	15	0		
outstanding taxes to the state busget not paid at due term	16	0		
outstanding taxes to the local budget not paid at due term	17	0		
bank loans not repaid at due time – total (row 19 to 21) out of which	18	0		
- outstanding above 30 days	19	0		
- outstanding above 90 days	20	0		
- outstanding above 1 year	21	0		
Outstanding interests	22	0		

I. Average number of employees		Previous year	Current year
A	B	1	2
Average number of employees	01	369	372
Actual number of employees at the end of the fiscal year, namely on 31 December	02	381	377

GENERAL DIRECTOR,
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU



Data on intangible assets		Gross values (RON)				
	Row No,	Opening balance	Increases	Decreases		Final balance
		1 (1)	2 (2)	Total	Out of which decommissioning	(col,5 = 1+2-3)
	B			3 (3)	4 (4)	5 (5)
Fixed assets	A					
Intangible assets						
Set up and development expenses	01				x	
Other intangibles	02	2,372,920	15,586			2,388,506
Advances for intangible assets in progress	03					
TOTAL (rd, 01 la 03)	04	2,372,920	15,586			2,388,506
Tangible assets						
Land	05	27,660,386				27,660,386
Buildings	06	44,065,419				44,065,419
Technical equipment and machinery	07	23,592,990	1,417,343	60,112		24,950,221
Other equipment and furniture	08	934,520	10,817			945,337
Tangible assets in progress	09	40,204,468	7,806,716	1,364,207		46,646,977
Advances for intangible assets	10	2,090,626	1,619,383			3,710,009
TOTAL (rd, 05 la 10)	11	138,548,409	10,854,259	1,424,319		147,978,349
Rights to use the leased assets	12	63,953		63,953		0
Long term financial investments	13	5,428,997				5,428,997
NON-CURRENT ASSETS (row, 04+11+12+13)	14	146,414,279	10,869,845	1,488,272		155,795,852

Depreciations

RON

Fixed assets	Row No.	Opening balance	Depreciation and provisions during the year	Depreciation corresponding to fixed assets written off, adjustments charged to income	Amortizare la sfârșitul anului (column 9=6+7-8)
A	B	6 (1)	7 (2)	8 (3)	9 (4)
Intangible assets					
Set up and development expenses	15				
Other intangibles	16	2,355,587	14,814		2,370,401
TOTAL (RD, 15+16)	17	2,355,587	14,814		2,370,401
Tangible assets					
Land	18				
Buildings	19	19,000,662	1,667,283		20,667,945
Technical equipment and machinery	20	14,739,422	2,034,924	60,112	16,714,234
Other equipment and furniture	21	670,197	46,103		716,300
TOTAL (row 18 la 21)	22	34,410,281	3,748,310	60,112	38,098,479
Rights to use the leased assets	23	60,400	-60,400		0
DEPRECIATIONS - TOTAL (row 17+22+23)	24	36,826,268	3,702,724	60,112	40,468,880

GENERAL DIRECTOR,
Marian-Iulian RASALIU



ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU

STATEMENT

The undersigned Constantin ALEXIE-COTAN-BODOLAN – Chairman of the Board of Directors of IAR S.A, Company, declare on my own responsibility, under the sanction provided by art, 326 Penal Code, regarding the false statements, that, based on the information I have, I assume my responsibility for drawing up the financial statements and confirm that, to my knowledge:

- the annual financial statement for 2024 has been prepared in accordance with the FMO 2844/2016 for the approval of the Accounting regulations in accordance with the International Financial Reporting Standards (IFRS),
- the financial-accounting status as of 31,12,2024 offers a correct image and in accordance with the reality of the assets, liabilities, financial position, profit and loss account, financial performance and other information regarding the activity carried out by IAR SA, with the headquarters in Ghimbav, str, Hermann Oberth, no, 34, Braşov County, registered with the Trade Register Office of Brasov under no, J08 / 4/1991, S,R,C, - 1132930, fiscal attribute R,
- the annual report 2024 prepared according to the FMO 2844/2016 and the ASF Regulation no 5/2018, correctly and completely presents the information about the company IAR SA,

Constantin ALEXIE-COTAN-BODOLAN

CHAIRMAN OF THE BOARD OF DIRECTORS



STATEMENT

The undersigned Marian-Iulian RASALIU - General Director of IAR S,A, Company, declare on my own responsibility, under the sanction provided by art, 326 Penal Code, regarding the false statements, that, based on the information I have, I assume my responsibility for drawing up the financial statements and confirm that, to my knowledge:

- the annual financial statement for 2024 has been prepared in accordance with the FMO 2844/2016 for the approval of the Accounting regulations in accordance with the International Financial Reporting Standards (IFRS),
- the financial-accounting status as of 31,12,2024 offers a correct image and in accordance with the reality of the assets, liabilities, financial position, profit and loss account, financial performance and other information regarding the activity carried out by IAR SA, with the headquarters in Ghimbav, str, Hermann Oberth, no, 34, Braşov County, registered with the Trade Register Office of Brasov under no, J08 / 4/1991, S,R,C, - 1132930, fiscal attribute R,
- the annual report 2024 prepared according to the FMO 2844/2016 and the ASF Regulation no 5/2018, correctly and completely presents the information about the company IAR SA,

Marian-Iulian RASALIU

GENERAL DIRECTOR



.....,

STATEMENT

The undersigned Ion DUMITRESCU – Economic and Commercial Director of IAR S,A, Company, declare on my own responsibility, under the sanction provided by art, 326 Penal Code, regarding the false statements, that, based on the information I have, I assume my responsibility for drawing up the financial statements and confirm that, to my knowledge:

- the annual financial statement for 2024 has been prepared in accordance with the FMO 2844/2016 for the approval of the Accounting regulations in accordance with the International Financial Reporting Standards (IFRS),
- the financial-accounting status as of 31,12,2024 offers a correct image and in accordance with the reality of the assets, liabilities, financial position, profit and loss account, financial performance and other information regarding the activity carried out by IAR SA, with the headquarters in Ghimbav, str, Hermann Oberth, no, 34, Braşov County, registered with the Trade Register Office of Brasov under no, J08 / 4/1991, S,R,C, - 1132930, fiscal attribute R,
- the annual report 2024 prepared according to the FMO 2844/2016 and the ASF Regulation no 5/2018, correctly and completely presents the information about the company IAR SA,

Ion DUMITRESCU

ECONOMIC AND COMMERCIAL DIRECTOR



.....,

REPORT OF THE INDEPENDENT AUDITOR

INDEPENDENT AUDITORS' REPORT

To the Shareholders of I.A.R. S.A.

Opinion

We have audited the financial statements of the company I.A.R. S.A. Brasov (the "Company"), headquartered in 34, Hermann Oberth Street, Sole Identification Code RO1123930, for the financial year closed on 31st December, 2024 and the status of the global result, the status of company capitals changes and the status of the treasury flows corresponding to the financial year closed on the afore-mentioned date, and the notes to the financial statements, including a summary of the significant accounting policies set up in accordance with the Public Finance Ministry Order No.2844 / 2016 on the approval of accounting regulations compliant with the International Financial Regulations Standards (IFRS) with subsequent modifications and supplements, provided by entry 1.1 in Annex 3 to the MoF Order No. 4268/2024.

The financial statements herein referred to concern:

-Total assets	= 807,972,550 lei
-Total equity	= 267,124,360 lei
-Financial year result-profit	= 31,544,924 lei

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company on December 31, 2024, its financial performance and treasury cash flows for the year ended on the mentioned date in accordance with the MF Ordinance no. 2844/2016 on the approval of the accounting regulations as per the International Financial Reporting Standards (IFRS).

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and Council (hereinafter named "The Regulation") and Law no. 162 / 2017 on the statutory audit of the financial statements and of the consolidated yearly financial statements.

Our responsibility based on these standards are explained in detail in the section *The Auditor's Responsibilities in Auditing the Financial Statements* in our report.

We are independent of the company, according to the *Code of Ethics for Professional Accountants (the IESBA Code)* issued by the Council for International Standards of Ethics for Accountants in conjunction with the relevant ethical requirements to the audit of financial statements in Romania and we met all other ethical responsibility, in compliance with these requirements and the IESBA Code.

We believe that the audit evidence that we have obtained are sufficient and appropriate to provide a basis for our opinion.

The key aspects of the audit

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

Revenue recognition

Risk: due to the nature of the company activity, production of long-term qualifying assets manufacturing, there is a risk that the income be acquired on delivery and not pro rata with its implementation as stipulated in IAS 11 - long-term contracts.

Our response: We have identified and tested the verifications that appear on customers-incomes financial flows and found that they are operational and present no deviations. We made additional detailed tests to ensure that the revenue is recognized in the correct financial period in accordance with the IFRSs.

Our audit procedures to address the risk of significant material misstatement related to the revenue recognition, which was considered a significant risk included:

- tests of verifications, the delivery terms, the sales prices of its production;
- comparing these data on terms and prices with contracts
- a detailed analysis of the income and its recognition period based on shipping documents and expected results of our knowledge related to the branch of activity following the movements and comparing them with our expectations.

Provisions for risks and charges

Risk: Due to the specific sales activity dependent on a small number of customers and to the long-term contractual agreements there are risks independent of the activity itself of the Company to delay or cancel orders.

Our response: During the he audit, we addressed the adequacy and recognition in the selected period of the costs and provisions in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and found that the assumptions and criteria used by the management to determine the provisions for risks and charges recognized in the financial statements are adequate.

We have identified the criteria for recognition as detailed in the calculation of the Company's management regarding future risks in the performance of contracts concluded during the audited period. The recognition criteria are logical and prudent approaches of the company's management on the risks inherent in the conditions of an economy insufficiently stabilized and taking into account possible changes in the implementation of the budget in future years.

The components audit team performed extensive audit procedures regarding the recognition and measurement of provisions for risk related to the respective components.

The audit team identified the completeness and accuracy of provisions for risks and charges as a significant risk in the audit, reviewed the audit procedures performed by teams on the components and discussed with the company management on the criteria for recognition.

Assessment of the production in progress

Risk: due to the nature of the company activity, the production of long-term qualifying assets manufacturing, there is a risk to over or undervalue and the reporting of the production in progress influence the current financial result of the company's activity and thus its business continuity.

Our response: During the audit, we approached the recognition in the selected period of the achieving production costs and checked the criteria used by the management to evaluate and recognize it in its financial statements (IAS -2) noting that they were appropriate.

We checked the criteria for recognition as detailed in the calculus on production orders in progress, by the company management, we reviewed the procedures and found that they may not have significant deviations .The assessment of the production in progress was carried out at the cost of production, which is lower than the net achievable value under normal conditions of operation of the company.

Other information – The Board of Directors' Report

The members of the Board of Directors are responsible for preparing and presenting other information. The respective other information contain also the Board of Directors' Report but they do not contain the financial statements and the auditor's report with regard to the former and nor do they contain the non-financial statement, as the latter is presented separately.

Our opinion with regard to the financial statements does not cover such other information and, except for the case when it is mentioned explicitly in our report, we do not formulate any conclusion ensuring such information.

In the audit of financial statements for the year ended December 31, 2024, our responsibility is to read the respective information and, in doing so, to assess whether the respective information is significantly divergent from the financial statements or from the information we acquired during the audit, or whether they seem to be significantly flawed.

With regard to the Board of Directors' Report, we have read and report if this was set up in all its significant aspects, as per the Ministry of Finances Ordinance no. 2844/2016, paragraphs 15-18 of the Accounting Regulations compliant with the International Financial Reporting Standards (IFRS).

Based on the work carried out, during the auditing of the financial statements, we report that:

- a) the information presented in the Board of Directors' Report for the year the financial statements have been made for are in compliance with the financial statements in all its significant aspects;
- b) the Board of Directors' Report was set up, in all material respects, as per the MFOrdinance no. 2844/2016, paragraphs 15-18 of the Accounting Regulations on annual financial statements in accordance with International Financial Reporting Standards (IFRS).

In addition, based on our knowledge and understanding with regard to the Company and its environment, acquired during the audit of financial statements for the year ended on December 31, 2024, we have not identified significant distortions in the Board of Directors' Report. There is nothing for us to report on this matter.

The responsibilities of management and of the people in charge with the governance of the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs and for such internal verification that the management deems necessary to enable the preparation of the financial statements free of significant material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue its operation, showing, if the case, aspects of business continuity and using the accounts based on continuing the activity, unless the management either intends to liquidate the company or to downsize its operations, or has no realistic alternative beyond.

The people in charge with governance are responsible for reviewing the Company's financial reporting process.

The auditor's responsibilities in an audit of financial statements

Our goals are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISAs will always detect a significant material misstatement, if any.

Distortions can be caused either by fraud or error and are considered significant if it can be expected, reasonably, that they, individually or in aggregate, will influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exert the professional judgment and maintain the professional skepticism throughout the audit.

Also:

- We identify and assess risks of significant material misstatement of the financial statements, due either to fraud or error, and execute audit procedures in response to such risks and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The non-detection risk of that a significant material misstatement due to fraud is higher than the non-detection of a significant material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations and avoiding internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- We draw a conclusion on the appropriateness of the use by the management of the accounting on a going concern basis and determine, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the ability of company to continue in operation. If we conclude that there is a significant uncertainty, we must note in the auditor's report the presentations related to the financial statements or, if these disclosures are inadequate, to change our opinion. Our conclusions are based on the audit evidence obtained until the auditor's report date. However, future events or conditions may cause the Company to no longer operate under the going concern principle.
- We assess the presentation, structure and general content of the financial statements, including disclosures, and whether the financial statements reflect main transactions and events in a manner that achieves a fair presentation.
- We communicate to the people responsible for governance, among other things, the planned scope and timing of the audit and the main audit findings, including any significant deficiencies in the internal control that we identified during the audit.
- We also provide the people responsible for governance a statement that we complied with the ethical requirements relevant to independence and that we communicated all relationships and other matters which might be assumed, reasonably, to affect our independence and, where appropriate, the related safety measures.
- The matters communicated between us and those charged with governance determine which are the most important aspects to audit the financial statements of the current period and are therefore key audit issues. We describe these issues in the auditor's report, unless laws or regulations prohibit public disclosure of their appearance or where, in extremely rare circumstances, we determine that they should not be communicated in our report as envisaged reasonably that the public interest overcome the negative consequences of this communication.

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders on 16th December 2022 to audit the financial statements of IAR S.A. BRASOV. The uninterrupted total duration of our commitment is 4 years, covering the financial years ended December 31, 2022 - 2025.

We confirm that:

In conducting our audit, we have maintained our independence from the audited entity.

We have not provided the Company with the forbidden non-audit services referred to in Article 5 para. (1) of the EU Regulation No.537 / 2014.

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

We carried out a reasonable assurance mission on compliance with the Delegated Regulation (EU) 2018/815 of the Commission applicable to the financial statements included in the annual financial report of IAR S.A. BRASOV (the Company) as presented in the digital files.

The responsibility of the management and persons responsible for governance for the Digital Files prepared in accordance with ESEF

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

- designing, implementing and maintaining relevant internal control for the application of ESEF;
- ensuring compliance between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

Those in charge with governance are responsible for overseeing the preparation of Digital Files in accordance with the ESEF.

The Auditor's Responsibility for Auditing Digital Files

We have the responsibility to express a conclusion on the extent to which the financial statements included in the annual financial report are in accordance with the ESEF, in all material respects, 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.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF. The nature, timing, and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the provisions of the ESEF, whether due to fraud or error.

A reasonable assurance engagement includes:

- obtaining an understanding of the Digital File preparation process in accordance with ESEF, including the relevant internal controls;
- reconciliation of the Digital Files with the Company's audited financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- evaluating whether all financial statements that are included in the yearly financial report are drawn in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended 31 December 2024 included in the annual financial report and presented in the Digital Files comply, in all material respects, with the requirements of the ESEF.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on the financial statements. Our audit opinion on the financial statements of the Company for the financial year ended 31 December 2024 is included in the Report on financial statements section above.

Brasov 19.03.2025

On behalf of the auditing company:

MACAVEIU CONSULT SRL located in BRASOV, 66, Grivitei Street, Block of flats 4, ap.1,
Registered with the Auditing Companies' Electronic Public Registry under no. 211/2001.

Ioan Macaveiu

Financial Auditor

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IOAN

Data: 2025.03.18 15:54:52 +02'00'

Registered with the Financial Auditors' Electronic Public Registry under no. 276/2001.