MECANICA CEAHLAU SA

SEPARATE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT
DECEMBER 31, 2025

PREPARED IN ACCORDANCE WITH ORDER 2844/2016
FOR THE APPROVAL OF ACCOUNTING REGULATIONS IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mecanica Ceahlau SA

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Mecanica Ceahlau SA ("the Company"), with registered office in Piatra Neamt, Str. Dumbravei, nr. 6, identified by unique tax registration code 2045262, which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

2. The financial statements as at 31 December 2025 are identified as follows:

• Net assets / Equity	RON 47,715,956
• Net loss for the financial year	RON (2,929,761)

3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards ("MoPF 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Romania, including the Regulation and the Law 162/2017. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

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Other Information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' report and the Remuneration report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements for the year ended 31 December 2025, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   Other responsibilities of reporting with respect to other information – Administrators' report

   With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of MoPF 2844/2016/.

   On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

   a) the information included in the Administrators' report, for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these financial statements;

   b) the Administrators' report has been prepared, in all material respects, in accordance with the provisions MoPF 2844/2016;

   Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at 31 December 2025, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

   Other reporting responsibilities with respect to other information – Remuneration report

   With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with MoPF 2844/2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Meeting of Shareholders on October 28, 2024 to audit the financial statements of Mecanica Ceahlau S.A. for the financial year ended 31 December 2025. The uninterrupted total duration of our commitment is 12 years], covering the financial years ended 31 December 31 2012 until 31 December 2018 and the financial years ended 31 December 31 2021 until 31 December 2025.

Report on the Information Regarding Income Tax

16. For the financial year preceding the financial year for which the financial statements were prepared, the Company was not required under MoPF 2844/2016, articles 602 - 606, to publish a report on income tax information.

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We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Alina Mirea.

Report on compliance with Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of Mecanica Ceahlau S.A. ("**the Company**") as presented in the digital files which contain this audit report ("**Digital Files**").

(I) Responsibilities of Management and Those Charged with Governance for the Digital Files prepared in compliance with ESEF

Management is responsible for preparing the Digital Files that comply with ESEF. This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of ESEF;

- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards ("MoPF 2844/2016")..

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement 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.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;

- reconciling the digital files with the audited financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards ("MoPF 2844/2016");

- evaluating if the financial statements contained in the annual report have been prepared in a valid XHTML format.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the financial statements for the year ended 31 December 2025 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our qualified opinion relating to the financial statements of the Company for the year ended 31 December 2025 is set out in the "*Report on the audit of the financial statements*" section above.

Ioana Alina Mirea, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number AF 1504

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
10 March 2026

MECANICA CEAHLAU SA
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	December 31, 2025	December 31, 2024
Assets			
Non-current assets			
Land and land improvements		6,175,042	8,731,393
Construction		8,023,658	8,518,492
Technical installations and means of transport		3,307,225	2,346,150
Other property, plant and equipment		75,006	288,767
Property, plant and equipment in progress		-	1,169,417
Property, plant and equipment	13	**17,580,931**	**21,054,219**
Intangible assets			
Other intangible assets		53,946	81,410
Intangible assets	14	**53,946**	**81,410**
Investment properties	15	**1,266,371**	**199,690**
Assets representing rights of use of underlying assets in leases	13	**814,291**	**1,775,739**
Total non-current assets		**19,715,539**	**23,111,058**
Current assets			
Inventories	17	27,981,480	34,206,199
Trade receivables	18	2,664,974	2,528,708
Other receivables	19	985,846	169,447
Prepaid expenses		63,052	60,911
Financial assets measured at fair value through the profit and loss	20	-	304,186
Financial assets at amortised cost	20	-	-
Cash, current accounts and deposits with banks	20	4,682,173	445,730
Assets classified as held for sale	16	-	-
Total current assets		**36,377,525**	**37,715,182**
Total assets		**56,093,064**	**60,826,241**
Equity			
Share capital	21a	23,990,846	23,990,846
Legal reserves	21c	2,983,701	2,983,701
Revaluation reserves		10,190,876	11,239,817
Retained earnings	21b	10,550,533	9,059,410
Total equity		**47,715,956**	**47,273,774**

MECANICA CEAHLAU SA
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	December 31, 2025	December 31, 2024
Liabilities			
Non-current liabilities			
Long-term loans	23	-	-
Investment subsidies – long term		664,208	-
Lease liabilities	24	520,707	1,302,167
Provision for pensions	25	99,826	80,461
Deferred tax liabilities	25	2,487,030	2,548,081
Total non-current liabilities		**3,771,771**	**3,930,710**
Current liabilities			
Short-term loans	23	-	4,944,867
Lease liabilities	24	390,986	572,266
Investment subsidies – short term		41,085	
Trade payables	26	2,395,139	2,109,441
Other payables	27	1,299,191	973,844
Deferred income		416,264	986,626
Provisions for risks and charges	25	62,672	34,713
Total current liabilities		**4,605,337**	**9,621,756**
Total liabilities		**8,377,108**	**13,552,466**
Total equity and liabilities		**56,093,064**	**60,826,240**

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

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

MECANICA CEAHLAU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Turnover	5	19,452,662	22,500,734
Expenses with stocks		(13,029,368)	(14,695,611)
		6,423,294	**7,805,122**
Other operating income	6	646,108	588,062
Utility expenses		(618,122)	(669,456)
Expenses with salaries, contributions and other similar charges	7	(7,374,741)	(7,497,599)
Other administrative expenses	8	(2,821,204)	(2,932,831)
Other operating expenses	9	(412,074)	(659,890)
Amortization/Depreciation and impairment expenses for fixed assets and depreciation expenses for assets related to the rights of use of leased assets	12, 13	(1,766,863)	(2,732,250)
Gains/(losses) from the revaluation of assets held for sale		-	-
Gains/(losses) from the revaluation of investment properties		150,874	49,905
Gains/(losses) from disposal of non-current assets		3,758,231	-
Gains/(losses) from the revaluation of property, plant and equipment		12,534	135,603
Adjustment of the value of current assets	17	56,324	323,574
Adjustments of provisions	24	(47,324)	16,501
Total operating expenses		**(9,062,365)**	**(13,966,443)**
Result of operating activities		**(1,992,963)**	**(5,573,259)**
Interest income		849	65,288
Gain from the revaluation of financial assets measured at fair value through profit or loss		4,553	22,748
Expenses with interest and discounts granted		(620,865)	(877,224)
Foreign exchange losses		(59,764)	(6,887)
Net financial result	10	**(675,227)**	**(796,075)**
Pre-tax result		**(2,668,190)**	**(6,369,334)**
Current and deferred income tax expense	11	(261,571)	(47,561)
Results from continued operations		**(2,929,761)**	**(6,416,895)**

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

MECANICA CEAHLAU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	Year ended December 31, 2025	Year ended December 31, 2024
Other comprehensive income			
Items that will not be reclassified later into profit or loss			
Deferred tax related to revaluation reserve		199,728	(218,399)
Increases/ (Decreases) of revaluation reserves, net		3,176,163	2,339,878
Other comprehensive income, after tax		**3,375,892**	**2,121,480**
Total comprehensive income for the period		**446.131**	**(4,295,415)**
Profit/(loss) attributable to		**(2,929,761)**	**(6,416,895)**
Number of shares		239,908,460	239,908,460
Basic earnings per share		(0.0122)	(0.0267)

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

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

MECANICA CEAHLAU SA
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Share capital	Legal reserves	Revaluation reserves, net of deferred tax	Retained earnings	Total equity
Balance at December 31, 2024	**23,990,846**	**2,983,701**	**11,239,817**	**9,059,410**	**47,273,774**
Transfer to retained earnings corresponding to the surplus realised from revaluation reserves	-	-	(4,424,833)	4,420,884	(3,949)
Transactions with shareholders	-	-	-	-	-
Other comprehensive income	-	-	**(4,424,833)**	**4,420,884**	**(3,949)**
Net (loss)/profit for the year	-	-	-	(2,929,761)	(2,929,761)
Increases/(Decreases) of revaluation reserves, net	-	-	3,176,163	-	3,176,163
Deferred income tax on account of equity, net changes	-	-	199,728	-	199,728
Total other comprehensive income	-	-	**3,375,892**	**(2,929,761)**	**446,131**
Annulment of dividends with overdue collection period	-	-	-	-	-
Balance at December 31, 2025	**23,990,846**	**2,983,701**	**10,190,876**	**10,550,533**	**47,715,956**

Details of revaluation reserves are included in Note 21b, and those for legal reserves in note 21c.

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

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

MECANICA CEAHLAU SA
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

	Share capital	Legal reserves	Revaluation reserves, net of deferred tax	Retained earnings	Total equity
Balance at December 31, 2023	**23,990,846**	**2,983,701**	**10,093,223**	**14,524,976**	**51,592,747**
Transfer to retained earnings corresponding to the surplus realised from revaluation reserves	-	-	(974,885)	951,328	(23,557)
Transactions with shareholders	-	-	-	-	-
Other comprehensive income	-	-	**(974,885)**	**951,328**	**(23,557)**
Net (loss)/profit for the year	-	-	-	(6,416,895)	(6,416,895)
Increases/(Decreases) of revaluation reserves, net	-	-	2,339,878	-	2,339,878
Deferred income tax on account of equity, net changes	-	-	(218,399)	-	(218,399)
Total other comprehensive income	-	-	**2,121,480**	**(6,416,895)**	**(4,295,415)**
Annulment of dividends with overdue collection period	-	-	-	-	-
Balance at December 31, 2024	**23,990,846**	**2,983,701**	**11,239,817**	**9,059,410**	**47,273,774**

Details of revaluation reserves are included in Note 21b, and those for legal reserves in note 21c.

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

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

MECANICA CEAHLAU SA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

Direct method	Year ended December 31, 2025	Year ended December 31, 2024
Cash flows from operating activities:		
Receipts from customers	24,342,343	31,645,868
Receipts from other debtors	240,753	96,752
Payments to suppliers	(13,019,340)	(16,367,910)
Payments to employees	(4,065,661)	(4,187,215)
Payments to the State budget	(5,493,356)	(6,295,372)
Payments to sundry lenders	(284,377)	(189,761)
Cash generated by / (used in) operating activities	**1,720,362**	**4,702,361**
Income tax paid	-	-
Net cash generated by operations	**1,720,362**	**4,702,361**
Cash flows from investing activities		
Interest received	85,249	81,681
Collections from sale of property, plant and equipment	8,660,326	-
Acquisitions of property, plant and equipment	(523,300)	(1,463,387)
Buy-back of fund units	223,566	-
Short-term investments	-	-
Net cash generated by / (used in) investments	**8,445,840**	**(1,381,706)**
Cash flows from financing activities		
Short-/long-term loan receipts	9,956,858	-
Repayment of loans	(14,901,725)	(3,179,692)
Interest paid	(294,806)	(616,203)
Payment of financial lease liabilities	(683,838)	(704,170)
Payments of dividends approved for distribution in previous years, but not received	-	-
Net cash used in financing activities	**(5,923,511)**	**(4,500,066)**
Net increase/(decrease) of cash and cash equivalents	**4,242,692**	**(1,179,410)**
Cash and cash equivalents at the beginning of the period	**445,730**	**1,631,599**
Foreign exchange differences	(5,224)	(6,458)
Adjustments of current accounts and deposits	(1,025)	(1)
Cash and cash equivalents at the end of the period	**4,682,173**	**445,730**

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

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

1. REPORTING ENTITY

Mecanica Ceahlau SA ("the Company") is a company based in Romania. The company has its registered office in Piatra Neamt, 6 Dumbravei St., Neamţ county, Romania.

The Company operates in accordance with the provisions of Law 31/1990 on companies, as revised.

According to the statute, the main field of activity of the Company is the manufacture of machinery and equipment for agriculture and forestry.

The Company is managed by the Board of Directors consisting of 3 members.

The Company's shares are registered on the Bucharest Stock Exchange, standard category, with the MECF symbol.

The shareholding structure at December 31, 2025 is:

December 31, 2025	Number of shares	Amount (lei)	%
Evergent Investments SA	175,857,653	17,585,765	73.3020
New Carpathian Fund	48,477,938	4,847,794	20.2068
Other shareholders, of which:			
- legal persons	722,117	72,212	0.3010
- natural persons	14,850,752	1,485,075	6.1902
TOTAL	**239,908,460**	**23,990,846**	**100.00**

The records of the shares and shareholders are kept in accordance with the law by Depozitarul Central SA Bucharest.

2. BASES OF PREPARATION

a. Statement of compliance

The financial statements shall be prepared by the Company in accordance with:

- International Financial Reporting Standards adopted by the European Union ('IFRS' Accounting Standards);
- Accounting Law 82/1991, republished and revised;
- the provisions of Order of the Minister of Public Finance no. 2844/2016, for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as revised;

The financial statements for the financial year ended December 31, 2025 include the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and explanatory notes.

Comparative financial information is presented at December 31, 2024 for the statement of financial position, the separate statement of changes in equity, the statement of comprehensive income and the statement of cash flows.

The accounting records of the Company are maintained in lei (symbol of the national currency "RON").

The financial statements were authorized for issuance by the Board of Directors on March 10, 2026.

2. BASES OF PREPARATION (continued)

b. Presentation of financial statements

The financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements".

The Company has adopted a presentation based on the nature of assets and liabilities in the statement of financial position and a presentation of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than that which would have been presented under other methods permitted by the IAS.

For consistency with the information in the current period, the Company may reclassify certain items for the comparative period in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and in the related Notes.

These financial statements were drawn up on the basis of the going concern principle, which implies that the Company will continue its activity in the foreseeable future. The Management of the Company believes that the Company will normally continue its activity in the future and, consequently, the financial statements have been drawn up on this basis.

c. Bases of measurement

The financial statements were prepared at historical cost, except for land and buildings that are held at revalued amount and investment properties that are held at fair value.

These financial statements have been prepared for the use of those who know the provisions of the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, approved by MoPFO 2844/2016.

d. Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of the change in the exchange rate", is the Romanian leu ("RON"). The separate financial statements are presented in lei, rounded to the nearest leu, the functional currency of the Company.

Transactions in foreign currency are expressed in RON by applying the exchange rate from the transaction date. Monetary assets and liabilities expressed in foreign currency at the end of the period are expressed in lei at the exchange rate of that date. Gains and losses from exchange rate differences, realized or not realized, are recorded in the statement of comprehensive income of the respective period.

e. Use of professional estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires the Company's management to use estimates, professional judgments and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience, as well as other factors considered reasonable in the context of these estimates. The results of these estimates are based on professional judgments regarding the carrying amounts of assets and liabilities when those values cannot be obtained from other sources of information. Actual results may differ from estimated values.

The assumptions underlying the estimates are periodically reviewed by the Company. The effect of these revisions is recognized in the period in which the estimates are revised, if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

2. BASES OF PREPARATION (continued)

e. Use of professional estimates and judgements (continued)

The information and rationale related to the application of accounting policies with the greatest degree of estimation uncertainty, which have a significant impact on the amounts recognised in these annual financial statements, are included in the following notes:

- Note 18 - Trade receivables

For trade receivables, the Company uses the simplified method to measure ECLs and relies upon an allowance matrix based on historical loss rates. Thus, the estimates and assumptions associated with these estimates are based on historical experience, as well as on other factors considered reasonable in the context of these estimates. The results of these estimates and assumptions form the basis of judgments regarding the book values of assets that cannot be obtained from other sources of information.

f. The impact of the military conflict in Ukraine on the position and financial performance of the Company

The Company operates in the field of production and sale of machines and equipment for agriculture.

The agricultural machinery market is still characterized by volatility. The investment appetite of farmers in new equipment will be continuously influenced by the annual rainfall amounts, the lack of an efficient irrigation system at national level, the unpredictable price increases for inputs, lack of predictability for subsidies, government aid and European funds.

Other elements of risk and uncertainty are represented by the crisis of raw materials and the permanent fluctuation of prices (including energy, gas and fuel), very long delivery times.

(See Note 5 - Income).

In the context of the military conflict in Ukraine, it is expected that, further, there will be a degree of uncertainty in the field in which the Company operates. The Company's management does not estimate difficulties in honouring the commitments towards the shareholders and the obligations towards third parties, the availability of present and future liquidity being in line with the limits imposed by the regulations and sufficient to cover the payments in the next period.

The Company's management has as permanent objectives the analysis of the future impact of the military conflict in Ukraine on the financial performance and taking appropriate measures to reduce the related risks.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies have been consistently applied over all periods presented in the separate financial statements drawn up by the Company.

The Company also adopted the document "Presentation of accounting policies (Amendments to IAS 1 and Statement 2 regarding IFRS practice)" starting from January 1, 2023. The amendments provide for the presentation of accounting policies "with a material impact", rather than "significant" accounting policies.

Although the amendments did not result in changes to the accounting policies themselves, they had an impact, in some cases, on the information about the accounting policies presented in the financial statements (see Note 2 (f) for more information).

a. Transactions in foreign currency

The operations expressed in foreign currency are recorded in RON at the official exchange rate communicated by the National Bank of Romania ("NBR") for the date of transactions. The balances in foreign currency are converted into lei at the exchange rates communicated by the National Bank of Romania at December 31, 2025.

Gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities denominated in a foreign currency are recognised in the separate statement of comprehensive income within the financial result.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are valued at historical cost in a foreign currency are converted using the exchange rate at the transaction date.

The exchange rates of the main foreign currencies according to the NBR reporting are as follows:

Currency	December 31, 2025	December 31, 2024	Variation
Euro (EUR)	EUR 1: LEU 5,0985	EUR 1: LEU 4.9741	2.50%
US dollar (USD)	USD 1: LEU 4.3417	USD 1: LEU 4.7768	10.02%

b. Cash and cash equivalents

Cash and cash equivalents include: actual cash, current accounts, deposits set up with banks with maturity up to 3 months and values to be collected (cheques and trade notes receivables).

c. Financial assets and financial liabilities

(i) Classification of financial assets

IFRS 9 provides an approach to the classification and measurement of financial assets that reflects the business model in which financial assets and cash flow characteristics are managed.

The business models used by the Company to manage its financial assets are:

- To collect contractual cash flows:

The financial assets that are held under this business model are managed to obtain cash flows by collecting contractual payments over the life of the instrument. This means that the Company manages the assets held in the portfolio to collect those contractual cash flows (instead of managing the overall return on the portfolio by both holding and selling the assets).

Assets held under this business model are not necessarily retained until they mature, "rare frequency" sales are also possible when the credit risk of those instruments has increased.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification of financial assets (continued)

- To collect contractual cash flows and for sale:

The financial assets that are held under this business model are managed both for the collection of contractual cash flows and for the sale of financial assets.

- Other business models:

Other business models include maximizing cash flows through sale, trading, asset management based on fair value, financial instruments bought for sale or trading and measured at fair value through profit or loss.

The management of this portfolio is based on the evolution of the market value of the respective assets and includes frequent sales and purchases for profit maximization purposes.

Analysis of the characteristics of cash flow (SPPI test)

The SPPI test means the analysis of the contractual terms of the financial assets for the purpose of identifying whether cash flows represent solely payments of principal and interest corresponding to the principal.

IFRS 9 includes three categories for classifying financial assets: measured at amortised cost, measured at fair value through comprehensive income and measured at fair value through profit or loss.

The Company classified financial assets in one of the following categories:

- Financial assets at fair value through profit or loss ("FVTPL"):
  - investments in managed funds (fund units);
- Financial assets at amortised cost:
  - trade receivables
  - bank deposits

After initial recognition, a financial asset is classified as measured at amortised cost only if two conditions are simultaneously met:

- the asset is held under a business model whose objective is to hold financial assets in order to receive the contractual cash flows;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows representing exclusively payments of principal and interest.

The Company classifies the financial instruments held in the following categories:

Financial assets at fair value through profit or loss ("FVTPL"):

An investment in a security is measured at fair value through profit or loss, unless the management makes an irrevocable option, at the time of initial recognition, for measurement at fair value through other comprehensive income ("FVOCI"). Management has not chosen to measure financial assets at FVOCI.

Financial assets are classified in this category if they are acquired for trading purposes.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification of financial assets (continued)

Financial assets measured at amortised cost ("AC"):

After initial recognition, a financial asset is classified as measured at amortised cost only if two of the following conditions are simultaneously met:

- the asset is held in a business model whose objective is to keep financial assets for the collection of contractual cash flows;
- the contractual conditions of the financial assets generate at certain dates, cash flows representing solely payments of principal and interest

An asset is held for trading if it cumulatively meets the following conditions:

- it is owned for sale and redemption purposes in the near future;
- the initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a real recent pattern of short-term profit tracking.

This category includes financial assets or financial liabilities held for trading and financial instruments designated at fair value through profit or loss at the time of initial recognition and includes investments in managed funds. These assets are acquired mainly to generate profit from short-term price fluctuations.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value.

A gain or loss on these instruments is recognised directly in profit or loss.

Receivables

Receivables represent financial assets held within a business model whose objective is to keep those assets in order to collect the contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows representing solely payments of principal and interest.

Receivables include trade and other receivables. They are mainly made up of clients and assimilated accounts that include invoices issued at face value and estimated receivables related to the services provided, but invoiced in the period after the end of the period.

Final losses may vary from current estimates. Due to the inherent lack of information related to the financial position of the clients and the lack of legal collection mechanisms, the estimates regarding probable losses are uncertain. However, the management of the Company has made the best estimate of the losses and considers that this estimate is reasonable in the given circumstances. In estimating the losses, the Company also took into account previous experience, in view of both individual and collective estimates, as presented in Note 3.i.(i).

Trade receivables are registered at the invoiced value. Subsequently, the Company recognises the expected credit losses as required by IFRS 9.

Financial liabilities

Financial liabilities are recognized on the date on which the Company becomes a part of the contractual provisions of the instrument (transaction date). Financial liabilities are measured at the time of initial recognition at fair value, less, in the case of financial liabilities that are not at fair value through profit or loss, the transaction costs directly attributable to the acquisition of those financial liabilities.

After initial recognition, these financial liabilities are valued at amortised cost.

Liabilities to suppliers and other liabilities, initially recorded at fair value and subsequently measured using the effective interest method, include the equivalent value of invoices issued by suppliers of products, works performed and services rendered.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ii) Recognition

Financial assets and liabilities are recognized on the date on which the Company becomes a contractual party to the terms of that instrument.

(iii) Offsets

Financial assets and liabilities are set off and the net result is presented in the statement of financial position only when there is a legal right to set off and if there is an intention to settle them on a net basis or if the Company intends to realise the asset and settle the liability simultaneously.

Income and expenses are presented net only when permitted by accounting standards, or for profit and loss resulting from a group of similar transactions such as those from the trading activity of the Company.

(iv) Measurement at amortised cost

The amortised cost of an asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, less principal payments plus or minus the accumulated depreciation up to that point using the effective interest method, less write-downs due to impairment.

(v) Fair value measurement

Fair value is the price that would be received as a result of the sale of an asset or the price that would be paid to transfer a liability through an orderly transaction between market participants at the measurement date, (i.e. an exit price.)

(vi) Identification and evaluation of expected credit loss

Financial assets measured at amortised cost

The carrying amount of an asset may be reduced by the Company by using a provision account for any expected credit loss. Expected credit losses are recognised in the profit or loss account.

Classification: The intention of Mecanica Ceahlau is to hold the receivables in order to collect the contractual cash flows. They are therefore classified as carried at amortised cost. Other financial assets at amortised cost are bank deposits with an initial maturity of more than 3 months, cash and bank accounts.

Measurement: The Company performs both an individual and a collective analysis for the recovery of trade and other receivables.

Individual analysis: The Company individually performs analyses of the degree of recovery of trade receivables and other receivables, based on the litigation status and the delays reported on the due date according to the invoices / other documents. For all clients in dispute and for receivables overdue for more than 180 days, a provision of 100% of the gross value is recorded.

Collective analysis: The management analyses the list of all invoices issued in 2025, as well as all the Company's receipts during that period. The collective analysis targeted the categories of customers that each exceed 2% of the total sales; thus, the categories "final customer", "distributor", "parts distributor" was analysed.

Thus:

- *Stage 1*: includes (i) newly recognised exposures, with the exception of those that have not been purchased or issued and impaired; (ii) exposures for which the credit risk has not deteriorated significantly since the initial recognition; (iii) low credit risk exposures (low credit risk exemption).
- *Stage 2*: includes exposures that, while performing, have experienced a significant deterioration in credit risk since initial recognition.
- *Stage 3*: includes impaired credit exposures.

The expected credit loss is the difference between all the contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive, discounted at the initial effective interest rate.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(vi) Identification and evaluation of expected credit loss (continued)

Financial assets measured at amortised cost (continued)

For Stage 1 exposures, expected credit loss is equal to the calculated expected loss on a time horizon of up to a year. For Stage 2 or Stage 3 exposures, expected credit loss is equal to the expected loss calculated over a time horizon corresponding to the entire duration of exposure.

The total annual receivables of the Company for 2025 have been calculated. Also, the receipts for the 2025 sales were calculated and the delay with which they were collected was calculated.

The receipts were divided into time categories – receipts without exceeded maturity (without delay), late receipts of 1-30 days, late receipts of 31-60 days, late receipts of 61-90 days, receipts with more than 90 days delay. According to the accounting policy, all receivables older than 180 days are fully provisioned.

The calculation process was applied to each time interval. The expected loss for each time frame reflects the percentage of sales that the Company expects to receive based on the expected loss rate.

Role of macroeconomic factors for the adaptation of historical losses with expected losses.

The Company analysed the impact of the evolution of the GDP growth estimate in 2026, taking into account 3 scenarios for the evolution: pessimistic, baseline and optimistic.

The Company derecognises an impairment of receivables previously set up at the time of recovery in whole or in proportion to the recovered part.

The Company uses the simplified approach applicable to other receivables recorded at "other financial assets at amortized cost" because they do not have a significant financing component. Under this approach, the Company measures the loss allowance for these receivables at an amount equal to the lifetime expected credit losses (i.e., eliminates the need to calculate stage 1 credit risk expected losses at an amount equal to the expected credit losses per 12 months and the need to assess the occurrence of a significant increase in credit risk).

(vii) Derecognition

The Company derecognises a financial asset when contractual rights to the cash flows generated by the asset expire, or when the rights to receive the contractual cash flows of the financial asset are transferred through a transaction through which the risks and benefits of ownership of the financial asset are materially transferred.

An entity derecognizes a financial liability (or part of a financial liability) from the statement of financial position when and only when it is settled, that is, when the obligation specified in the contract is extinguished or cancelled or expires.

d. Property, plant and equipment

(i) Recognition and evaluation

Property, plant and equipment recognised as assets are initially valued at cost by the Company. The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, after deducting any price reductions of a commercial nature plus any cost that can be directly attributed to bringing the asset to the location and under the conditions necessary for it to be used for the purpose of management, such as for example: expenses with employees arising directly from the construction or acquisition of the asset, the costs of arranging the site, the initial costs with delivery and handling, the costs of installation and assembly, professional fees.

Property, plant and equipment are initially recognized at the cost of production if they are made by the Company.

The value of the Company's property, plant and equipment at December 31, 2025 and December 31, 2024 is detailed in **Note 13.**

3. MATERIAL ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

(i) Recognition and evaluation (continued)

Property, plant and equipment are classified by the Company into the following classes of assets of the same nature and with similar uses:

- land and land improvements;
- buildings;
- technical installations and vehicles;
- furniture, office equipment;
- property, plant and equipment in progress;

Land and buildings are presented at revalued amount, which is the fair value at the date of revaluation less any accumulated depreciation thereafter and any accumulated impairment losses.

Fair value is based on market price quotes adjusted, where appropriate, to reflect differences in the nature, location or conditions of that asset.

Revaluations are carried out by specialized valuers, members of ANEVAR. The frequency of revaluations is dictated by the dynamics of the markets to which the land and buildings owned by the Company belong.

The other categories of property, plant and equipment are shown at cost, less accumulated depreciation and the provision for impairment of value.

In the case of revaluation, the difference between fair value and historical cost value is presented in the revaluation reserve. If the result of the revaluation is an increase compared to the net carrying amount, then it is treated as follows:

- as an increase in the revaluation reserve if there has been no previous decrease recognised as an expense on that asset; or
- as an income to compensate for the expense with the decrease previously recognized to that asset.

If the result of the revaluation is a decrease in the net carrying amount, it shall be treated as follows:

- as an expense with the full amount of depreciation, when an amount relating to that asset (revaluation surplus) is not recorded in the revaluation reserve;
- as a decrease in the revaluation reserve by the minimum between the value of that reserve and the amount of the decrease, and any difference remaining uncovered shall be recorded as an expense.

(ii) Reclassification in investment property

The Company reclassifies property, plant and equipment as investment property if and only if there is a change in use, as evidenced by:

(a) commencement of use by the entity for a transfer from investment property to owner-occupied property;

(b) the start of the improvement process in view of sale, for a transfer from the category of investment property to the category of stocks;

(c) termination of use by the holder for a transfer from the category of real estate used by the holder to the category of investment property;

3. MATERIAL ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

(iii) Subsequent costs

The expenses with the maintenance and repair of property, plant and equipment are recorded by the Company in the statement of comprehensive income as they occur, and the significant improvements made to property, plant and equipment, which increase their value or lifespan, or which significantly increase their capacity to generate economic benefits, are capitalized.

(iv) Depreciation of property, plant and equipment

Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

The estimated durations on the main groups of property, plant and equipment are as follows:

Assets	Years
Buildings	10 - 50
Technical installations and machinery	2 - 28
Other installations, motor vehicles, tools and furniture	5 - 15

Non-current assets under construction are not depreciated.

Land and buildings are presented at revalued amount, which is the fair value at the revaluation date. The determination of fair values and revaluation is performed at the end of each reporting period.

During the 2025 financial year, the Company revised the useful lives of buildings and special constructions based on an evaluation report prepared by an independent authorized valuer. The revision was carried out in accordance with the provisions of OMFP 2844/2016 regarding changes in accounting estimates and represents a change in accounting estimate, applied prospectively starting from 1 January 2025. Accounting depreciation was recalculated over the remaining useful life of the assets, without adjusting the net book value or the depreciation recognized in prior periods.

(v) Sale /disposal of property, plant and equipment

Property, plant and equipment that is scrapped or sold is removed from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss arising from such an operation is included in the current profit or loss account.

e. Intangible assets

(i) Recognition and evaluation

Intangible assets that meet the recognition criteria of International Financial Reporting Standards are recorded at cost less the accumulated depreciation and loss of value.

(ii) Subsequent costs

Subsequent costs with intangible assets are capitalised only when they increase the future economic benefits generated by the asset to which they relate. Expenses which do not meet these criteria are recognised as expense when they are incurred.

(iii) Amortisation of intangible assets

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated lifetime of the intangible asset. Most of the intangible assets registered by the Company are represented by software. They are amortised on a straight-line basis over a period of no more than 5 years.

3. MATERIAL ACCOUNTING POLICIES (continued)

f. Investment properties

Investment properties are real estate (land, buildings or parts of a building) owned by the Company for the purpose of renting or increasing the value or both, and not:

- to be used in the production or supply of goods or services or for administrative purposes; or
- to be sold during the normal course of business.

Certain properties include a part that is held for rent or for the purpose of increasing value and another part that is held for the purpose of producing goods, providing services or administrative purposes.

If these parts can be sold separately (or leased separately under finance leases), then they are accounted for separately. If the parts cannot be sold separately, the property is treated as investment property only if the part used for the production of goods, the provision of services or for administrative purposes is insignificant.

(i) Recognition

An investment property is recognised as an asset if, and only if:

- it is likely that a future economic benefit associated with the element will enter the Company;
- the cost of the asset can be determined reliably.

(ii) Valuation

Initial valuation

An investment property is initially valued at cost, including transaction costs. The cost of a purchased investment property consists of its purchase price plus any directly attributable expenses (e.g. professional fees for the provision of legal services, transfer fees of the property and other transaction costs).

The value of the Company's investment properties at December 31, 2025 and December 31, 2024 is detailed in **Note 15**.

Subsequent valuation

The Company's accounting policy regarding the subsequent valuation of investment property is based on the fair value model. This policy is applied uniformly to all investment property. The fair value of investment properties is assessed by valuers who are members of the National Association of Valuers in Romania (ANEVAR). Fair value is based on market price quotes adjusted, where appropriate, to reflect differences in the nature, location or conditions of that asset. These valuations are periodically reviewed by the Company's management.

Gains or losses resulting from changes in the fair value of investment property are recognised in the profit or loss of the period in which they occur.

The fair value of investment property reflects market conditions at the balance sheet date.

(iii) Transfers

Transfers to or from investment property are made when and only when there is a change in the use of that asset. For the transfer of an investment property measured at fair value to property, plant and equipment, the implicit cost of the asset for the purpose of accounting for its subsequent accounting will be its fair value from the date of the change in use.

If a property used by the Company becomes an investment property that will be recognised at fair value, the Company applies IAS 16 Property, plant and equipment until the date of the change in use. The Company treats any difference from that date in the carrying amount of the property in accordance with IAS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

3. MATERIAL ACCOUNTING POLICIES (continued)

f. Investment properties (continued)

(iv) Derecognition

The carrying amount of an investment property is derecognised upon disposal or when the investment is permanently retired and no future economic benefits are expected from its disposal.

Gains or losses arising from the disposal or sale of an investment property are recognised to profit or loss when it is scrapped or sold.

g. Assets held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered primarily through a sale transaction and not through its continuous use.

In this case, the asset must be available for immediate sale as it stands at the time, subject only to the usual terms in the case of sales of such assets, and its sale must have a high probability.

For the probability of sale to be high, managers at an appropriate level must be committed to implementing a plan to sell the asset and an active program to find a buyer and complete the plan must have been launched.

The Company values a non-current asset classified as held for sale at the lowest of its carrying amount and fair value less costs of sale.

h. Inventories

Inventories are declared at the minimum value between cost and net realisable value.

The cost is determined using the first-in-first-out ("FIFO") method.

The net realisable value represents the estimated sale value less the estimated costs of completion and the expenses occasioned by the sale.

The costs of finished products and semi-finished products include materials, direct work, other direct costs and overhead costs related to production (based on operating activity). Net realisable value is the estimated selling price in ordinary transactions. Impairment allowances for stocks of materials are recognised for those stocks that are slow-moving or worn out. Those stocks for which it has been possible to estimate whether they will be released for consumption in the period immediately following, or whether those stocks represent back-up stocks for certain installations, are not subject to impairment.

i. Impairment

The accounting values of the Company's non-financial assets, other than inventories and deferred tax assets, are revised at each reporting date to determine if there is evidence of impairment. If there is evidence of impairment, the recoverable value of the asset (or cash-generating unit) is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds the estimated recoverable amount.

The recoverable value of a cash-generating asset or unit is the higher of its value in use and fair value less costs of sale. When determining the value in use, expected future cash flows are discounted to determine the present value, using a pre-tax discount rate that reflects current market valuations of the time value of money and asset-specific risks. For impairment testing, assets that cannot be tested individually are grouped at the level of the smallest group of assets that generate cash inflows and that are largely independent of cash inflows generated by other assets or groups of assets ("cash-generating unit").

Impairment losses are recognized in the separate statement of comprehensive income. Impairment losses recognised in relation to the units generating pro rata cash in order to reduce the carrying amount of the other assets within the unit (group of units).

3. MATERIAL ACCOUNTING POLICIES (continued)

i. Impairment (continued)

Impairment losses recognised in previous periods are assessed at each reporting date to determine whether there is evidence that the loss has been reduced or no longer exists. An impairment loss is reversed if there have been changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that could have been determined, net of depreciation, if no impairment had been recognised.

Property, plant and equipment and other long-term assets are revised to identify impairment losses whenever events or changes in circumstances indicate that the carrying amount can no longer be recovered.

Impairment losses on non-financial assets are recognised in the statement of comprehensive income.

j. Employee benefits

(i) Defined contribution plans

The Company makes payments on behalf of its own employees to the pension system of the Romanian state, health insurance and the unemployment fund, during the normal course of business.

All employees of the Company are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a defined contribution plan of the State). All related contributions are recognised in the profit or loss account of the period when they are made. The Company has no other additional obligations.

The Company is not committed in any independent pension scheme and therefore has no other obligations in this respect.

According to the collective labour agreement, the Company is committed in a post-retirement benefit scheme. The Company does not have the obligation to provide subsequent services to its former or current employees.

(ii) Short-term benefits

Liabilities with short-term benefits granted to employees are not discounted and are recognized in the statement of comprehensive income as the related service is provided.

The short-term benefits of employees include salaries and bonuses. The short-term benefits of the employees and the social security contributions are recognized in the financial statements of the Company when the services are provided. The Company recognizes a provision for amounts expected to be paid as short-term cash premiums to the extent that the Company has a current legal or implicit obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be reliably estimated.

(iii) Benefits for termination of employment contracts

In accordance with the Collective Employment Contract, upon the fulfilment of the legal conditions for retirement, respectively for uninterrupted seniority within the Company, the employees are entitled to receive a monetary allowance.

The Company offers employees the following benefits in case of termination of the employment contract as a result of retirement, as follows:

- Employees who retire for old age, disability, partial or full early retirement will receive a career-end reward as follows:
  - those with more than 15 years of experience in the Company, two basic salaries negotiated at Company level;
  - those with seniority in the Company between 5 and 15 years, one basic salary negotiated at Company level.
- Employees who retire as a result of an accident or an event related to work and who have a seniority in the Company between 0 and 5 years will benefit from one basic salary negotiated at Company level.

3. MATERIAL ACCOUNTING POLICIES (continued)

k. Provisions for risks and charges

Provisions are recognised when the Company has a legal or constructive obligation arising from a past event, when the settlement of the obligation is likely to require an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

(i) Guarantees

The provision for guarantees granted to customers are estimated by the Company on the basis of the costs incurred in repairs made during the guarantee period in relation to the amount of turnover in the preceding financial year.

(ii) Employee benefits

The Company makes provision for employee benefits granted upon termination of the employment contract upon retirement. The determination of the amount of the provision to be constituted is made taking into account the provisions of the collective employment contract of the Company valid on the date the provision is set up.

The method used was the projected credit unit method, according to the provisions of IAS 19. The actuarial assumption included the analysis of the mortality, retirement age, labour force, salary increase, salary taxes, interest rate tables.

(iii) Litigation

The Company makes provision for disputes in the event of a legal or constructive obligation arising from an ongoing dispute. The amount of the provision to be set up is determined on the basis of the estimates made by the law firm.

(iv) Other provisions

The Company constitutes any other provisions when the Company has a legal or constructive obligation arising from a past event, when the settlement of the obligation is likely to require an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

Provisions for future operating losses shall not be recognised.

l. Revenues from contracts with customers

The Company recognises revenues from contracts with customers when (or as) it fulfils a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer acquires control of that asset.

For each performance obligation identified, the Company determines at the beginning of the contract whether it will fulfil the performance obligation in time or whether it will fulfil it at a specific point in time. If the Company does not fulfil a performance obligation in time, the performance obligation is fulfilled at a specific point in time.

The Company analysed the main types of income by applying the 5-step method within IFRS 15:

- Step 1: Identify contracts with customers;
- Step 2: Identify the obligations resulting from these contracts;
- Step 3: Determine the transaction price;
- Step 4: Assign the transaction price to the obligations to be fulfilled;
- Step 5: Recognize the revenues at the completion of contractual obligations / as the contractual obligations are fulfilled.

3. MATERIAL ACCOUNTING POLICIES (continued)

l. Revenues from contracts with customers (continued)

The table below provides information on the nature and timing of the performance obligation, including significant payment terms for the main categories of revenue from contracts with customers:

Type of product / service	Nature and timing of the performance obligation, including significant payment terms	Accounting policies for income recognition
Agricultural machinery and equipment (produced or distributed)	The customer obtains control over the product at the time of receipt of the product or its acceptance (representing the date on which the customer obtains the ability to determine the use of the products and obtains all the benefits from them). The Company recognizes a claim because they represent the moment when the right to consideration becomes unconditional. In general, the direct customer (or distributor) pays an advance of 10-15%, the payment of the difference being made in instalments (for a period of less than 1 year). Payment terms are generally 90-180 days from the date of issuing the invoice. The obligation of enforcement is fulfilled at a specific point in time. The trade discounts granted to customers are based on their fulfilment of certain annual sales values. Returns are usually accepted only in exceptional cases and usually returns involve the exchange of a product purchased by the customer with another.	Income is recognised on the date of dispatch to the customer (or purchase of the product from the Company's premises) and acceptance of the product. The income comprises the amount invoiced for the sale of the products, excluding VAT), less the trade reductions granted to customers. The Company applies the practical expedient in IFRS 15 para. 63 according to which it does not adjust the price of transactions with a financial component. As a practical solution, if the Company collects short-term advances from customers, or for recognized revenues, it does not adjust the amounts collected or the income to the effects of a significant financing component, given that at the beginning of the contract it expects that the period elapsed from the transfer of goods to collection will be less than 1 year. Trade discounts granted to customers (including expenses with provisions related thereto) are deducted from the income from the sale of products.
Income from provision of services	The services provided by the Company are generally related to the products supplied (for example, repair services of agricultural machinery after the expiry of the warranty period). Invoices for services are issued on the date of provision of the services. Invoices are generally paid within 30 days from the date of their receipt by the customer. The obligation to perform is fulfilled at a specific point in time (the duration of the provision of the service does not generally exceed 20 days).	The income is recognised during the period when the service is provided.

3. MATERIAL ACCOUNTING POLICIES (continuation)

m. Rental income

Type of product / service	Contract description	Accounting policies for income recognition
Income from rental of investment properties	The Company, as a lessor, rents its premises to third parties, the service is prestart as the rental contract is carried out. Invoices are generally paid within 30 days from the date of their receipt by the customer. The performance obligation is fulfilled during the performance of the rental agreement.	The rental income is generated by the investment properties rented by the Company and are recognized in the statement of comprehensive income on a straight-line basis, throughout the contract period.

The Company, as lessor, must classify each of its leases as either operating lease or finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership of an underlying asset.

Rental income is generated by investment properties rented by the Company in the form of operating leases and is recognized in profit or loss on a straight-line basis throughout the contract period.

The Company, as lessor, does not have leases classified as finance leases.

n. Government subsidies

Government subsidies for the purchase of non-current assets are recognised as deferred income and allocated as systematic and rational income over the life of the asset.

o. Suppliers and assimilated accounts

Liabilities to suppliers and other liabilities, initially recorded as fair value and subsequently measured using the effective interest rate method, include the equivalent value of invoices issued by suppliers of products, works performed and services rendered.

p. Interest income and expenses

Interest income and expenses are recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that accurately discounts the expected future cash payments and receipts over the expected life of the financial asset or liability (or, where applicable, for a shorter duration) to the carrying amount of the financial asset or liability.

q. Gains and losses on exchange rate differences

Transactions in foreign currency are recorded in the functional currency (leu), by converting the amount into foreign currency at the official exchange rate communicated by the National Bank of Romania, valid on the transaction date.

At the reporting date, monetary items denominated in a foreign currency are converted using the closing exchange rate.

Exchange rate differences which occur when the monetary items are settled or the monetary items are converted at rates different from those at which they were converted to initial recognition (during the period) or into the previous financial statements are recognised as a loss or gain in the profit or loss account in the period in which they arise.

3. MATERIAL ACCOUNTING POLICIES (continued)

r. Leases in which the Company is lessor

Initial recognition and evaluation

At the time of initiating a contract, the Company assesses whether that contract is, or includes, a lease. A contract is or contains a lease if that contract grants the right to control the use of an identified asset for a certain period of time in exchange for consideration.

At the commencement date, the Company, as a lessee, recognises a right-of-use asset and a liability arising from the lease.

Initial evaluation of the right-of-use asset

At the date of commencement of the contract, the Company evaluates at cost the right-of-use asset.

Initial evaluation of the lease liability

At the commencement date, the Company assesses the liability arising from the lease at the present value of the lease payments that are not paid at that date. Lease payments are updated using interest rate implicit in the lease whether that rate can be determined immediately. If this rate cannot be determined immediately, the Company uses its incremental borrowing rate.

The Company's marginal lending rate is the interest rate that the Company should pay to borrow for a similar period, with a similar guarantee, the funds needed to obtain an asset of an amount similar to that of the right-of-use asset in a similar economic environment.

Subsequent evaluation of the right-of-use asset

After the commencement date, the Company assesses the right-of-use asset by applying the cost-based model, i.e. it values the right-of-use asset at cost, minus any accumulated depreciation and impairment losses.

Subsequent evaluation of the lease liability

After the commencement date, the Company assesses the liability arising from the lease by increasing the carrying amount to reflect the interest associated with the liability arising from the lease and write-down to reflect lease payments made, reflecting, where appropriate, any changes to the lease.

The interest on the lease liability for each period over the term of the contract is the amount that produces a constant periodic interest rate on the balance of the lease liability.

After the commencement date, the interest on the lease liability is reflected in profit or loss.

Derogations from recognition

The Company, as a lessee, chooses to apply the derogations permitted by IFRS 16:

- short-term leases; and
- leases for which the underlying asset has a small value.

Consequently, in the case of short-term leases and leases where the underlying asset has a low value, the Company recognises the lease payments associated with those leases as an expense, on a straight-line basis throughout the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

s. Contingent liabilities

Contingent liabilities are not recognised in the accompanying financial statements. They are presented if there is a possibility of an outflow of resources that represent possible but not probable economic benefits, and/or the value can be estimated reliably. A contingent asset is not recognised in the accompanying financial statements, but is presented when an entry of economic benefits is probable.

t. Income tax

The income tax comprises the current tax and the deferred tax.

The current tax represents the tax that is expected to be paid or received for the taxable income or loss realized in the year, using tax rates adopted or largely adopted on the reporting date, as well as any adjustment to the corporate tax payment obligations related to the previous years. The current tax payable also includes any tax receivable arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- differences regarding investments in subsidiaries or joint arrangements to the extent that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only if there is a legal right to compensate current tax assets and liabilities, and if they refer to taxes levied by the same tax authority to the same entity, or a different taxable entity, but which intends to conclude a convention on current tax assets and liabilities on a net basis or whose assets and liabilities from taxation will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that taxable profits will be made that will be available in the future and will be used. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that it is no longer likely that a tax benefit will be realized. The effect of changes in tax rates on the deferred tax is recognised in the statement of comprehensive income, unless it relates to previously recognised positions directly in equity.

Income tax is recognised in the separate statement of comprehensive income or in other comprehensive income if the tax is related to capital items.

Current tax is the tax paid on the profit made in the current period, determined on the basis of the percentages applied at the reporting date and all adjustments related to the previous periods.

The current corporate tax rate in Romania is 16%.

Deferred tax is calculated on the basis of the tax percentages that are expected to be applicable to temporary differences upon reversal, based on the legislation in force at the reporting date.

u. Earnings per share

The Company presents the earnings per share for ordinary shares. The earnings per share are determined by dividing the profit or loss attributable to the ordinary shareholders of the Company by the number of ordinary shares for the reporting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

v. Share capital

Ordinary shares are classified as part of equity. The Company recognizes the changes to the share capital under the conditions stipulated by the legislation in force and only after their approval by the General Meeting of Shareholders and the registration with the Trade Register. Additional costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of the effects of taxation.

w. Dividends

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders. Dividends, until prescription, may be requested for payment by the shareholders.

x. Dividends prescribed

Dividends payable not collected within 3 years from the date of declaration are prescribed according to the law. Prescribed dividends are transactions with shareholders and are recognized in equity, in retained earnings.

y. The going concern principle

The financial statements were drawn up on the basis of the going concern principle, which implies that the Company will normally continue its operation in the foreseeable future, without entering into the impossibility to continue the activity or without its significant reduction. To assess the applicability of this assumption, management looks at forecasts of future cash inflows. Based on these analyses, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in the preparation of financial statements is justified.

z. Related parties

Related parties are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.

At December 31, 2025, the Company owns 24.28% in Transport Ceahlau SRL. The company is not consolidated because Transport Ceahlau SRL is an immaterial company, being dormant.

The Company has identified the following related parties:

Entity	The nature of the relationship
Evergent Investments SA	Parent company
NEW CARPATHIAN FUND	Significant shareholder
Transport Ceahlau SRL	Associated entity

aa. Segment reporting

A segment is a part of the Company that engages in segments of activity from which it can obtain income and record expenses (including income and expenses corresponding to transactions with other parts of the same entity), whose operational results are regularly monitored by the Company's management in order to make decisions regarding the resources to be allocated to the segment and to evaluate its performance and for which separate financial information is available. The Company does not have significant geographic or activity segments according to IFRS 8, "Operational segments" and does not have an internal management and reporting structure divided into segments.

The main income described in Note 3 is all related to the main objects of activity of the Company (the income from the sale of finished products, goods and services represents the main activity of the Company and is analysed together by its management).

3. MATERIAL ACCOUNTING POLICIES (continued)

bb. Applicable accounting policies

Standards and interpretations that have entered into force in the current year

The following amendments to IFRS standards, issued by the IASB and adopted by the European Union, were applicable for the financial year ended 31 December 2025.

Standard	Title
Amendments to IAS 21	Lack of Exchangeability

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but not yet effective

At the date of authorisation of these financial statements, the amendments to the existing standards issued by the IASB and adopted by the EU presented in the table below were not in force, therefore the Company has not applied them.

Standard	Title	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

The Company considers that the adoption of these new amendments to the existing standards, where they are applicable to the Company, will not have a significant impact on its financial statements in the upcoming periods.

3. MATERIAL ACCOUNTING POLICIES (continued)

bb. Applicable accounting policies (continued)

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these financial statements:

Standard	Title	EU adoption status
IFRS 18	**Presentation and Disclosure in the Financial Statements** (Effective date set by the IASB: 1 January 2027)	Not yet adopted by EU
IFRS 19, as subsequently amended	**Subsidiaries without Public Accountability: Disclosures** (Effective date set by the IASB: 1 January 2027)	Not yet adopted by EU
Amendments to IAS 21	**Transition to a Hyperinflationary Presentation Currency** (Effective date set by the IASB: 1 January 2027)	Not yet adopted by EU
IFRS 14	**Regulatory Deferral Accounts** (Effective date set by the IASB: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, including subsequent amendments** (The effective date has been deferred indefinitely by the IASB, but early application is permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Company estimates that the adoption of these new and revised standards, if applicable to the Company, will not have a significant impact in future periods.

4. FAIR VALUE MEASUREMENT

Certain accounting policies of the Company and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for the purpose of measuring and/or presenting information using the methods described below. Where applicable, additional information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is observable or estimated using a direct valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account in determining the price of the asset or liability at the measurement date. Fair value for valuation purposes and/or presentation in financial statements is determined on such a basis, except for measurements that are similar to fair value but do not represent fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are classified in Tier 1, 2 or 3, depending on the degree to which the information necessary to determine fair value is observable and the importance of this information for the Company, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – information, other than the quoted prices included in Level 1, which is observable for the asset or liability valued, directly or indirectly; and
- Level 3 – unobservable information for the asset or liability.

At December 31, 2025 the Company determined the fair values of land, buildings and special constructions, investment properties and assets held for sale. The fair value measurement was made by external, independent real estate valuers, members of the National Association of Valuers in Romania (ANEVAR) with recognised professional qualifications and experience in evaluating all real estate segments. The methods used by the valuer in determining fair value were: the market value method by comparison for land and assets held for sale.

The outbreak of the military conflict against Ukraine on February 24, 2022 has had a significant impact on global financial markets. Market activity is affected in many sectors. At the time of the evaluation, it was considered possible to grant a lower share of previous offers on the market for comparison purposes in order to formulate an opinion on the value of the assets. Indeed, the current response to the military conflict against Ukraine actually means that we are facing an unprecedented set of circumstances on which to base our views. Therefore, the valuation carried out at December 31, 2025 is affected by the conditions of material uncertainty of the valuation.

5. INCOME

	Year ended December 31, 2025	Year ended December 31, 2024
Net income from the sale of goods	**19,232,383**	**22,237,342**
Income from the sale of residual products	28,930	43,317
Provision of services	191,349	220,075
Total net turnover	**19,452,662**	**22,500,734**

The gross turnover of the Company registered at December 31, 2025 is Lei 19,389,218 (at December 31, 2024: Lei 22,968,578), of which Lei 124,746 from exports (at December 31, 2024: Lei 1,856,758) and 19,264,385 Lei obtained domestically (December 31, 2024: Lei 21,111,820).

In order to achieve this volume of sales, trade discounts were granted in the form of bonuses according to the contracts in force in amount of Lei 156,836 at December 31, 2025 and Lei 731,236 at December 31, 2024 resulting in a net turnover in amount of Lei 19,452,662 at December 31, 2025 and Lei 22,500,734 at December 31, 2024. The commercial bonus granted to distributors according to the contracts in force represents a variable consideration that the Company has estimated and recognized in the transaction price at 31.12.2025 and 31.12.2024.

Compared to the same period of the previous year, the net turnover of the Company registered a decrease of 13.55%.

The products sold by the Company are intended for both the domestic and foreign markets.

In 2025, the domestic market was the main sales market, with the sales volume on this market representing 99.36% of the turnover.

On the domestic market, the Company collaborated with 2 distributors from across the entire country, the most important being located in predominantly agricultural areas.

On the foreign market, the sales volume accounted for 0.64% of the turnover. On this market, the connection is maintained with the traditional customers who know and promote the Company's products.

6. OTHER OPERATING INCOME

	Year ended December 31, 2025	Year ended December 31, 2024
Income from compensation and penalties	23,113	44,569
Income from investment subsidies	34,238	-
Income from rental of investment properties	528,460	449,817
Other operating income	60,297	93,676
Total other income	**646,108**	**588,062**

It mainly includes income from the rental of immovable properties, such as buildings and access spaces.

Building rental	**2025**	**2026**	**2027**
Rental income	528,460	570,618	569,906

The Company has seven lease agreements underway, as follows: one land lease, four contracts for renting of technical spaces and / or offices and one contract for renting space for automated coffee machines.

7. EXPENSES WITH SALARIES, SOCIAL CONTRIBUTIONS AND OTHER BENEFITS

	Year ended December 31, 2025	Year ended December 31, 2024
Expenses with salaries	5,426,823	5,592,451
Expenses with salary contributions	235,143	257,066
Expenses with holidays not taken	40,966	(14,125)
Expenses related to vouchers granted	334,220	269,465
Other benefits granted to employees	-	-
Expenses related to the indemnity of the members of the Board of Directors	484,566	510,382
Expenses related to the executive management's allowance	853,023	882,360
Income from operating subsidies for the payment of staff	-	-
Total	**7,374,741**	**7,497,599**
Average number of employees	**65**	**74**

Expenses with salaries, allowances, contributions and other similar expenses includes expenses with salaries, allowances and other benefits, as well as related contributions, of employees, members of the Executive Management and of the Board of Directors.

Short-term employee benefits are recognized as an expense when services are rendered. The Company has established provisions for employee benefits granted at the end of the employment contract once the retirement contract according to the provisions of the Collective Employment Contract valid at 31.12.2025, the information is presented in Note 25 Provisions "Employee benefits".

8. OTHER ADMINISTRATIVE EXPENSES

	Year ended December 31, 2025	Year ended December 31, 2024
Maintenance and repair costs	235,648	238,807
Royalties, management leases and rentals	27,061	23,572
Insurance premiums	124,462	136,728
Studies and researches	18,013	2,585
Professional fees	-	2,000
Entertainment, advertising and publicity expenses	162,011	184,694
Transport of goods and personnel	363,342	350,480
Travel, secondments and transfers	213,555	213,564
Postal expenses and telecommunication fees	44,698	61,117
Banking services and assimilated	99,812	175,039
Internal and external audit services	236,604	259,130
Other expenses with third-party services	1,295,998	1,285,116
Total	**2,821,204**	**2,932,831**

(i) Other expenses with third-party services include expenses with security, services at exhibitions and local and international fairs, expenses with software suppliers, etc.

The fees for the audit of the Company's standalone financial statements for 2025, included in the category of audit and other related services rendered by the statutory auditor, were 236,604 Lei excluding VAT in 2025 (286,235 Lei including VAT), and 238,213 Lei excluding VAT in 2024 (283,474 Lei including VAT). Such fees relate to the audit of standalone financial statements, audit of single electronic reporting ESEF (European Single Electronic Format) and the review of the remuneration report.

9. OTHER OPERATING EXPENSES

	Year ended December 31, 2025	Year ended December 31, 2024
Expenses with taxes, fees and assimilated	303,201	267,003
Expenses with fines and penalties	30,649	206,963
Other operating expenses	78,225	185,924
Total	**412,075**	**659,890**

10. NET FINANCIAL RESULT

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	849	65,288
Net gains on financial assets	4,553	22,761
Total financial income	**5,402**	**88,049**
Interest expense	361,876	716,253
FX losses	59,764	6,887
Other financial expenses	258,990	160,985
Total financial expenses	**680,630**	**884,124**
Net financial result	**(675,228)**	**(796,075)**

Financial income is recognised in the statement of comprehensive income on the basis of accrual accounting using the effective interest rate method.

The net gain on financial assets held at fair value through profit or loss is the increase in value of the fund units held as a result of the measurement at December 31, 2025.

Financial expenses include interest, discounts or discounts granted and exchange rate differences. Foreign exchange gains and losses are reported on a net basis. The value of income from exchange rate differences at December 31, 2025 is Lei 5,080 and the value of expenses from exchange rate differences is Lei 64,843.

Other financial expenses represent financial discounts granted to customers.

11. CURRENT AND DEFERRED INCOME TAX EXPENSES

The Company registers a tax loss from previous years, and registers only the profit at the balance sheet date in the profit and loss account.

Income tax	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax	122,893	-
Deferred income tax expense	138,678	47,561
Total income tax expense	**261,571**	**47,561**

Income tax	Year ended December 31, 2025	Year ended December 31, 2024
Profit before tax	**(2,668,190)**	**(6,369,334)**
Income tax expense calculated at the standard rate of 16%	(426,910)	(1,019,093)
The tax effect of:		
Non-tax deductible expenses	459,777	173,155
- Non-taxable income	(191,885)	(75,373)
- Items similar to income	707,341	152,212
- Items similar to expenses	-	(70)
- The impact of fiscal loss	(286,751)	816,730
Current income tax	**261,571**	**47,561**

The tax losses as at 31.12.2025 are presented in the table below.:

Year of loss generation	Initial tax loss (lei)	Recovered loss(lei)	Remaining loss to be recovered (lei)	Recovery expiration year (7 years)
2020	3,614,652	2,747,282	867,370	2027
2021	892,010		892,010	2028
2022	0		-	-
2023	3,890,434		3,890,434	2030
2024	5,488,016		5,488,016	2031
2025	0		-	-
		Total tax losses	**11,137,830**	

12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities are represented by the amounts of income tax payable in future accounting periods in respect of taxable temporary differences. In determining the deferred income tax, the tax rate provided for in the tax regulations in force on the date of drawing up the financial statements, respectively 16%, is used.

At December 31, 2025, the elements of time differences are determined for the following components of the statement of financial position:

	ASSETS	LIABILITIES	NET
Property, plant and equipment	-	1,155,846	1,155,846
Provisions and adjustments	2,129,235	-	(2,129,235)
Revaluation reserves	-	16,164,193	16,164,193
Reserves from tax incentives	-	353,133	353,133
Total	**2,129,235**	**17,673,172**	**15,543,937**
Net temporary differences – 16% rate	-	-	15,543,937
Deferred tax liabilities	**-**	**-**	**2,487,030**

At December 31, 2024 deferred tax liabilities are attributed to the following items:

	ASSETS	LIABILITIES	NET
Property, plant and equipment	-	1,241,978	1,241,978
Provisions and adjustments	3,082,466	-	(3,082,466)
Revaluation reserves	-	17,412,863	17,412,863
Reserves from tax incentives	-	353,133	353,133
Total	**3,082,466**	**19,007,974**	**15,925,507**
Net temporary differences – 16% rate	-	-	15,925,507
Deferred tax liabilities	**-**	**-**	**2,548,081**

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHTS OF USE OF ASSETS

COST	Land, land improvement and buildings	Technical installations and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Right-of-use assets in leases	Total
Balance at December 31, 2024	**17,249,885**	**16,180,484**	**623,077**	**1,169,417**	**3,359,898**	**38,582,760**
Additions of fixed assets	-	1,525,492	-	145,660	110,203	1,781,355
Of which, transfers from non-current assets in progress	-	1,315,078	-	-	-	1,315,078
Revaluation increases	3,188,698	-	-	-	-	3,188,698
Disposals of fixed assets	(4,804,143)	(444,485)	(286,536)	(1,315,078)	(804,524)	(7,654,765)
Reclassifications to right-of-use assets of underlying assets in leases	-	358,106	-	-	(358,106)	-
Revaluation decreases	(945,836)	-	-	-	-	(945,836)
Reversal of accumulated depreciation	(489,903)	-	-	-	-	(489,903)
Balance at December 31, 2025	**14,198,700**	**17,619,597**	**336,541**	**-**	**2,307,471**	**34,462,309**
ACCUMULATED DEPRECIATION						
Balance at December 31, 2024	**-**	**13,755,420**	**334,310**	**-**	**1,584,159**	**15,673,888**
Depreciation charges	585,674	613,407	38,260	-	514,738	1,752,079
Reclassifications to right-of-use assets of underlying assets in leases	-	347,638	-	-	(347,638)	-
Reversal of accumulated depreciation	(485,955)	-	-	-	-	(485,955)
Accumulated depreciation of disposals	(99,720)	(463,279)	(111,035)	-	(258,079)	(932,113)
Balance at December 31, 2025	**-**	**14,253,185**	**261,535**	**-**	**1,493,179**	**16,007,899**
IMPAIRMENT ALLOWANCES						
Balance at December 31, 2024	**-**	**78,914**	**-**	**-**	**-**	**78,914**
Adjustments made during the year	-	-	-	-	-	-
Reversals of impairment allowances	-	(19,727)	-	-	-	(19,727)
Balance at December 31, 2025	**-**	**59,187**	**-**	**-**	**-**	**59,187**
CARRYING AMOUNT						
Balance at December 31, 2024	**17,249,885**	**2,346,150**	**288,767**	**1,169,417**	**1,775,739**	**22,829,958**
Balance at December 31, 2025	**14,198,700**	**3,307,224**	**75,006**	**-**	**814,291**	**18,395,223**

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE OF ASSETS (continued)

COST	Land, land improvement and buildings	Technical installations and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Right-of-use assets in leases	Total
Balance at December 31, 2023	**15,925,795**	**16,224,412**	**622,153**	**-**	**3,530,604**	**36,302,964**
Additions of fixed assets	53,167	35,967	923	1,169,417	-	1,259,475
Of which, transfers from non-current assets in progress	-	-	-	-	-	-
Revaluation increases	2,103,065	-	-	-	-	2,103,065
Disposals of fixed assets	-	(79,896)	-	-	(170,706)	(250,602)
Reclassifications to right-of-use assets of underlying assets in leases	445,819	-	-	-	-	445,819
Revaluation decreases	(24,032)	-	-	-	-	(24,032)
Reversal of accumulated depreciation	(1,253,929)	-	-	-	-	(1,253,929)
Balance at December 31, 2024	**17,249,885**	**16,180,484**	**623,077**	**1,169,417**	**3,359,898**	**38,582,760**
ACCUMULATED DEPRECIATION						
Balance at December 31, 2023	**14**	**13,277,492**	**268,479**	**-**	**1,022,416**	**14,568,402**
Depreciation charges	1,626,807	557,823	65,831	-	561,743	2,812,203
Reclassifications to right-of-use assets of underlying assets in leases	-	-	-	-	-	-
Reversal of accumulated depreciation	(1,626,821)	-	-	-	-	(1,626,821)
Accumulated depreciation of disposals	-	(79,896)	-	-	-	(79,896)
Balance at December 31, 2024	**-**	**13,755,420**	**334,310**	**-**	**1,584,159**	**15,673,888**
IMPAIRMENT ALLOWANCES						
Balance at December 31, 2023	**89,354**	**98,641**	**-**	**-**	**-**	**187,995**
Adjustments made during the year	-	-	-	-	-	-
Reversals of impairment allowances	(89,354)	(19,727)	-	-	-	(109,081)
Balance at December 31, 2024	**-**	**78,914**	**-**	**-**	**-**	**78,914**
CARRYING AMOUNT						
Balance at December 31, 2023	**15,836,427**	**2,848,278**	**353,674**	**-**	**2,508,188**	**21,546,567**
Balance at December 31, 2024	**17,249,885**	**2,346,150**	**288,767**	**1,169,417**	**1,775,739**	**22,829,958**

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE OF ASSETS (continued)

Impairment losses recognised in profit or loss were classified in depreciation and impairment expenses for fixed assets. In 2025, the acquisitions mainly included fixed assets specific to the Company's activity (presses and devices necessary in the production process).

During 2025, the Company scrapped 46 items of property, plant and equipment.

At December 31, 2025 the Company assessed whether there is any impairment indication for the fixed assets under management. Further to the procedures conducted, the Company's management considers that there is no impairment indication.

Revaluation

Land and buildings are stated at revalued amount, which is the fair value at the revaluation date less any amortization accumulated subsequently and any accumulated impairment losses.

The fair value is based on the adjusted market price quotations, where the case, in order to reflect the differences in the nature, location or conditions of such asset. Revaluations are conducted by specialised valuers, members of ANEVAR. The frequency of revaluations is influenced by the dynamics of the markets where the land and buildings held by the Company are located. The other categories of property, plant and equipment are carried at cost, less the accumulated amortization and the value of the impairment allowance, where the case.

At December 31, 2025 the property, plant and equipment – group: "Buildings" and "Land" was revalued based on a report prepared by an external, independent valuer, member of the National Association of Valuers in Romania (ANEVAR) with recognised professional qualifications and experience in evaluating all real estate segments. The valuation is in accordance with international valuation standards. The revaluation concerned the adjustment of the net carrying amounts of property, plant and equipment, land, buildings and special buildings at fair value. The methods used by the valuer in determining fair value were: the market value method by comparison for land and the income capitalization method (income approach) for buildings.

The revaluation surplus was recognised as a revaluation reserve in equity, i.e. as income if, as a result of a previous revaluation, a revaluation expense was recorded. The decrease that compensates for the previous increase of the same asset is reduced from the reserve previously constituted; all other decreases are recognised as cost in the Statement of Comprehensive Income.

During the 2025 financial year, the Company revised the useful lives of buildings and special constructions based on an valuation report prepared by an independent authorized valuer.

The revision was performed in accordance with the provisions of OMFP 2844/2016 regarding changes in accounting estimates and represents a change in accounting estimate, applied prospectively starting from 1 January 2025.

Accounting depreciation was recalculated over the remaining useful life of the assets, without adjusting the net carrying amount or the depreciation recognized in prior periods.

14. INTANGIBLE ASSETS

	Patents, licenses and trademarks	Other fixed assets	Total
COST			
Balance at December 31, 2023	**528,327**	**1,012,724**	**1,541,051**
Purchases	-	-	-
Outflows of intangible assets	-	(54,797)	(54,797)
Balance at December 31, 2024	**528,327**	**957,928**	**1,486,255**
ACCUMULATED AMORTISATION			
Balance at December 31, 2023	**528,327**	**902,187**	**1,430,514**
Amortisation during the year	-	29,128	29,128
Accumulated amortisation of outflows	-	(54,797)	(54,797)
Balance at December 31, 2024	**528,327**	**876,518**	**1,404,845**
IMPAIRMENT ALLOWANCE			
Balance at December 31, 2023	-	-	-
Reversal of impairment allowances	-	-	-
Balance at December 31, 2024	-	-	-
CARRYING AMOUNT			
Balance at December 31, 2023	-	**110,538**	**110,538**
Balance at December 31, 2024	-	**81,410**	**81,410**

14. INTANGIBLE ASSETS (continued)

	Patents, licenses and trademarks	Other fixed assets	Total
COST			
Balance at December 31, 2024	**528,327**	**957,928**	**1,486,255**
Purchases	-	-	-
Outflows of intangible assets	-	-	-
Balance at December 31, 2025	**528,327**	**957,928**	**1,486,255**
ACCUMULATED AMORTISATION			
Balance at December 31, 2024	**528,327**	**876,518**	**1,404,845**
Amortisation during the year	-	27,464	27,464
Accumulated amortisation of outflows	-	-	-
Balance at December 31, 2025	**528,327**	**903,982**	**1,432,308**
IMPAIRMENT ALLOWANCE			
Balance at December 31, 2024	-	-	-
Reversal of impairment allowances	-	-	-
Balance at December 31, 2025	-	-	-
CARRYING AMOUNT			
Balance at December 31, 2024	-	**81,410**	**81,410**
Balance at December 31, 2025	-	**53,946**	**53,946**

The intangible assets as at December 31, 2025, in net amount of Lei 53,946 (December 31, 2024: Lei 81,410), represent the unamortized part of the licenses, technological documentation and the software used.

During 2025, the Company did not scrap intangible assets.

Value appreciations were recognised in profit or loss and were classified in depreciation and impairment expenses for non-current assets.

15. INVESTMENT PROPERTIES

	December 31, 2025	December 31, 2024
Net value	**1,266,371**	**199,960**

	December 31, 2025	December 31, 2024
Opening balance	**199,690**	**595,604**
Acquisitions / Reclassification of investment properties	919,214	-
Outflows/Reclassifications into assets held for sale	(3,407)	(445,819)
Changes in fair value	150,874	49,905
Closing balance as at 31 December	**1,266,371**	**199,690**

Commercial properties are rented to third parties on the basis of contracts with a validity of 12 months with the possibility of extension.

The value of rental income as at December 31, 2025 was Lei 528,460, and of Lei 449,817 at December 31, 2024. The commercial properties owned by the Company are mainly rented to industrial companies (producing plastics and metal parts), companies that have not been significantly affected by the military conflict against Ukraine. The monthly rent was invoiced according to the contracts in force and there were no requests to postpone the payment of the rent.

At December 31, 2025 the fair value measurement of investment properties was carried out by an external, independent valuer member of the National Association of Valuers in Romania (ANEVAR) with recognized professional qualifications and experience in the valuation of all real estate segments. The measurement of the fair value of the investment property was made using the income capitalization method.

16. ASSETS HELD FOR SALE

At December 31, 2025, respectively December 31, 2024, the Company does not own assets for sale.

17. INVENTORIES

	December 31, 2025	December 31, 2024
Raw materials and materials	2,122,904	1,838,985
Work in progress	650,521	1,660,378
Semi-finished goods	284,559	259,840
Finished products	16,189,740	20,559,831
Merchandise	8,733,757	9,887,164
Inventories at net value	**27,981,480**	**34,206,199**

The amount of any reduction in the carrying amount of inventories to net realisable value and all losses of inventories are recognised as an expense during the period in which the write-down or loss occurs.

In accordance with the policy of setting up the adjustment of the value of current assets, the value adjustments for stocks are made:

- global – depending on seniority and dynamics;
- individually - based on the findings of the stock-count committees.

At December 31, 2025, the value of the impairment allowance for inventories is Lei 1,094,006 (December 31, 2024: Lei 789,417).

	2025	2024
Opening balance at 1 January	**(789,417)**	**(596,104)**
Set-ups	(607,202)	(435,452)
Reversals	302,613	242,139
Closing balance at 31 December	**(1,094,006)**	**(789,417)**

18. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables – less than 180 days overdue	2,707,904	2,682,615
Impairment allowances for trade receivables – less than 180 days overdue	(42,930)	(153,907)
Net receivables – less than 180 days overdue	**2,664,974**	**2,528,708**
Trade receivables – more than 180 days overdue	310,131	1,582,889
Impairment allowances for trade receivables — more than 180 days overdue	(310,131)	(1,582,889)
Net receivables – more than 180 days overdue	-	-
Net, total trade receivables	**2,664,974**	**2,528,708**

The fair value of trade receivables reflects their value less impairment.

At December 31, 2025, net trade receivables in amount of Lei 2,664,974 (December 31, 2024: Lei 2,528,708) are considered fully performing.

At December 31, 2025 the Company set up allowanced for the impairment of trade receivables in total amount of Lei 353,061 (December 31, 2024: Lei 1,736,796).

Individual evaluation:

The Company performs individual analyses of the degree of recovery of trade receivables, based on the expected loss rate model and litigation status. For receivables with a maturity exceeding 180 days and for those in litigation, a provision of 100% of the gross value is recorded.

The seniority structure of trade receivables at the reporting date was:

	Expected average weighted loss rate at December 31, 2025	Impairment December 31, 2025	Gross value December 31, 2025	Expected average weighted loss rate at December 31, 2024	Impairment December 31, 2024	Gross value December 31, 2024
Overdue over 180 days	100%	310,131	310,131	100%	1,582,889	1,582,889

Collective evaluation:

	Expected average weighted loss rate at December 31, 2025	Impairment December 31, 2025	Gross value December 31, 2025	Expected average weighted loss rate at December 31, 2024	Impairment December 31, 2024	Gross value December 31, 2024
Not overdue	1%	22,732	2,254,417	2%	37,602	1,605,550
Overdue between 0 and 30 days	3%	7,359	288,631	9%	87,545	947,496
Overdue between 31 and 60 days	7%	5,171	74,740	13%	8,606	66,829
Overdue between 61 and 90 days	9%	7,291	84,664	13%	398	3,017
Overdue over 90 days	7%	377	5,452	33%	19,756	59,723
		42,930	**2,707,904**		**153,907**	**2,682,615**

19. OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Sundry debtors	955,348	117,023
Other receivables (bank interests, contributions and VAT)	144,316	166,241
Tax recoverable	-	-
Adjustment for other receivables – sundry debtors	(113,817)	(113,817)
Total	**985,846**	**169,447**

The fair value of other receivables reflects their value less impairment.

The Company performs individual analyses of the degree of recovery of sundry debtors based on expected loss rates and litigation status. For receivables with a maturity of over 180 days and in litigation, a provision of 100% of the gross value is recorded.

In order to cover the risk of non-recovery of certain categories of receivables – sundry debtors, the Company registered allowances for the impairment of sundry debtors in amount of Lei 113,817.

	Impairment December 31, 2025	Gross value December 31, 2025	Impairment December 31, 2024	Gross value December 31, 2024
Overdue over 180 days	113,817	113,817	113,817	113,817

20. CASH, CURRENT ACCOUNTS, DEPOSITS WITH BANKS AND FINANCIAL ASSETS AT FAIR VALUE

(i) Cash, current accounts and cash equivalents

	December 31, 2025	December 31, 2024
Cash	540	632
Current accounts	681,886	445,099
Bank deposits with maturity up to 3 months	4,000,000	-
Interest attached	773	-
Expected credit loss	(1,025)	(1)
Cash and current accounts – gross amount	**4,682,173**	**445,730**

Current accounts opened with banks are permanently at the disposal of the Company.

(ii) Financial assets at fair value through profit or loss

	December 31, 2025	December 31, 2024
Financial assets – fund units	-	304,186
Total	**-**	**304,186**

The Company does not own at December 31, 2025 investments in fund units.

20. CASH, CURRENT ACCOUNTS, DEPOSITS WITH BANKS AND FINANCIAL ASSETS AT FAIR VALUE (continued)

(ii) Financial assets at fair value through profit or loss (continued)

The Company owns at December 31, 2024 investments in fund units, at fair value, as follows:

Fund type	Fund management company	Number of fund units	Value of fund units
Open-end investment fund BT OBLIGATIUNI	BT Asset Management	13,591	304,186

In 2024, the fund units held at BT Asset Management valued at fair value through profit or loss recorded an increase (the change in fair value being upwards) of Lei 21,528.

The shares of Transport Ceahlau SRL are fully adjusted.

21. CAPITAL AND RESERVES

a. Share capital

Share capital subscribed and paid up at December 31, 2025	**Lei 23,990,846**
Number of shares subscribed and paid up at December 31, 2025	**239,908,460 shares**
Nominal value of a share	0.10 Lei
Characteristics of shares issued, subscribed and paid up	Ordinary, nominative, dematerialized

The Company's securities (shares) are registered and traded in the Standard category of the Bucharest Stock Exchange. All shares confer the same voting rights. At December 31, 2025, the share capital of the Company was not modified in the sense of increase or decrease.

The share capital registered at December 31, 2025 is Lei 23,990,846.

The shareholding structure of the Company is:

December 31, 2025	Number of shares	Amount (lei)	%
Evergent Investments SA – formerly SIF Moldova	175,857,653	17,585,765	73.3020
New Carpathian Fund	48,477,938	4,847,794	20.2068
Other shareholders, of which:			
- legal persons	803,720	80,372	0.335
- natural persons	14,769,149	1,476,915	6.1562
TOTAL	**239,908,460**	**23,990,846**	**100.00**

21. CAPITAL AND RESERVES (continued)

a. Share capital (continued)

December 31, 2024	Number of shares	Amount (lei)	%
Evergent Investments SA	175,857,653	17,585,765	73.3020
New Carpathian Fund	48,477,938	4,847,794	20.2068
Other shareholders, of which:			
- legal persons	803,720	80,372	0,335
- natural persons	14,769,149	1,476,915	6,1562
TOTAL	**239,908,460**	**23,990,846**	**100.00**

b. Reserves

	December 31, 2025	December 31, 2024
Reserves from the revaluation of property, plant and equipment	12,196,680	13,445,350
Deferred income tax recognised on account of reserves	(2,005,805)	(2,205,533)
TOTAL	**10,190,876**	**11,239,817**

	December 31, 2025	December 31, 2024
Retained earnings representing the surplus realised from gross revaluation reserves	3,967,513	3,967,513
Deferred income tax related to realized and untaxed revaluation reserves	(634,802)	(634,802)
Retained earnings representing the surplus realised from net revaluation reserves	13,304,004	8,883,120
Retained earnings representing unallocated profit / (uncovered loss)	(11,973,743)	(9,043,983)
Other reserves distributed from profit, non-taxable	5,059,940	5,059,940
Other taxable reserves	827,622	827,622
TOTAL	**10,550,533**	**9,059,410**

"Other reserves distributed from profit, non-taxable" – represents the distribution to other reserves of the net profit for the years 2013, 2014, 2015 and 2019.

c. Legal reserves

The Company distributes to legal reserves 5% of the profit before tax, up to the limit of 20% of the share capital. These amounts are deducted from the taxable amount when calculating corporate tax. The value of the legal reserve at December 31, 2025 is Lei 2,983,701 (December 31, 2024: lei 2,983,701).

Legal reserves cannot be distributed to shareholders.

d. Dividends

In 2025 and 2024, no dividends were allocated or distributed. According to the legislation in force, shareholders may request the payment of dividends for a period of 3 years since the payment date set in the General Meeting of Shareholders.

21. CAPITAL AND RESERVES (continued)

e. Earnings per share

The earnings per share are calculated by dividing the net loss attributable to the shareholders of the Company at December 31, 2025 in amount of Lei 2,929,761 (December 31, 2024: net attributable loss: Lei 6,416,895) by the number of ordinary outstanding shares of 239,908,460 shares (December 31, 2024: 239,908,460 shares).

Profit attributable to ordinary shareholders	December 31, 2025	December 31, 2024
Profit/(Loss) of the period	(2,929,761)	(6,416,895)
Number of ordinary shares	239,908,460	239,908,460
Earnings per share	(0.012)	(0.0267)

22. LOANS

This note provides information on the contractual terms of the Company's interest-bearing loans, valued at amortised cost.

	December 31, 2025	December 31, 2024
Long-term bank loans	-	-
Short-term bank loans (up to 1 year)	-	4,944,867
Total bank loans	**-**	**4,944,867**

The table below presents detailed information on the loans contracted by the Company at December 31, 2025:

December 31, 2025

Type of credit	Loan balance (Lei)	Account currency	Annual interest rate (%)	Final maturity of the loan
Credit line	-	RON	ROBOR 3M + 2.5%	12/05/2027
Total	**-**			

The table below present detailed information on the loans contracted by the Company at December 31, 2024:

December 31, 2024

Type of credit	Loan balance (Lei)	Account currency	Annual interest rate (%)	Final maturity of the loan
Credit line	2,944,867	RON	ROBOR 3M + 1.5%	13/05/2025
Credit line	2,000,000	RON	ROBOR 3M + 2.5%	14/05/2025
Total	**4,944,867**			

As at 31 December 2025, the credit facility amounting to RON 3,000,000 is secured by inventories with a net carrying amount of RON 4,872,003.

23. GOVERNMENT SUBSIDIES

Subsidies for assets	December 31, 2025	December 31, 2024
Balance at 1 January	-	-
Subsidies for assets	739,530	-
Subsidies stated to income correspondeing to calculated amortization	(34,237)	-
Closing balance	**705,293**	-

The government subsidies are for purchasing certain items of property, plant and equipment. There are no unfulfilled or unprovided covenants related to such subsidies.

24. LEASE LIABILITIES

Leases in which the Company is the lessee

The Company rents land and office space. Leases usually span over a period of 5 to 10 years. In addition, the Company rents transport vehicles. Leases usually run for a period of 5 years.

Leases do not transfer ownership of the underlying asset at the end of the lease term.

The renewal and extension of the term must be agreed upon by both parties by signing an addendum.

The Company determined the marginal loan rate based on the interest rate applied by financial institutions to similar entities for loans with the same characteristics as leases (in terms of currency and maturity).

The Company includes in the car lease payments the costs incurred in connection with the lease that are not part of the cost of the right-of-use underlying asset (such as maintenance or insurance).

Information is presented below regarding the leases where the Company acts as lessee.

(i) Right-of-use asset

The right-of-use asset related to leased properties (buildings) are presented as property, plant and equipment.

2025	Land and buildings	Equipment (transport vehicles)	Total
Balance at 1 January	**1,421,052**	**354,686**	**1,775,739**
Depreciation	(353,855)	(160,882)	(514,738)
Reclassification of underlying assets to right-of-use assets in leases	-	(10,468)	(10,468)
Cumulative depreciation on outflows	258,079	-	258,079
Additions of right-of-use assets	110,203	-	110,203
Disposals of right-of-use assets	(804,524)	-	(804,524)
Disposals of right-of-use assets (Reclassifications to underlying assets to right-of-use assets in leases)	-	-	-
Balance at 31 December	**630,955**	**183,336**	**814,291**

24. LEASE LIABILITIES (continued)

(i) Right-of-use asset (continued)

2024	Land and buildings	Equipment (transport vehicles)	Total
Balance at 1 January	**1,991,627**	**516,560**	**2,508,187**
Depreciation	(399,869)	(161,874)	(561,743)
Reclassification of underlying assets to right-of-use assets in leases	-	-	-
Cumulative depreciation on outflows	-	-	-
Additions of right-of-use assets	-	-	-
Disposals of right-of-use assets	(170,706)	-	(170,706)
Disposals of right-of-use assets (Reclassifications to underlying assets to right-of-use assets in leases)	-	-	-
Balance at 31 December	**1,421,052**	**354,686**	**1,775,739**

(ii) Amounts recognised in profit or loss

	2025	2024
Interest on leases	67,070	100,050

(iii) Values recognised in the cash flow statement

	2025	2024
Cash outflows related to leases	683,838	704,170

	December 31, 2025	December 31, 2024
Gross lease liabilities		
Liabilities arising from leases (over 5 years)	-	172,769
Liabilities arising from leases (between 1 year and 5 years)	550,851	1,232,996
Liabilities arising from leases (up to 1 year)	411,807	577,900
Total gross liabilities	**962,659**	**1,983,665**
Lease liabilities		
Liabilities arising from leases (over 5 years)	-	168,744
Liabilities arising from leases (between 1 year and 5 years)	520,707	1,133,419
Liabilities arising from leases (up to 1 year)	390,986	572,271
Total	**911,693**	**1,874,434**

The Company registers leases having as main object means of transport, showrooms and office spaces.

25. PROVISIONS FOR RISKS AND CHARGES

	Returns and other provisions	Employee benefits - pensions	Total
Balance at December 31, 2024	**34,713**	**80,461**	**115,174**
Provisions established during the period	27,959	32,920	60,879
Provisions reversed during the period	-	13,555	13,555
Provisions reclassified to trade and other payables	-	-	-
Balance at December 31, 2025	**62,672**	**99,826**	**162,498**
Long-term	-	99,826	99,826
Current	62,672	-	62,672

	Returns and other provisions	Employee benefits - pensions	Total
Balance at December 31, 2023	**41,153**	**96,962**	**138,115**
Provisions established during the period	-	-	-
Provisions reversed during the period	6,440	16,501	-
Provisions reclassified to trade and other payables	-	-	-
Balance at December 31, 2024	**34,713**	**80,461**	**138,115**
Long-term	-	80,461	80,461
Current	34,713	-	34,713

Warranties

The provisions for warranties in amount of Lei 62,672 (Lei 34,713 at December 31, 2024) were set up taking into account the expenses related to the service activity for agricultural machinery in the 2-year warranty period.

Employee benefits – pension provision

The provisions in amount of Lei 99,826 (Lei 80,461 at December 31, 2024) are set up for the benefits granted to the employees at the end of the employment contract once they retire as a result of some provisions of the collective employment contract.

26. TRADE PAYABLES

	December 31, 2025	December 31, 2024
Internal and external suppliers	2,034,365	1,797,679
Payables for distributors' commissions	-	-
Investment providers	-	45,553
Suppliers – invoices not received	360,774	266,209
Total	**2,395,139**	**2,109,441**

27. OTHER PAYABLES

	December 31, 2025	December 31, 2024
Salaries and related social contributions	722,416	634,265
Other debts (VAT payment and guarantees)	368,391	313,661
Dividends to be paid	-	-
Advances received	208,384	25,919
Total	**1,299,190**	**973,844**

Other debts existing in the balance at December 31, 2025 include provisions for untaken leaves concluded in amount of Lei 66,873 (Lei 25,907 at December 31, 2024), provisions for bonuses of sales teams in amount of Lei 231,617 (Lei 171,440 at December 31, 2024).

Dividends for payment not collected within 3 years from the date of declaration are prescribed according to the law, except for the amounts seized by the tax authorities.

In 2025, no dividends were allocated or distributed.

28. CASH FLOW INFORMATION

The method used in presenting the Statement of Cash Flows is the direct method.

The statement of cash flows shows the cash and cash equivalents classified by operating, investing and financing activities, thus highlighting how the Company generates and uses cash and cash equivalents.

In the context of preparing the Statement of Cash Flows:

- cash flows are cash receipts and payments and cash equivalents;
- cash includes cash availability from banks and petty cash;
- cash equivalents include deposits set up with banks, cheques and promissory notes deposited with banks for collection.

The cash flows from the transactions performed in foreign currency are recorded in the functional currency by applying to the value in foreign currency the exchange rate between the functional currency (leu) and the currency from the date of production of the cash flow (the date of making payments and receipts).

Gains and losses arising from changes in foreign exchange rates are not cash flows. However, the effect of the change in the exchange rate on cash and cash equivalents held or owed in foreign currency is reported in the statement of cash flows, but separately from cash flows arising from operation, investments and financing, in order to reconcile cash and cash equivalents at the beginning and end of the reporting period.

The operating activity is the main cash generating activity of the Company.

The level of cash and cash equivalents registered at 31.12.2025 is Lei 4,682,173. The military aggression of the Russian Federation against Ukraine had a major impact on the European and international markets, especially on the grain and food products market. The impossibility of Ukraine to export its products on the traditional markets and the transit corridors offered by the neighbouring countries, including Romania, caused strong imbalances on the grain market and in general on the food products market, with a major impact on the farmers who were forced to sell their products at prices very close to or even below the cost level, with a direct impact on their ability to invest in new agricultural machinery.

Nevertheless, management continues to have a reasonable expectation that the Company will recover in 2026 (also based on the measures taken lately) and will have sufficient financial resources of its own to ensure financial stability.

29. FINANCIAL INSTRUMENTS

Overview

The Company is exposed to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

These notes present information on the Company's exposure to each of the aforementioned risks, the Company's objectives for risk assessment and management, and the procedures used for capital management.

The Company's management has as permanent objectives the analysis of the future impact of the military conflict against Ukraine on the financial performance and taking appropriate measures to reduce the related risks.

General framework for risk management

The Company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with established limits.

The risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its standards and procedures of training and management, wants to develop an orderly and constructive control environment, within which all employees understand their roles and obligations.

The Company's internal auditor shall carry out standard and ad-hoc tasks of reviewing the controls and risk management procedures, the results of which are presented to the Board of Directors.

i) Credit risk

The treatment of counterparty risk is based on internal and external success factors to the Company.

The financial assets, which may subject the Company to the risk of collection, are mainly trade receivables and cash availability. The Company has put into practice a series of policies (creditworthiness check, financial rating, payment incidents and obtaining checks and promissory notes) that ensure that the sale of products is made to customers with an appropriate collection. The value of the gross receivables represents the maximum amount exposed to the risk of collection. The situation of receivables by seniority is presented in Note 18, Receivables.

Credit risk is the risk that the Company incurs a financial loss as a result of the failure of a client or counterparty to a financial instrument to perform contractual obligations, and this risk results mainly from the Company's trade receivables.

The Company does not have a significant concentration of credit risk. The Company applies specific policies to ensure that the sale of products and services is carried out in such a way that the commercial credit granted is appropriate and continuously monitors the age of receivables. In this regard, measures have been taken to verify the creditworthiness of customers and the Company's exposure to credit risk, as well as to negotiate partnerships with non-banking financial institutions financing entities.

The Company considers the following are events of default for the purposes of internal credit risk management because historical experience indicates that financial assets that meet any of the following criteria are generally not recoverable:

- when there is a breach of financial agreements by the debtor;
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (disregarding any collateral held by the Company).

Regardless of the above analysis, the group considers default to have occurred when a financial asset is more than 180 days past due, unless the group has reasonable and reliable information to prove that another delay criterion is more appropriate.

The company writes off a financial asset when there is information indicating that the debtor is in severe financial distress and there is no realistic prospect of recovery, e.g. when the debtor was placed in liquidation. Written off financial assets may still be subject to enforcement in accordance with the group's recovery procedures, taking into account legal advice where appropriate.

29. FINANCIAL INSTRUMENTS (continued)

i) Credit risk (continued)

Any recoveries made are recognized in profit or loss. Cash and cash equivalents are placed only in leading banking institutions, considered to have a high solvency.

Exposure to credit risk

The carrying amount of financial assets is the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	December 31, 2025	December 31, 2024
Gross trade receivables	3,018,035	4,265,505
Expected credit losses for receivables	(353,061)	(1,736,797)
Net trade receivables	**2,664,974**	**2,528,708**
Other receivables	985,846	169,447
Investment securities	-	304,186
Cash, current accounts and deposits placed with banks	4,682,173	445,730
	8,332,993	**3,448,071**

	2025	2025	2024	2024
	Stages 1 and 2	Stage 3	Stages 1 and 2	Stage 3
Opening balance at 1 January	**(153,907)**	**(1,582,889)**	**(429,430)**	**(1,800,067)**
Set-ups	-	(108,955)	-	(1,630,461)
Reversals	110,977	1,381,713	275,523	1,847,639
Closing balance at 31 December	**(42,930)**	**(310,131)**	**(153,907)**	**(1,582,889)**

On the domestic market, the Company collaborated with as much as 2 distributors across the country, the most important ones being located in predominantly agricultural areas.

On the foreign market, the sales volume accounted for 0.64% of turnover. In this market, the connection with traditional customers who know and promote the Company's products is maintained. Credit risk, including the country risk in which the client operates, is managed on each business partner. When it is considered necessary, specific instruments are required to mitigate the credit risk, respectively advance payments from customers, before the delivery of goods. These are presented in the financial statements as Other payables, advances received.

The Company has established a credit policy according to which each new customer is analysed individually from the point of view of creditworthiness and in some cases, it requires references provided by banks before firm sales contracts are concluded.

For the purpose of monitoring the credit risk related to customers, they are grouped according to the characteristics of the credit risk, taking into account their classification as legal or natural persons, internal or external customers, age, maturity and the existence of previous financial difficulties. Customers classified as having a high risk are monitored, and future sales are made on the basis of advance payments or using various banking instruments to guarantee receipts.

In order to prevent the impact of the military conflict against Ukraine on the clients' creditworthiness and to limit the exposure to clients who could be severely affected, the Company carefully monitors and periodically evaluates (with a higher frequency) their financial standing.

At December 31, 2025, the net carrying amounts of cash and cash equivalents, suppliers and customers, short-term commitments and liabilities approximated their fair values due to short-term maturities.

29. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash. The Company's approach to liquidity risk is to ensure, as far as possible, that it has sufficient liquidity at all times to pay debts when they become due, both under normal and difficult conditions, without incurring significant losses or jeopardizing the reputation of the Company.

In general, the Company ensures that it has sufficient cash to cover the expected operating expenses, including the payment of financial obligations.

For the purpose of managing liquidity risk, cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of net changes in liquidity.

29. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk (continued)

Exposure to liquidity risk

The contractual maturities of the financial assets and liabilities are the following:

In LEI	Carrying amount	Amount not discounted	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	More than 1 year	No predetermined maturity
December 31, 2025							
Financial assets							
Cash and current accounts	682,426	682,426	682,426	-	-	-	-
Deposits placed with banks with an original maturity of less than 3 months	3,999,748	4,068,682	-	4,068,682	-	-	-
Deposits placed with banks with an original maturity of more than 3 months	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Trade receivables	2,664,974	2,664,974	566,695	320,199	1,778,079	-	-
Other receivables	985,846	985,846	946,420	-	-	39,426	-
Total financial assets	**8,332,994**	**8,401,928**	**2,195,541**	**4,388,881**	**1,778,079**	**39,426**	**-**
Financial liabilities							
Loans	-	-	-	-	-	-	-
Other payables	1.299.190	1.299.190	1.251.263	-	47.928	-	-
Trade and other payables	2.395.139	2.395.139	1.401.396	993.744	-	-	-
Lease liabilities	911,694	962,659	37,586	75,191	299,030	550,851	-
Total financial liabilities	**4,606,023**	**4,656,988**	**2,690,245**	**1,068,934**	**346,958**	**550,851**	**-**

28. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk (continued)

Exposure to liquidity risk (continued)

In LEI	Carrying amount	Amount not discounted	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	More than 1 year	No predetermined maturity
December 31, 2024							
Financial assets							
Cash and current accounts	445,730	445,730	445,730	-	-	-	-
Deposits placed with banks with an original maturity of less than 3 months	-	-	-	-	-	-	-
Deposits placed with banks with an original maturity of more than 3 months	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	304,186	304,186	304,186	-	-	-	-
Trade receivables	2,528,708	2,528,708	1,176,609	203,131	1,148,968	-	-
Other receivables	169,447	169,447	136,983	-	-	32,464	-
Total financial assets	**3,448,071**	**3,448,071**	**2,063,508**	**203,131**	**1,148,968**	**32,464**	**-**
Financial liabilities							
Loans	4,944,867	5,082,220	31,680	61,316	4,989,223	-	-
Other payables	973,844	973,844	941,380	-	-	32,464	-
Trade and other payables	2,109,441	2,109,441	1,342,051	721,837	45,553	-	-
Lease liabilities	1,874,434	1,983,665	50,639	101,323	425,937	1,405,765	-
Total financial liabilities	**9,902,586**	**10,149,169**	**2,365,750**	**884,476**	**5,460,714**	**1,438,229**	**-**

29. FINANCIAL INSTRUMENTS (continued)

iii) Market risk

The Romanian economy is constantly developing, and there is a lot of uncertainty about the possible outlook of politics and economic development in the future. The Company's management cannot foresee the changes that will take place in Romania and their effects on the financial standing, on the operating results and on the Company's cash flows.

Currency risk

The Company is exposed to foreign exchange risk through its sales, acquisitions, availability and loans that are denominated in currencies other than the Company's functional currency, however the currency in which most transactions are carried out is RON.

The currencies that expose the Company to this risk are mainly EUR. The resulting differences are included in the Statement of Comprehensive Income and do not affect the cash flow until the settlement of the debt. At December 31, 2025, the Company holds cash, trade receivables and trade payables in foreign currency, the rest of the financial assets and financial liabilities are denominated in RON.

December 31, 2025	EUR (1 EUR = 5.0985)	RON 1 RON	TOTAL
Cash, current accounts and deposits with banks	52,655	4,629,518	4,682,173
Financial assets measured at fair value through profit or loss	-	-	-
Trade and other receivables	-	3,650,821	3,650,821
Total financial assets	**52,655**	**8,280,339**	**8,332,994**

December 31, 2025	EUR (1 EUR = 5.0985)	RON 1 RON	TOTAL
Bank loans	-	-	-
Lease loans	(911,693)	-	(911,693)
Trade and other payables	(1,005,007)	(2,689,323)	(3,694,330)
Total financial liabilities	**(1,916,700)**	**(2,689,323)**	**(4,606,023)**

December 31, 2024	EUR (1 EUR = 4.9741)	RON 1 RON	TOTAL
Cash, current accounts and deposits with banks	4,799	440,931	445,730
Financial assets measured at fair value through profit or loss	-	304,186	304,186
Trade and other receivables	7,587	2,690,568	2,698,155
Total financial assets	**12,386**	**3,435,685**	**3,448,071**

December 31, 2024	EUR (1 EUR = 4.9741)	RON 1 RON	TOTAL
Bank loans	(421,077)	(4,523,790)	(4,944,867)
Lease loans	(1,874,434)	-	(1,874,434)
Trade and other payables	(859,871)	(2,223,414)	(3,083,285)
Total financial liabilities	**(3,155,381)**	**(6,747,204)**	**(9,902,585)**

29. FINANCIAL INSTRUMENTS (continued)

iii) Market risk (continued)

The Company has not concluded hedging contracts regarding obligations in foreign currency or exposure to interest rate risk.

The impact on the Company's profit of a change of ± 5% of the RON/EUR exchange rate, at December 31, 2025, all other variables remaining constant, is Lei ±78,290 (December 31, 2024: Lei ±132,006).

Interest rate risk

The Company is exposed to interest rate risk (i.e. ROBOR 3M for credit lines in LEI, EURIBOR 6M for the investment loan). The change in the market interest rate directly affects the income and expenses of variable interest-bearing financial assets and liabilities, as well as the fair value of those bearing fixed interest rates.

At December 31, 2025 and December 31, 2024, most of the Company's assets and liabilities bear no interest. As a result, the Company is not significantly affected by the risk of interest rate fluctuations.

The Company does not use derivatives to protect itself from interest rate fluctuations, the interest rate risk being insignificant.

Sensitivity analysis

The impact on the Company's net profit of a +/- 100 BP change in the interest rate of floating interest rate bearing assets and liabilities and expressed in other currencies corroborated with a change of +/- 500 BP in the interest rate of floating interest rate bearing assets and liabilities and expressed in Lei is Lei 0 at December 31, 2025 (December 31, 2024: Lei -/+193,536).

iv) Capital management

The Company's objectives in capital management are to ensure the protection and capability to reward its shareholders, to maintain an optimal capital structure to reduce capital costs.

The Company monitors the amount of capital raised based on the degree of indebtedness. This rate is calculated as the ratio between net liabilities and total capital. Net liabilities are calculated as total net cash liabilities. Total capital is calculated as equity to which net liabilities are added.

	December 31, 2025	December 31, 2024
Financial liabilities	**4,606,023**	**9,902,585**
Cash, current accounts and deposits with banks	4,682,173	445,730
Financial assets measured at fair value through profit or loss	-	304,186
Financial assets measured at amortised cost	-	-
Net financial liabilities	**(76,150)**	**9,152,669**
Equity	**47,715,956**	**47,273,774**
Net liability ratio	**0.002**	**(0.19)**

The Company's management does not estimate difficulties in honouring the commitments towards the shareholders and the obligations towards third parties, the availability of present and future liquidity being in line with the limits imposed by the regulations and sufficient to cover the payments in the next period.

30. COMMITMENTS AND CONTINGENCIES

(a) Taxation

The Romanian tax system is in a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of the tax law. In certain situations, the tax authorities may treat certain aspects differently, proceeding to the calculation of additional taxes and fees and the related interest and late payment penalties (0.05% per day). In Romania, the tax year remains open for tax verification for 5 years. The Company's management considers that the tax obligations included in these financial statements are appropriate.

(b) Commitments

At December 31, 2025, the Company has issued a letter of guarantee related to the main supplier of goods, ASKO SINAI (Basak),, as follows:

Bank	Beneficiary	Value	Currency	Date of issue	Due date
Banca Transilvania	ASKO SINAI (Basak)	450,000	Euro	27.05.2025	02.05.2028

The bank letter of guarantee is secured by a movable mortgage over 2 properties (land and buildings), a Bystronic laser equipment, at a net book value of Lei 1,521,984 at December 31, 2025 (December 31, 2024: Lei 1,455,759).

(c) Insurances concluded

At December 31, 2025 the Company concluded insurance policies for property, plant and equipment.

(d) Court actions

The Company is the subject of a number of court actions resulting from the normal course of its activity, especially related to the recovery of receivables with clients.

In addition to the amounts already recorded in these financial statements, impairment allowances for receivables and described in the notes, the amounts related to other legal actions are recognized when a final and irrevocable decision is obtained or when payments are received.

The management estimates that the outcome of these lawsuits will not have an impact on the financial position of the Company.

(e) Quality - environment compliance program

The Company has implemented the "Quality-Environment" Integrated Management System certified by the external auditor TÜV THÜRINGEN for ISO 9001: 2015 and ISO 14001: 2015. The certificate is for the application of the requirements corresponding to the reference standards has been demonstrated and is certified, according to the certification procedures.

31. RELATED PARTIES

Evergent Investments SA is the majority shareholder of Mecanica Ceahlau SA, owning 73,3020 % of the total operations. The Company is part of the consolidation perimeter of Evergent Investments SA.

NEW CARPATHIAN FUND is a significant shareholder in Mecanica Ceahlau SA, owning 20,2068 % of the total shares.

Details about other parties affiliated with Mecanica Ceahlau SA: Transport Ceahlau SRL.

The related parties to the Company and the relationships therewith are presented below:

Entity	The nature of the relationship
Evergent Investments SA	Parent company
New Carpathian Fund	Significant shareholder
Transport Ceahlau SRL	Related party

31. RELATED PARTIES (continued)

During the 2025 financial year, a single transaction was recorded with EVERGENT Investments S.A., amounting to RON 251,096 (VAT included), representing the value of fit-out works and improvements related to the premises occupied by Mecanica Ceahlău in the "ANA Tower" building, Bucharest, under Sublease Agreement no. FN dated 20 July 2021, until its termination date, 6 June 2025. The transaction was carried out under normal market conditions.

As at 31 December 2025, there were no outstanding balances related to transactions with EVERGENT Investments S.A.

No transactions, amounts due to and receivable from NEW CARPATHIAN FUND have been identified.

The participation interests that the Company holds at December 31, 2025 in Transport Ceahlau SRL are presented as follows:

	December 31, 2025	December 31, 2024
Unlisted shares at 1 January	**51,000**	**51,000**
Purchases	-	-
Disposals	-	-
Impairment allowances	51,000	51,000
Balance at 31 December	-	-

The main object of activity of Transport Ceahlau SRL is the road transport of goods, but the share of the activity carried out is represented by general mechanics operations.

The status of movements of shares at December 31, 2025 is as follows:

			Percentage of ownership	
	Date of purchase	Date of sale	December 31, 2025	December 31, 2024
Transport Ceahlau SRL	2004	-	24.28%	24.28%

Information on transactions with related parties

During 2025, the Company had no transactions with Transport Ceahlau SRL.

The status of amounts due to and receivable from Transport Ceahlau is as follows:

	December 31, 2025	December 31, 2024
Other receivables	113,817	113,817
Adjustment for other receivables	(113,817)	(113,817)
Other net receivables	-	-
Trade payables	-	-

The Company applies the same internal policies in contractual relations with related parties as in relations with other contractual partners with which the Company is not in special relations.

At the end of the reporting period, the following balances are related to transactions with related parties:

	December 31, 2025	December 31, 2024
EVER IMO SA – same majority shareholder		
Lease liabilities	-	514,232
Trade payables	-	-
Other payables	-	-
Warranty granted	-	(20,430)

During the reporting period, the following transactions with related parties were carried out, mainly represented by rents.

31. RELATED PARTIES (continued)

Information on transactions with related parties (continued)

In LEI	2025	2024
EVER IMO SA (former TESĂTORIILE REUNITE SA)		
Interest expenses related to leases	5,454	12,689
Other operating expenses	25,534	46,387
Depreciation related to leases	31,065	71,689

Transactions with key management personnel

The key management staff is represented by:

- Mr. Sorin Moleșag – Chief Executive Officer
- Mrs. Irina Gliga – Economic Manager
- Mr. Ioan Moraru – Head of Sales

Loans to key management personnel

The Company has not granted advances, credits or loans to the members of the administrative, management and supervisory bodies at December 31, 2025.

Benefits of key management personnel

The salary rights of the officers and managers are established by the Board of Directors in accordance with the legal provisions and the management contracts.

a) Salaries and social security

	December 31, 2025	December 31, 2024
Executive management	883,645	883,560
Members of the Board of Directors	484,566	510,682
Total	**1,368,211**	**1,394,242**

b) Salary and social security-related liabilities

	December 31, 2025	December 31, 2024
Executive management	31,655	27,331
Members of the Board of Directors	10,035	24,871
Total	**41,690**	**52,202**

The financial statements were authorized for approval by the Board of Directors on March 10, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

Activity report of the Board of Directors 2025

Annual report according to:	Law nr. 31/1990 R; Law 24/2017; NSC Regulation No. 5/2018; BVB code; Order no. 40/2013 of the Ministry of Public Finance
For the financial year	2025
Date of report:	10 martie 2026
Name of issuing company:	**Mecanica Ceahlău SA**
Registered office:	Piatra Neamţ, str. Dumbravei no. 6, Neamţ county Postal code 610202
Telephone/fax	tel: 0233/215820; 0233/211104; fax 0233/216069
Web **Email**	https://mecanicaceahlau.ro/ ceahlau@mecanicaceahlau.ro
Tax identification code	RO2045262
Number in the Trade Register	J1991000008271
Regulated market on which the securities issued are traded	Bucharest Stock Exchange – standard category MECF code
Subscribed and paid-up share capital	Lei 23,990,846
The main characteristics of the securities issued by Mecanica Ceahlău SA	Ordinary, common, nominative, dematerialized and evidenced by registration in the account

1) ANALYSIS OF THE COMPANY'S ACTIVITY

1.1. a) Description of the basic activity of the company

Object of activity - Mecanica Ceahlău SA ("the Company") has as main field of activity the production of agricultural and forestry machinery, NACE CODE 283. The main activity is "Manufacture of machinery and equipment for agriculture and forest exploitation" – NACE CODE 2830.

The machinery and equipment manufactured and marketed by Mecanica Ceahlău cover almost the entire range of agricultural works, from soil preparation, sowing to crop maintenance: reversible plows, scarifiers, cultivators, disc harrows and harrows with independent discs, combinators, seed drills for sling plants with skid coulter or double disc coulter, sowers for straw with skid coulter or double disc coulter, slingers, solid fertilizer spreaders, towed and borne sprayer equipment, atomizers, rakes, mowers, and balers.

In 2025, we continued the sale of STEYR agricultural trucks in Romania in direct partnership with CNH Industrial Austria until 30 April 2025 and subsequently as subdealer for Titan Machinery Romania.

Also, in January 2025, the distribution contract for Basak tractors and front loaders was signed with Asko Sınai ve Teknoloji Üretim Sanayi Tic. A.Ş. Sakarya Şubesi from Turkey, the first tractors of this type being exhibited for the first time in Romania at the Agraria 2025 agricultural machinery fair.

The company maintained its partnerships with Stoll, Germany (front loaders for Steyr tractors), with Romsan, Turkey for the distribution of Romsan agricultural trailers and with Atzlinger GmbH, Austria for the purchase of compressed air compressors necessary to equip Steyr tractors.

The company kept in the portfolio of Mecanica Ceahlău the baling machines (round and parallelepipedal bales), rakes, mowers and wrapping machines manufactured by Kayhan Ertugrul, Turkey.

A whole range of partnerships that Mecanica Ceahlau built and developed over the years were maintained, such as those with Ofas spa Italy (active organs), Bondioli&Pavessi Italy (reducers and hydraulic distributors), SIME Irr Italy, Comer Industries Italy, Giampi Italy, Fiama Italy, AGROMECHATRONICA s.r.o. Slovenia, Largo Serbia etc.

The Company has implemented the Integrated Management System "Quality-Environment" certified by the external auditor TÜV THÜRINGEN for the management systems ISO 9001: 2015 and ISO 14001: 2015.

1.1. b) Date of establishment of the Company

Legal framework - Mecanica Ceahlău SA is a joint-stock company, established by Government Decision no. 1254 / 04.12.1990, in Piatra Neamt, Neamţ County.

1.1. c) Description of any significant merger or reorganization of the Company during the financial year

In 2025, the company was not involved in significant mergers or reorganizations.

Information on secondary offices

Until 6 June 2025, the company's secondary office was located in Bucharest, Sector 1, Poligrafiei Boulevard no. 1A, ANA TOWER office building, 1st Floor, classified in NACE class: "Own office activities for the company", according to Resolution of the Board of Directors no. 4 from 22 November 2021. Starting 16 June 2025, the secondary office was established in Bucharest, Sector 1, Piata Montreal no. 10, World Trade Center, 1st floor, according to Resolution of the Board of Directors no. 1 from 5 June 2025

Secondary office (work point) in Mures county, the city of Cipau, no. 10A, according to Resolution of the Board of Directors no. 1 from 25.05.2020.

Secondary office (work point) in Braila County, Braila municipality, Road Soseaua de Centura no. 138, according to Resolution of the Board of Directors no. 3 from 22.11.2021.

Secondary office (workpoint) in Ialomita county, Sineşti village, Sineşti commune, field 281/2/1, plot of land 3, according to Resolution no. 3 of 08.09.2022 of the Board of Directors.

Secondary office (work point) in Dolj county, Braniste locality, T11, P55, according to Resolution no. 3 of 11.07.2023 of the Board of Directors.

The secondary offices are without mandatory reporting and payment obligations.

1.1. d) The impact of the military conflict against Ukraine on the position and financial performance of the Company

Russian-Ukrainian military conflict

The Company's management has continuously monitored the evolution of this conflict, which began on February 22, 2022, and has been witness of its constant escalation. An immediate consequence of the conflict was the blockade imposed by the Russian Federation on Ukrainian ports along the Danube and the Black Sea, significantly impacting the free movement of goods, particularly grain.

Since the onset of the Russian invasion of Ukraine in February 2022, Europe has faced skyrocketing energy prices, turmoil in financial markets, increased military expenditures, and a strong influx of refugees, all of which have led to a considerable slowdown in economic growth.

This matter, combined with the fact that the second half of 2025 was hit by an extreme drought (as a result of which considerable areas of corn and sunflower crops were destroyed), meant that agriculture was one of the most affected economic sectors. Farmers have found themselves unable to afford investments in new tractors and agricultural machinery. As a result, the sharp decline in demand for such products has created difficulties for both manufacturers and distributors across Europe.

1.1. e) Description of acquisitions and / or disposals of assets

e). 1 Procurements

In 2025, according to the Investment Program, investments totaling **Lei 1,506,567** were carried out from own sources and from grants under the National Recovery and Resilience (PNRR) plan in the following areas:

Name of investment	Value (lei)	Funding sources	New investments	Modernizations
PRODUCTION ACTIVITY MODERNIZATION	217,624	own sources	-	217,624
0.396 MWh WIND PLANT	1,288,942	own sources and PNRR grants	1,288,942	-
TOTAL INVESTMENTS	**1,506,567**		**1,288,567**	**217,624**

At December 31, 2025, there are no ongoing investments. Still, the procedure for the procurement of a welding robot has been initiated, by the execution of a down payment of 15% of the contractual value. The investment will be completed in the following financial year.

e). 2 Disposals

In 2025, fixed assets were scrapped and 3 plots of land were sold located in the main office in Piatra Neamț, Str. Dumbravei no. 6.

1.1. f) Description of the main results of the evaluation of the Company's activity

f). 1 Overview

The Company presents the main indicators achieved in 2025:

	2025	2024	2025 vs 2024 %
Net turnover	19,452,662	22,500,734	86.45%
Expenses with materials and consumables	(13,029,368)	(14,695,611)	88.66%
Gross margin	6,423,294	7,805,122	82.30%
Other operational income	646,108	588,062	109.87%
Operating expenses	9,062,365	13,966,443	60.26%
Result of operating activities	(1,992,963)	(5,573,259)	35.76%
Net financial result	(675,228)	(796,075)	84.82%
Pre-tax result	(2,668,190)	(6,369,334)	41.89%
Net (expense)/income with current income tax and deferred tax	(261,571)	(47,561)	549.97%
Net result	(2,929,761)	(6,416,895)	45.64%
Average number of employees	65	74	87.84%

a) Profit / (Loss)

In 2025, the Company recorded from its operational activities a negative result in amount of Lei 1,992,963, a negative net financial result of Lei 675,228, resulting in a gross loss of Lei 2,929,761.

b) Turnover

	2025	2024
Sales of goods	19,389,218	22,968,578
Commercial discounts granted to distributors	(156,836)	(731,236)
Net income from the sale of goods	**19,232,383**	**22,237,342**
Income from the sale of residual products	28,930	43,317
Provision of services	191,349	220,075
Total net turnover	**19,452,662**	**22,500,734**

The gross turnover of the Company registered at December 31, 2024 is 19,389,218 Lei (December 31, 2024: Lei 22,968,578), of which Lei 124,746 from exports (December 31, 2024: Lei 1,856,758) and Lei 19,264,385 obtained domestically (December 31, 2024: Lei 21,111,820).

In order to achieve this volume of sales, trade discounts were granted in the form of bonuses according to the contracts in force in amount of Lei 156,836 at December 31, 2025 and Lei 731,236 at December 31, 2024 resulting in a net turnover in amount of Lei 19,452,662 at December 31, 2025 and Lei 22,500,734 at December 31, 2024. The commercial bonus granted to distributors according to the contracts in force represents a variable consideration that the Company has estimated and recognized in the transaction price at 31.12.2025 and 31.12.2024.

Compared to the same period of the previous year, the net turnover of the Company registered a decrease of 13.55%.

Mecanica Ceahlău was also seriously affected by a series of factors that ultimately led to a drop in its turnover in 2025:

- geo-political factors
- climate factors
- economic factors (price of grains and inputs)

1. **Geo-political factors**

- The consequences of the war in Ukraine and in particular the agreement regarding the transit of cereals from this country through Romania;
- Inefficiency of state bodies empowered to control/supervise this transit;
- State aid for crops affected by natural disasters was not commensurate with the losses incurred by farmers;
- The SCRAP (*rom. RABLA*) program for tractors, after being promoted as imminent by the government for over 1.5 years, was suspended indefinitely in September 2025;
- Price variations on the international stock exchange in the global political and economic context.

2. **Climate factors**

- 2025 remained one of the warmest years on record globally, amid a strong warming trend. At the same time, the period 2023–2025 marked an exceptional level of global average temperatures.
- Although the first part of 2025 brought precipitation in some regions, the soil water deficit was not recovered, and in the second part of the year the drought intensified especially in the south of the country, significantly affecting corn and sunflower crops. Market estimates indicated major losses and extended affected areas.
- There are still many areas with limited access to water sources for irrigation, which increases farmers' vulnerability to drought episodes.

3. **Economic factors (price of grains and inputs)**

- Costs of inputs and services for agriculture remained high, with variations depending on the type of product/service and the area;
- Prices for electricity and natural gas remained high, continuing to put pressure on operating costs;
- Selling prices for grains remained low compared to the favorable levels of previous years, reducing farmers' margins;
- Storage in silos, in anticipation of better prices, generated additional storage and financing costs, and in many cases the sale was made at unfavorable prices.

In 2025, the Company realized **Other income** as follows:

	2025	2024
Income from compensation and penalties	23,113	44,569
Income from investment subsidies	34,238	-
Income from rental of investment properties	528,460	449,817
Other operating income	60,298	93,676
Total other income	**646,108**	**588,062**

2) Costs

	2025	2024
Cost of materials and consumables	**(13,029,368)**	**(14,695,611)**
Utility expenses	(618,122)	(669,456)
Expenses with salaries, contributions and other assimilated expenses	(7,374,741)	(7,497,599)
Other administrative expenses	(2,821,204)	(2,932,831)
Other operational expenses	(412,074)	(659,890)
Depreciation and depreciation expenses for fixed assets and depreciation expenses for right-of-use leased assets	(1,766,863)	(2,732,250)
Value adjustments on current assets	56,324	323,574
Gain/loss from provisions for risks and charges	(47,324)	16,501
Gains / losses from the disposal of fixed assets	3,758,231	-
Gains /losses from the revaluation of property, plant and equipment	12,534	135,603
Gains / losses from the revaluation of investment properties	150,874	49,905
Operating expenses	**(9,062,365)**	**(13,966,443)**
Total Costs	**(22,091,734)**	**(28,662,054)**

The main share in the total operating expenses is held by the cost of raw materials and consumables, of distributed goods, followed by expenses with salaries, allowances and salary-related costs and administrative expenses (with external services).

Financial expenses include interest, discounts or discounts granted for advance payments and exchange rate differences. In 2025, the interest expenses (including related to leases) are in amount of Lei 361,876, the expenses from exchange rate differences are in amount of Lei 64,843, and the discount expenses are in amount of Lei 258,990.

3) Market share

in 2025, the Company achieved an important market share as regards agricultural equipemnt and machinery as follows:

- LHP and HHP tractors: approximately 0.2%;
- Agricultural implements: approximately 12% (machinery for soil preparation, seed drills, machinery for crop maintenance, etc.

4) Liquidity (account deposits, deposits with maturity of less than 3 months, deposits with maturity between 3 and 6 months)

Accounts and deposits with maturity of less than 3 months:

Cash, current accounts and cash equivalents	December 31, 2025	December 31, 2024
Cash	540	632
Current accounts	681,885	445,099
Bank deposits	4,000,000	-
Interest	773	-
Expected credit loss	(1,025)	(1)
Cash and current accounts – gross amount	**4,682,173**	**445,730**

The current accounts opened at banks are permanently at the Company's disposal and are not restricted.

At December 31, 2025, the Company does not hold bank deposits with a maturity of less than 3 months.
At December 31, 2025, the Company does not hold investments in fund units valued at fair value through profit or loss.

1.1.2 Assessment of the technical level of the Company

Description of the main products made and goods distributed

The main object of activity is the production and sale of agricultural machines and equipment.

In 2025, the Company's production structure was dominated by the range of seed drills for cereal crops, which accounted for 37.72% of total production. This was followed by the range of seed drills for row crops, with a share of 23.65%, the range of harrows, at 13.13%, and the range of irrigation equipment, which represented 6.42% of the total production.

Besides the range of agricultural machines and equipment produced by the Company, the Company sells tractors, front loaders, sprayer machines, balers, trailers, etc.

a) Main markets for each product or service and distribution methods

The products sold by the Company are intended for both the domestic and the foreign market.

In 2025, the domestic market was the main market, the sales volume on this market representing 99% of turnover.

On the domestic market, the Company collaborated with a number of 5 spare part distributors throughout the country, the most important being located in the predominantly agricultural areas.

On the foreign market, the sales volume accounted for approximately 1% of turnover. In this market, the connection with traditional customers who know and promote the Company's products is maintained.

b) The share of each category of products in the total turnover for the last 3 years

The share of the main products sold in the total turnover of the Company for the last 3 years is as follows:

Share in turnover / Products	2025	2024	2023
Seed drills	48%	21%	19.5%
Machinery for soil preparation	13%	13%	12.5%
Machinery for crop maintenance	5%	3%	2.8%
Goods in distribution	25%	53%	52.7%
Spare parts	8%	6%	12%
Other	1%	4%	0.5%

c) New products planned for which a substantial volume of assets will be directed in the next financial year as well as the development status of these products

In 2025, the program of developing its own product portfolio in terms of innovation, quality and appearance continued at a sustained pace.

I. The main directions for diversifying the product offer in 2025 were:

1. During the 2025 financial year, the Company carried out design, testing and production activities for **four new products**, aimed at expanding and modernizing its agricultural machinery portfolio, as follows:

- NOVA 2500 R24 sprayer;
- Combined row preparation and cleaning device designed for NO-TILL technology;
- Cultivator section for strip-tillage, designed for STRIP-TILL technology;
- Chassis for trailed sprayer with a capacity of 2,500 liters and 24-meter booms.

The development of these products aims to adapt the Company's offering to current market requirements and technological trends in modern agriculture.

2. New products sold

Basak tractors and front loaders manufactured by ASKO SINAI VE TEKNOLOJI URETIM SANAYI TICARET A.S. BASAK TRAKTOR SUBESI, Turkey.

II. The main directions established in order to diversify the product offer for 2026

The launch of a new range of seed drills for row crops that will have a lower own weight/reduced bunker volume ratio (with a focus on cost reduction but also the possibility for users to use tractors with low power), the possibility of a complex configuration of the machine by adding optional elements depending on the terrain, weather conditions, financial availability, with external coulters outside support wheels, etc.

- safirM seed drills for row crops (4, 6, 8 rows)
- No Till seed drills for row crops
- 3 and 4-meter SKY seed drills for straw plants

Also, in 2026, the company's product portfolio will be completed with two high-productivity machines for tillage, which will help us address farms with large areas.

- Magnum 6 portable/foldable independent disc harrow
- Strip Till heavy combiner
- 1000 litre portable sprayer machines
- 2000, 2500, 3000 litre towed sprayer machines

The achievement of such objectives for 2026 will involve the successive implementation of several activities specific to the technical-constructive and technological innovation in correlation with the manufacturing program.

1.1.3 Evaluation of the technical-material supply activity (indigenous sources, import sources)

In 2025, the acquisition business was carried out in good conditions compared to the previous year. Some delays occurred though in the supply chain, which did not generate notable delays in the production process. The acquisition costs remained steady.

The commercial relations with our partners were carried out on the basis of orders, sale-purchase contracts which regulated the terms of delivery, transport and payment methods.

1.1.4 Evaluation of sales activity

a) Description of the evolution of sequential sales on the domestic and/or external market and of the medium- and long-term sales perspectives

The Company's gross turnover for 2025 is Lei 19,452,662 (at December 31, 2024: Lei 22,500,734).

Compared to the same period of the previous year, the Company's turnover registered a decrease of 13.55%.

b) Description of the competitive situation in the field of activity of the Company, of the market share of the Company's products or services and of the main competitors

The Company's market competitors are:

- *established producers of agricultural machinery* (Maschio-Gaspardo, Vogel Noot, Class, Lemken, New Holand, John Deere, Case, Horsch Germania, Kuhn, Amazone, Sulky, Sola, Lamusa) with a reputation in the field in the EU, which practice relatively high prices and which seek primarily to conquer the market and obtain the position of market leader;
- *producers of agricultural machinery* from Poland, Ukraine, Bulgaria, India (Mahindra & Mahindra) and Turkey, which practice low prices, accepted by a large market segment;
- *second-hand equipment traders* coming mainly from the European Union.

c) Description of any significant dependence of the Company on a single client or on a group of clients whose loss would have a negative impact on the Company's revenues.

Generally, the Company addresses farmers who own areas between 50 ha and 3,000 ha, organized as follows:

- companies, agricultural associations, research stations and institutes,
- individual enterprises, authorized natural persons, family businesses;
- Given the large number of farms country-wide and the existing system of organization, it is not possible to end up in a situation where the Company depends on a client or a limited group of customers.

1.1.5. The Company's employees / staff

a) The number and degree of labour union membership

In 2025, the Company worked with an average number of 66 employees.

At December 31, 2025, the Company had an actual number of 65 employees structured as follows:

Categories of staff	Actual no. at December 31, 2025
- productive workers	25
- TESA staff	40
TOTAL	**65**

The employees are organized in the "TESA" Free Trade Union which has a staff of 11 members, employees of the production department and functional compartments.

Labor relations are regulated by the labor legislation in Romania. The Company has concluded the Collective Employment Contract with its employees.

The labor relations in the Company are governed by the principle of fair treatment of all employees, being forbidden any direct or indirect discrimination against an employee whose purpose is not to grant, to restrict or remove the recognition of the use or exercise of the rights provided by the labor legislation and the Collective Employment Contract based on sex, sexual orientation, age, race, ethnicity, religion, political choice, social origin, disability, family situation or responsibility, trade union membership or activity.

The levels of remuneration, by professional categories and the standard benefits for the employees are established within the process of negotiating the Collective Employment Contract. As a matter of principle, the increase in the wage fund is aimed at increasing labor productivity.

In accordance with the provisions of the Collective Employment Contract, the employees benefited from work equipment and protection, social benefits for serious illnesses and other benefits. Meal vouchers are granted for each 8-hour day worked.

b) Description of the relations between managers and employees as well as of any conflicting elements that characterize these relations

The relations between the members of the executive management and the employees have as purpose the promotion and application of fair labor principles, capable of allowing the development of the Company's activity in conditions of profitability, financial balance and payment capacity and on this basis to ensure a social protection for the employees, as well as the avoidance of collective labor conflicts.

1.1.6. The impact of the Company's basic activities on the environment

Mecanica Ceahlău SA holds Environmental Permit no. 159 of 17.06.2010, revised on 17.06.2025 based on the documentation for the presentation of the activity and the Environmental Status, valid for the entire period in which the Company obtains the annual permit according to art.16, paragraph 2 1 of GEO 195/2005 on environmental protection.

Mecanica Ceahlău SA did not have and is not expected to have legal disputes regarding the violation of the legislation related to environmental protection and follows the implementation of the action plan for the prevention of accidental pollution, with deadlines and responsibilities.

1.1.7. Evaluation of the research and development activity

The main objectives in the research and development activity are:

- extension of the offer portfolio with agricultural machinery and equipment to respond to world trends in the field of agricultural mechanization;
- modernization of the machinery and equipment in the portfolio.

1.1.8. Evaluation of the Company's activity regarding the risk management. Risk management objectives and policies, risk coverage policies

a) Description of the Company's exposure to price, credit, liquidity and cash flow risk

In the field of *risk management,* the following are taken into account as basic principles: the elaboration of materials regarding the identification, measurement and control of the risks associated with each potential decision, as well as the improvement of the performance of the Company's management in the context of defining, measuring and evaluating the consequences, adopting decisions in a context of uncertainty.

The Company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with established limits.

The risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its standards and procedures of training and management, wants to develop an orderly and constructive control environment, within which all employees understand their roles and obligations.

The Company's management has as permanent objectives the analysis of the future impact of the military conflict against Ukraine on the financial performance and taking appropriate measures to reduce the related risks.

b) Description of the Company's policies and objectives regarding the risk management

Mecanica Ceahlău SA (the Company) monitors the level of risks through policies under implementation for the following identified risks:

- price risk
- credit risk
- liquidity risk
- market risk
- capital management

a. Price risk

The change in the price of the raw materials brings a variation in the price of the products that represent an important operational element of the Company, being a determining factor in the increase of expenses and implicitly of the prices of the products manufactured by the Company.

The management of this risk is carried out by:

- diversification of the supplier portfolio, which provides increased negotiation levers if there are suppliers that increase the price of raw materials for unjustified reasons.
- conclusion of long-term contracts with the possibility of benefitting from a fixed price clause.

b. Credit risk

The financial assets, which may subject the Company to the risk of collection, are mainly trade receivables and cash availability. The Company has put into practice a series of policies that ensure that the sale of products is made to customers with an appropriate collection.

Credit risk is the risk that the Company incurs a financial loss as a result of the failure of a client or counterparty to a financial instrument to perform contractual obligations, and this risk results mainly from the Company's trade receivables and financial investments.

The company has a significant concentration of credit risk. The Company applies specific policies to ensure that the sale of products and services is carried out in such a way that the commercial credit granted is appropriate and continuously monitors the age of receivables.

In order to prevent the impact of the military conlict against Ukraine, wich huge impact on the price of grains on the clients' creditworthiness and to limit the exposure to the clients who could be severely affected, the Company carefully monitors and periodically evaluates (with a higher frequency) their financial condition.

The financial flows and the statements of receipts and payments for each partner are permanently monitored and controlled, maintaining a real connection with them, therefore we consider that this risk is small.

Cash and cash equivalents are placed only in leading banking institutions, considered to have a high solvency.

Credit risk, including the country risk in which the client operates, is managed on each business partner. When it is considered necessary, specific instruments to mitigate the credit risk are requested - advance receipts.

The Company does not have any significant exposure to a single partner and does not register a significant concentration of turnover on a single geographical area.

c. Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in fulfilling the obligations associated with financial liabilities that are settled in cash. The Company's approach to liquidity risk is to ensure, as far as possible, that it has sufficient liquidity at all times to pay debts when they become due, both under normal and difficult conditions, without incurring significant losses or jeopardizing the reputation of the Company.

In general, the Company ensures that it has sufficient cash to cover the expected operating expenses, including the payment of financial obligations.

For the purpose of managing liquidity risk, cash flows are monitored and analysed weekly, monthly, quarterly and annually in order to establish the estimated level of net changes in liquidity.

The Company's management does not estimate difficulties in honoring the commitments towards the shareholders and the obligations towards third parties, the availability of present and future liquidity being in line with the limits imposed by the regulations and sufficient to cover the payments in the next period.

d. Market risk

The Romanian economy is constantly developing, and there is a lot of uncertainty about the possible outlook of politics and economic development in the future. The Company's management cannot foresee the changes that will take place in Romania and their effects on the financial standing, on the operating results and on the Company's cash flows.

d1. Currency risk

The Company is exposed to foreign exchange risk through its sales, acquisitions, availability and loans that are denominated in currencies other than the Company's functional currency, however the currency in which most transactions are carried out is RON.

The currencies that expose the Company to this risk are mainly EUR. The resulting differences are included in the Statement of Comprehensive Income and do not affect the cash flow until the settlement of the debt. At December 31, 2025, the Company holds cash, trade receivables and payables, the rest of the financial assets and financial liabilities being denominated in RON.

d2. Interest rate risk

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rate. The income and cash flow of the Company cannot be affected by the fluctuation of the interest rate on the market, since from the sensitivity analysis determined for the interest-bearing loans existing in the balance at the reporting date it is considered that their fair value does not differ significantly from the accounting values.

e. Capital management

The Company's objectives in capital management are to ensure the protection and capability to reward its shareholders, to maintain an optimal capital structure to reduce capital costs.

The Company monitors the amount of capital raised based on the degree of indebtedness. This rate is calculated as the ratio between net liabilities and total capital. Net liabilities are calculated as total net cash liabilities. Total capital is calculated as equity to which net liabilities are added.

The management of the Company considers that it takes all the necessary measures to achieve the Company's objectives regarding risk management by:

- preparing strategies for managing the liquidity crisis and establishing measures to meet possible liquidity crises;
- constant monitoring of liquidity;
- forecasts of current liquidity;
- daily monitoring of cash flows and assessment of the effects on its creditors.

1.1.9. The Company's activity in the future

a) Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the Company compared to the same period of the previous year

The liquidity of the Company is partially dependent on investment programs in agricultural machinery and farmers' tractors. These programs are influenced by factors related to European and governmental policies oriented towards this sector of the economy, a sector that in order to become efficient needs financial support.

In the context of the military conflict against Ukraine, it is expected that, further, there will be a degree of uncertainty in the field in which the Company operates given that its clients are the farmers. The Company carefully monitors the developments in the field in which it operates as well as in the economic environment in general, as well as the effects of the economic measures applied at national and international level.

b) Presentation and analysis of the effects of current or estimated capital expenditure on the financial situation of the Company compared to last year

Capital expenditures represent the expenses for the acquisition of non-current assets, their development and modernization.

In 2025, the Company registered capital expenditure in amount of 1,506,567 Lei, for new equipment endowments and modernization of existing facilities.

c) Presentation and analysis of events, transactions, economic changes that significantly affect the income from the basic activity

The market of agricultural machinery, and agriculture in general, are permanently subject to high financing constraints and from this point of view farmers present a high degree of vulnerability to exposure to internal or external risks.

2) PROPERTY, PLANT AND EQUIPMENT OF THE COMPANY

a) Specification of the location and characteristics of the main production capacities owned by the Company

The Company's facilities and production capacities can be found at the headquarters in Piatra Neamt, where the Company's registered office is also located, on Str. Dumbravei no. 6, Piatra Neamţ, Neamt county, Romania.

The main sites, property of the Company are:

- Piatra Neamt site, str. Dumbravei no. 6
  - enclosure area = 75.786 sqm, land + buildings
  - built area = 49.214 sqm of which:
    - a) production spaces = 32,609 sqm,
    - b) available spaces = 9,440 sqm
- Tg. Neamt site (outside the built-up area), plot Valea Seacă = 6,691 sqm, available space 6,691 sqm.

Note: The Tg. Neamt asset is put up for sale.

The registered office benefits from all the facilities necessary for the proper development of the production activity, according to the object of activity.

The production spaces include industrial halls, technological test benches, spaces for administrative and social activities. Also, the Company owns office spaces for technical and economic activities. All these spaces are maintained in good conditions.

Machine tools, machinery and technological equipment needed in the production process are in a satisfactory technical condition (those older than 30 years), good (those aged between 10-30 years) or very good condition (those more than 10 years old).

2.2. Description and analysis of the degree of wear and tear of the Company's properties

At December 31, 2025, the Company owns tangible assets for carrying out its activity with a net value of 18,395,223 Lei, materialized in land, buildings, special constructions, installations, technological equipment, vehicles:

Group	Inventory value	Depreciation value and depreciation adjustments	Net value
Land and buildings	14,198,700	-	14,198,700
Technical installations and vehicles	17,619,597	14,312,373	3,307,224
Right-of-use assets	2,307,471	1,493,179	814,291
Furniture, office equipment	336,541	261,535	75,006
Property, plant and equipment under construction	-	-	-
TOTAL	**34,462,309**	**16,067,086**	**18,395,223**

At December 31, 2025, the Company owns real estate owned for the purpose of renting:

Group	Inventory value	Depreciation value and impairment	Net value	Average wear and tear (%)
Investment properties	1,266,371	-	1,266,371	N/A
TOTAL	**1,266,371**	**-**	**1,266,371**	

Commercial properties rented to third parties on the basis of contracts with a validity of 12 months with the possibility of extension are located at the site in Piatra Neamţ, str. Dumbravei no. 6.

2.3 Potential issues related to the ownership of the Company's property, plant and equipment

During 2025, there were no issues related to the ownership of the Company's assets.

2.4 Other information on property, plant and equipment

During the 2025 financial year, the Company revised the useful lives of buildings and special constructions based on an evaluation report prepared by an independent authorized valuer. The revision was carried out in accordance with the provisions of OMFP 1802/2014 regarding changes in accounting estimates and represents a change in accounting estimate, applied prospectively starting from 1 January 2025. Accounting depreciation was recalculated over the remaining useful life of the assets, without adjusting the net carrying amount or the depreciation recognized in prior periods.

At December 31, 2025 the Company determined the fair value of land, buildings and special constructions, real estate investments and assets held for sale. The fair value measurement was made by external, independent valuers, members of the National Association of Valuers in Romania (ANEVAR) with recognised professional qualifications and experience the valuation of all real estate segments. The methods used by the valuer in determining fair value were: the market value method by comparison for land and assets held for sale and the method of income capitalization (income approach) for buildings and real estate investments.

At December 31, 2025, the Company does not own assets for sale.

3) THE MARKET OF SECURITIES ISSUED BY MECANICA CEAHLĂU SA

Consolidated synthetic structure of holders of financial instruments.

At December 31, 2025, the consolidated synthetic structure of holders of financial instruments is presented as follows:

Recipient name	Number of holdings	Percentage (%)
Evergent Investments S.A. BACAU locality, Bacau County	175,857,653	73.3020
NEW CARPATHIAN FUND	48,477,938	20.2068
Legal persons	722,117	0.3010
Individuals	14,850,752	6.1902
TOTAL	**239,908,460**	**100.0000**

3.1 Markets in Romania and other countries on which the securities issued by Mecanica Ceahlău SA are negotiated

The shares of Mecanica Ceahlău SA are traded only on the Bucharest Stock Exchange, MECF symbol category II.

3.2 The Company's dividend policy

The dividend policy aimed at satisfying both the interests of short-term investors and the institutional development in the medium- and long-term, so that a part of the net profit was distributed to reserves, in order to create the own sources necessary for the investment activity.

At the General Meeting of Shareholders of April 22, 2020, the Company's shareholders approved the distribution of a gross dividend of Lei 0.04585 / share (total Lei 10,999,803), related to the profit of financial year 2019, the unallocated profit of 2018 and the surplus made from revaluation reserves.

At the General Meeting of Shareholders of April 26, 2021, it was approved that the loss of financial year 2020, amounting to Lei 2,338,925, will be covered from the profit of future years.

At the General Meeting of Shareholders of April 20, 2022, it was approved that the profit of financial year 2021, amounting to Lei 1,720,446, will cover the loss of previous years.

The General Meeting of Shareholders of April 20, 2023, it was approved that the profit of financial year 2022, amounting to Lei 1,856,097 will cover the loss of previous years.

In 2024 and 2025, no dividends were granted.

3.3 Description of any activities of the Company to acquire its own shares

Mecanica Ceahlău SA did not acquire its own shares.

3.4 The number and nominal value of the shares issued by the parent company, held by the subsidiaries

Mecanica Ceahlău SA has no subsidiaries.

3.5 Bonds and/or other debt securities issued by Mecanica Ceahlău SA

Mecanica Ceahlău SA did not issue bonds or other debt securities.

4) MANAGEMENT OF THE COMPANY

4.1. Company's administrators

a. Between 01.01.2025 and 31.12.2025, the Board of Directors consists of 3 members as follows:

1. Trifa Aurelian-Mircea-Radu – graduate of the Polytechnic University of Bucharest, Faculty of Aircraft and of the Institute of Public and Business Administration "ASEBUSS" Bucharest.

He has experience in the field of Private Equity/Venture Capital Investment Funds, Corporate Governance, Strategic Management, Enterprise Restructuring and Privatization.

Mr. Trifa Aurelian-Mircea-Radu holds the position of Chairman of the Board of Directors since 24.11.2017.

2. Ianculescu Carmen – international business consultant, graduate of the Romanian-American University of Bucharest. Other specializations: master's degree in international business.

3. Eşanu Vasile Romeo until 24 November 2025 - engineer, graduate of the Polytechnic Institute of Iasi, Faculty of Civil Engineering, installations department. Master in Finance and Accounting - Bacovia University, Faculty of Accounting and Management Information Systems; ANEVAR expert appraiser.

4. Andries Carmen Cristina starting 24 November 2025 – graduated from "Alexandru Ioan Cuza" University in Iași, Faculty of Economic Sciences, major in Accounting and Agricultural Economics. She is a Finance and Accounting Management postgraduate at the "George Bacovia" University and also a financial auditor.

b. Agreements or family ties between the director and another person due to whom that person has been appointed director

No agreements or family ties are known between directors and another person due to whom that person has been appointed director.

c. Participation of directors in the capital of the Company

The members of the Board of Directors, in office, do not hold shares in Mecanica Ceahlău SA.

d. List of entities affiliated to the Company

The Company's affiliates are:

- Evergent Investments SA
- NEW CARPATHIAN FUND
- Transport Ceahlau SRL

e. Description of any transaction exceeding EUR 50,000 of the type mentioned in art. 225 of Law 297/2004

During 2025, the company registered a single transaction with EVERGENT Investments SA, amounting to Lei 251,096 (VAT included), representing the counter value of the endowments and improvements of the spaces occupied by Mecanica Ceahlău in the ANA Tower in Bucharest, according to the sub-lease agreement FN from 20.07.2021, until the termination thereof, on 06.06.2025.

At the end of the reporting period, the following balances are related to the transactions carried out with EVERGENT Investments SA.

	December 31, 2025	31 December 2024
Other receivables	-	-
Adjustment for other receivables	-	-
Other net receivables	-	-
Trade payables	-	-

No transactions involving amounts payable to or receivable from NEW CARPATHIAN FUND were identified.

Information on related party transactions

In 2025, the company did not have any transactions with Transport Ceahlău SRL.

The status of assets and liabilities with Transport Ceahlau is as follows:

	December 31, 2025	31 December 2024
Other receivables	113,817	113,817
Adjustment for other receivables	(113,817)	(113,817)
Other net receivables	-	-
Trade payables	-	-

The Company applies the same internal policies in contractual relations with related parties as in relations with other contractual partners with whom the Company is not in special relations.

The main object of activity of Transport Ceahlău SRL is the road transport of goods, but the share of the activity carried out is represented by general mechanics operations.

The status of changes in ownership interests at December 31, 2025 is as follows:

			Percentage of ownership	
	Date of purchase	Date of sale	December 31, 2025	December 31, 2024
Transport Ceahlau SRL	2004	-	24.28%	24.28%

During 2025 the Company had no transactions with Transport Ceahlau SRL.

At the end of the reporting period, the following balances are related to transactions with related parties:

	December 31, 2025	December 31, 2024
EVER IMO SA		
Lease liabilities	-	514,232
Trade payables	-	-
Other payables	-	-
Guarantee granted	-	(20,430)

During the reporting period, the company carried out transactions with related parties, mainly represented by rental agreements. The agreement with Ever Imo ceased on 6 June 2025.

In LEI	2025	2024
EVER IMO SA		
Interest expenses related to leases	5,454	12,689
Other operating expenses	25,534	46,387
Depreciation related to leases	31,065	71,689

The participation interests that the Company holds on December 31, 2025 at Transport Ceahlau SRL are presented as follows:

	December 31, 2025	December 31, 2024
Unlisted shares at 1 January	**51,000**	**51,000**
Impairment allowances	51,000	51,000
Balance at 31 December	-	-

The Company applies the same internal policies in contractual relations with related parties as in relations with other contractual partners with whom the Company is not in special relations.

4.2. Members of the executive management

As of **16.01.2018** the position of **General Manager** is held by **Mr. Molesag Ion-Sorin,** who prior to this date was Chief Operating Officer. Mr. Sorin Molesag has carried out his activity as Chief Operating Officer based on the Mandate Contract dated 10.07.2014. He is an engineer by profession and has professional experience in leadership positions for over 18 years. The mandate was extended, by BoD Resolution no. 1 from 14.01.2022, for a period of 4 years, namely 16.01.2022 – 15.01.2026.

As of **01.05.2020**, the position of **Head of Sales** is held by **Mr. Moraru Ioan**. Mr. Moraru Ioan is a graduate of the Ion Ionescu de la Brad University of Agricultural Sciences and Veterinary Medicine, Iasi, Faculty of Agriculture. He has 26 years of professional experience in sales, he has held a management position since 01.05.2020.

As of **01.05.2021** until **08.11.2025**, the position of **Economic Manager** is held by **Mrs. Gabriela Pepene**. Mrs. Gabriela Pepene is a graduate of the "Gheorghe Asachi" Technical University of Iasi, the Faculty of Science and Engineering of Materials, the Faculty of Economics and Business Administration, within the "Alexandru Ioan Cuza" University of Iasi, specializing in Accounting and Management Informatics, of the "George Bacovia" Faculty Bacau - master's degree in Business Management. She has a professional experience of 22 years in the economic profession, 18 years in management position.

As of **09.11.2025**, the position of **Economic Manager** is held by Mrs. **Irina Gliga**. Mrs. Irina Gliga is an undergraduate of the "Alexandru Ioan Cuza" University in Iași, Faculty of Economics and Business Administration, major in Accounting and Management Information and has a professional experience of 7 years in the field of economics. Prior to her appointment as Economic Manager, she was the Deputy Economic Manager of Mecanica Ceahlău SA.

a) Agreements or family ties between the persons who are part of the executive management and another person due to whom they were appointed member of the executive management

No agreements or family ties are known between the persons who are part of the executive management and another person due to whom they were appointed member of the executive management.

b) Participation of the members of the executive management in the share capital of the Company

At December 31, 2025, the structure of the equity holders amongst the members of the executive management is presented as follows:

Name and surname	Number of holdings	Percentage (%)
Moleșag Sorin	-	-
Gliga Irina	-	-
Moraru Ioan	-	-

4.3. Legal disputes or administrative procedures in which the directors and members of the executive management have been involved in the last 5 years

As a result of the verifications carried out in the Register of lawsuits kept within the Law Office, the following was found:

The members of the Board of Directors have not been involved in lawsuits in the past 5 years, regarding the activity carried out within the Company; the Law Office does not have data on any administrative procedures in which the three persons were involved.

Regarding the executive management of the Company, they have not been involved in lawsuits in the past 5 years, regarding the activity carried out within the Company. Regarding the possible administrative procedures in which the executive management was involved, the Law Office does not have data in this regard.

Other disputes

The Company is the subject of a number of court actions resulting from the normal course of its activity.

In addition to the amounts already recorded in these financial statements, impairment allowances for receivables and described in the notes, the amounts related to other legal actions are recognized when a final and irrevocable decision is obtained or when payments are received.

The management estimates that the outcome of these lawsuits will not have an impact on the financial position of the Company.

4.4. Corporate governance

During 2025, and in the previous period, Mecanica Ceahlău SA paid attention to the application of the OECD principles of Corporate Governance and the Corporate Governance Code of the Bucharest Stock Exchange.

The Board of Directors consists of 3 members, a number that corresponds to the current and prospective needs of the Company. A chairman was elected to the Board of Directors.

From 29.06.2008 the Audit Committee was established and from 17.11.2009 the Nomination and Remuneration Committee was established. On the occasion of the modification of the membership of the Board of Directors, the membership of the advisory committees was updated and/or supplemented each time.

In accordance with the provisions of the Code of Corporate Governance of the Bucharest Stock Exchange, starting 27.01.2010, the position of Secretary General of the Board of Directors was established with specific attributions in order to ensure the necessary framework for a good preparation of the analyses in the meetings of the Board of Directors and the General Meetings of Shareholders, of the record-keeping and monitoring of the fulfillment of the decisions adopted on the occasion of these analyzes.

Both in 2025 and in previous years, a fair treatment of all holders of shares was ensured, promoting an effective and active communication with them.

The necessary conditions were ensured to inform the shareholders about the financial results as well as on all the relevant aspects of the Company's activity both through the website and through the general secretariat of the Board of Directors.

Given that around 20% of the Company's shares are held by shareholders based abroad, the materials of the call and roll-out of the general meetings have been posted on the Company's website in both Romanian and English.

As a result of the concern of the Board of Directors for the harmonization of the shareholders' interest with that of the Company, in 2025 the Company managed to ensure an important participation of the shareholders in the general meetings, which were carried out with a percentage of representation of 93.5096% of the total shares issued by the Company.

Regarding the analyzed topics and the decisions adopted at the general meetings of shareholders in 2025, the current reports were drawn up and published in accordance with the legal regulations in force. We mention in this regard that, in 2025, there were three ordinary general meetings of shareholders and three extraordinary meetings of shareholders, in which a number of 37 decisions were adopted, all of them being fulfilled. Briefings and reports were presented in the meetings of the Board of Directors on how these decisions were carried out.

In order to analyze the various aspects of the Company's activity, in 2025, the Board of Directors met in 26 working meetings. Some meetings were also attended by executive officers.

On the agenda of the meetings of the Board of Directors, based on the annual topic list, there were analyses as follows:

- with regard to production and services: the breakdown by months of the Production Program for the following quarter; the achievement of the objectives stipulated by the Investment Program, the Design Research Program, the Equipment Maintenance and Repair Program in the previous quarter and the measures that are envisaged for the implementation of the programs foreseen for the next quarter;

- with regard to commercial activity: analysis of the sales program; analysis of the status of receivables recorded in commercial relations; analysis of the structure of the stocks of finished products and the level of stock required depending on the season;

- with regard to economic and financial activity: quarterly reports related to the first and third quarters; the breakdown of the income and expenses budget; the structure of the cost of production and the profitability of the products sold; a statement of the costs recorded and the value of the production handed over as per the orders closed;

During 2025, the following were included on the agenda in the meetings of the Board of Directors: analyses regarding the general management; human resources management, research, constructive and technological design, biannual and quarterly reports for the first semester; the result of the stock-count of assets and others.

All the meetings of the Board of Directors ended with the adoption of decisions on the analyzed issues, decisions that were introduced in the recording and monitoring system, established at the level of the general secretariat.

Through the recording and monitoring system established by the Secretary General of the BoD, the Board of Directors was informed about the decisions adopted and how they were fulfilled.

5. INFORMATION ON TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

5.1. Members of the Board of Directors

The members of the Board of Directors, according to the administration contracts, have the following rights:

a) a remuneration in the form of a monthly allowance;

b) profit sharing according to the provisions of the decision of the general meeting of shareholders and of the articles of incorporation.

The monthly remunerations of the members of the Board of Directors, approved by Decision 9/26.04.2021 of the Ordinary General Meeting of Shareholders, are the following:

- Chairman of the Board of Directors – Euro 2,500 net;
- Members of the Board of Directors – Euro 1,250 net.

The denomination in Lei was made at the Euro-Leu exchange rate of the NBR from the date of payment.

As per Resolution no. 4 of 19.11.2025 of the Ordinary General Meeting of Shareholders, the following monthly remunerations for the members of the Board of Directors were approved for the mandate beginning 24.11.2025:

- Chairman of the Board of Directors – Euro 1,000 net/month;
- Members of the Board of Directors – Euro 500 net/month.

The payment of the remuneration, of participation in the net profit of the Company, as well as the limits and conditions under which these payments are to be made are stipulated in the decision of the General Meeting of Shareholders.

The gross amounts granted in 2025 to the members of the Board of Directors in accordance with the decision of the General Meeting of Shareholders and the management contracts are:

Board of Directors	Name	Term of office	Amount – lei -
President	Trifa Aurelian-Mircea-Radu	01.01. - 31.12.2025	242,428
Member	Eşanu Vasile-Romeo	01.01. - 23.11.2025	115,768
Member	Ianculescu Carmen	01.01. - 31.12.2025	121,086
Member	Andries Carmen Cristina	24.11. - 31.12.2025	5,284
Total indemnity expenses – gross amounts			**484,566**

In 2025, no variable remuneration was awarded to the members of the Board of Directors.

5.2. Executive Officers

For the executive officers, the monthly remunerations for 2025, approved by Decision no. 9 / 26.04.2021 and Decision no. 2/30.05.2023 of the Ordinary General Meeting of Shareholders, are the following:

- Chief Executive Officer – Euro 4,000 net for the period 01.01. - 31.12.2025;
- Head of Sales – Lei 11,500 net for the period 01.01. - 31.12.2025;
- Economic Manager – Lei 11,500 net for the period 01.01. - 31.12.2025.

The denomination in Lei will be made at the Euro-Leu exchange rate of the NBR on the date of payment.

Depending on the degree of achievement of the collective and individual performance indicators, at the end of 2025, the Board of Directors will be able to grant the variable remuneration to the directors, but this remuneration will be within the following limits:

a) Annual individual bonus, if the established performance indicators are met.

The gross amounts granted to the executive officers in 2025 in accordance with the decision of the General Meeting of Shareholders and the management contracts are:

Management	Name	Term of office	Amount – lei -
Chief Executive Officer	Moleșag Sorin-Ion	01.01. - 31.12 2025	414,038
Head of Sales	Moraru Ioan	01.01.– 31.12.2025	236,416
Economic Manager	Pepene Gabriela	01.01.– 08.11.2025	202,569
Economic Manager	Gliga Irina	Individual Labour Agreement	30,622
Total indemnity expenses - gross amounts			**883,645**

In 2025, no variable remuneration was awarded to managers.

6 ECONOMIC AND FINANCIAL SITUATION

The financial statements for the financial year ended December 31, 2025 are prepared in accordance with the Accounting Regulations in accordance with the International Financial Reporting Standards approved by Order of the Minister of Public Finance no. 2844/2016.

The currency for reporting the financial statements is the Leu.

The economic and financial situation compared to the last 3 years is presented in Annex no. 1.

a) Financial position at December 31, 2025

Analytical indicators from the statement of financial position exceeding 10% of the total assets	Value – lei	Percentage (%)
Land, land development and buildings	14,198,701	25%
Inventories	27,981,480	50%
Analytical indicators from the statement of financial position exceeding 10% of the total equity and liablities		
Revaluation reserves	10,190,876	18%
Paid-up subscribed capital	23,990,846	43%
Retained earnings and other reserves	13,534,234	24%

b) Comprehensive income at December 31, 2025

Analytical indicators from the statement of comprehensive income exceeding 20% of the total turnover	Value – lei	Percentage (%)
Cost of materials and consumables	13,029,368	67%
Expenses with salaries, contributions and other similar charges	7,374,741	38%
Other administrative expenses	2,821,204	14%

c) Cash flow

At December 31, 2025, the Company ended its activity with a positive treasury balance of Lei 4,682,173.

The comparative cash flow over the last three years is detailed in Annex no. 2.

Method used in the presentation cash flows it is the direct method.

The structure of cash flows as at December 31, 2025 is as follows:

- lei-

Net cash flows at the beginning of the year	445,730
Net cash flows from operating activity	1,720,362
Net cash flows from investing activities	8,445,840
Net cash flows from financing activities	(5,923,511)
The effect of the change in foreign exchange on cash	(5,224)
Adjustments of current accounts and deposits	(1,025)
Net cash flows at the end of the year	**4,682,173**

In the context of preparing the cash flows:

- cash flows are cash receipts and payments or cash and cash equivalents;

- cash includes the cash available at banks and petty cash;

- cash equivalents include deposits set up with banks, cheques and promissory notes deposited with banks for collection.

The cash flows from the transactions performed in foreign currency are recorded in the functional currency by applying to the value in foreign currency the exchange rate between the functional currency (leu) and the currency from the date of production of the cash flow (the date of making payments and receipts).

Gains and losses arising from changes in foreign exchange rates are not cash flows. However, the effect of the change in the exchange rate on cash and cash equivalents held or owed in foreign currency is reported in the statement of cash flows, but separately from cash flows arising from operation, investments and financing, in order to reconcile cash and cash equivalents at the beginning and end of the reporting period.

The operating activity is the main cash generating activity of the Company.

Thus, in 2025:

- receipts from various clients and debtors amounted to Lei 24,583,096;

- payments to suppliers and employees and various creditors amounted to Lei 17,369,378;

- taxes and fees payments to the State budget amounted to Lei 5,493,356.

The operating activity generated a cash surplus of Lei 1,720,362 in 2025.

Payments for the purchase of tangible and intangible assets amounted to Lei 523,300.

Receipts from the sale of property, plant and equipment amounted to Lei 8,660,326.

The interest receipts related to deposits placed with banks amounted to Lei 85,249.

According to the resolution of the Board of Directors of 26.03.2025, fund units amounting to Lei 223,566 were bought back.

The investment activity generated a cash surplus of Lei 8,445,840 in 2025.

Within the financing activity, no dividends were paid to the shareholders.

The Company repaid the installments for 2025 for the investment loan and paid the lease liabilities.

The financing activity generated in 2025 a cash deficit of Lei 5,923,511.

At December 31, 2025 the level of cash and cash equivalents is Lei 4,682,173, of which Lei 4,000,000 represents short-term bank accounts (with maturity of less than 3).

Nevertheless, management continues to have a reasonable expectation that the Company will recover in 2026 (also based on the measures taken lately) and will have sufficient financial resources of its own to ensure financial stability.

d) Achieving the income and expenses budget and the objectives set for 2025

The degree of achievement of the indicators from the Budget of income and expenses for 2025 is presented analytically in Annex 3.

Synthetically, the degree of achievement of the main indicators is the following:

-lei –

No.	Indicators	Budget of income and expenses 2025	Achieved in 2025	Percentage
1	Turnover	31,937,348	19,452,662	61%
2	Total revenue	32,606,526	24,036,910	74%
3	Total expenses*	30,229,249	21,902,399	72%
4	**Profit**	**(1,462,722)**	**(2,929,761)**	

*Except for deferred income tax and current income tax

Turnover compared to the approved budget of income and expenses for 2025, it was achieved at a rate of 61%.

Total income compared to the projection of the 2025 budget of income and expenses achieved at a rate of 74%.

Total expenses compared to the projected 2025 budget of income and expenses are carried out at a rate of 72%.

The net result of 2025 is a loss in amount of Lei 2,929,761.

Total inventories are in amount of Lei 27,981,480, 18% less compared to 2024.

The trade receivables represent amounts owed by customers for settlements in the relations with them for products, goods sold and services provided based on invoices.

The net trade receivables at December 31, 2025 are in amount of Lei 2,664,974, 5% more compared to 2024 (December 31, 2024: Lei 2,528,708) and are considered fully performing.

Trade payables in amount of Lei 2,395,139 (December 31, 2024: Lei 2,109,441) are 14% higher than the previous year.

Other payables in amount of Lei 1,299,190 (December 31, 2024: Lei 973,844), 33% higher compared to the previous year, mainly include tax debts and debts related to current social insurance.

At December 31, 2025, the Company does not register tax debts and debts related to social security.

At December 31, 2025 the Company has 1 credit line for working capital in amount of Lei 3,000,000 for which guarantees in the form of inventories are set up (seed drills – finished products), in net book value of Lei 4,872,003 at December 31, 2025 (December 31, 2024: Lei 4,442,514).

At December 31, 2025 the credit line was not utilised, and the related balance is nil.

Outstanding loans

December 31, 2025				
Type of loan	**Loan balance (Lei)**	**Currency of account**	**Annual interest rate (%)**	**Final due date of loan**
Credit line	-	RON	ROBOR 3M+ 2.5%	12/05/2027
Total	-			

At December 31, 2025 the Company holds leases having as main object vehicles and office space as follows:

	December 31, 2025	**December 31, 2024**
Debts arising from leasing contracts (over 5 years)	-	168,744
Debts arising from leasing contracts (between 1 year and 5 years)	520,707	1,133,419
Debts arising from leasing contracts (up to 1 year)	390,986	572,271
Lease liabilities	**911,693**	**1,874,434**

Total provisions for risks at December 31, 2025 are in amount of Lei 162,498, grouped by category and constituted for:

Provisions for risks and charges	**December 31, 2025**	**December 31, 2024**
Provision for employee benefits at retirement	99,826	80,461
Fees for warranties	62,672	34,713
Provision for the risk of return of finished products and goods	-	-
Other provisions	-	-
TOTAL	**162,498**	**115,174**

7 INFORMATION ON INTERNAL CONTROL

Information on internal control

Internal control

In order to ensure a responsible management both from the quality and environmental point of view as well as from the point of view of the control of all the activities carried out in the Company and of the management of the associated risks, the Company focuses on continuing the development of the internal control at the level of the Company.

The duties of fulfilling the policies of the Integrated Quality & Environment Management in direct connection with employees, customers and suppliers belong to the Integrated Management System Department for Quality & Environment.

The specific duties for the supervision of accounting operations, especially the financial control systems and the maintenance of a system of financial control over accounting transactions, lie with the economic department. The internal accounting and financial control of the Company was aimed at ensuring an accounting management and a financial follow-up of the activities in order to meet the defined objectives.

In terms of accounting rules, the Company has developed the accounting policies manual. It has also taken steps towards:

- knowledge of the evolution of the accounting and tax legislation;
- specific checks on sensitive points;
- proper identification and treatment of anomalies;
- adapting the software to the needs of the Company;
- compliance with accounting rules;
- ensuring the accuracy and completeness of accounting records;
- compliance with the qualitative characteristics of the information contained in the financial statements so as to meet the needs of users.

External auditor's independence

The Board of Directors confirms that the Company's external financial auditor carried out its activity in conditions of independence, in accordance with the provisions of Law no. 162/2017 on the statutory audit of annual financial statements and consolidated annual financial statements, as well as with the applicable professional norms and standards.

During 2025, no non-audit services were provided that would affect the independence of the external auditor.

Internal audit

Mecanica Ceahlau SA (the Company) establishes and maintains a permanent internal audit function independent of other functions and activities of the Company.

The Internal Audit structure is directly subordinated to the Board of Directors.

In order to carry out its activity, the Internal Audit structure has developed policies and procedures, aligned with the requirements of the IIA 2024 Global Internal Audit Standards.

Duties and responsibilities:

a. assists the Company, both as a whole and in its structures, through opinions and recommendations;

b. assists the Company in risk management;

c. contributes to the improvement of risk management, control and governance processes;

d. evaluates the effectiveness of controls over governance, operations and processes in the Company;

e. establishes, implements and maintains an audit plan to examine and evaluate the adequacy and effectiveness of the systems, internal control mechanisms and procedures in the Company;

f. verifies compliance with and implementation of recommendations;

g. periodically reports to the Audit Committee and the Board of Directors on the scope of the audit activity, the authority, responsibility and functioning of the internal audit activity in relation to the annual plan;

h. verifies whether management has accepted a level of residual risk that may be unacceptable for Mecanica Ceahlau SA and communicates to the Board of Directors the situations in which a decision has not been made regarding the residual risk, in order to solve them;

i. performs advisory missions, at the express request of the Board of Directors or the executive management.

The Internal audit performs assurance engagements and advisory engagements:

- Assurance engagements provide an independent assessment of the governance, risk management and internal control processes at Mecanica Ceahlau SA.

- Advisory engagements are advisory and related activities, which aim to add value and improve the governance, risk management and control processes of Mecanica Ceahlau SA, without the internal auditors providing assurance or assuming management responsibilities.

Activities carried out by the internal audit in 2025

Based on the internal audit plan, the areas subject to audit in 2025 were: the procurement of goods and services; the conclusion and signing of contracts according to the delegated powers; the compliance with the deadlines for implementing recommendations in S1 2025; inventory management.

The internal auditor monitored the Internal Audit Quality Assurance and Improvement Program for 2025 in compliance with the requirements of the new Global Internal Audit Standards in order to monitor its implementation, which included: the review and updating of the Internal Audit Charter, the mandate of the Internal Audit Function, the review of the Internal Audit Strategy; the review of the internal policies and work procedures; the design of the risk-based internal audit plan; the internal assessment of the internal audit activities.

The objectives and purpose of each internal audit mission, the opinion of the internal auditor, the conclusions, the recommendations and action plan for the implementation of the recommendations were included in the internal audit reports, submitted to the Audit Committee and the Board of Directors.

The internal auditor follows the progress made in the implementation of the recommendations and report to the executive management on the compliance with the deadlines set for implementation.

There have been no situations in which the management decides not to take any measure to reduce the risks that are considered as unacceptable for the Company.

CHAIRMAN OF THE BOARD OF DIRECTORS,
Trifa Aurelian-Mircea-Radu

CHIEF EXECUTIVE OFFICER,
Sorin Ion Moleșag

CHIEF FINANCIAL OFFICER,
Irina Gliga

10 March 2026

Annex no. 1

A. ITEMS IN THE STATEMENT OF FINANCIAL POSITION

I. Assets that represent 10% of total assets

	Analytical indicators from the statement of financial position	2022	2023	2024	2025	% of TOTAL ASSETS
	TOTAL ASSETS	**68,822,142**	**74,953,166**	**60,846,582**	**56,093,064**	
1.	Land and buildings	14,768,676	15,836,427	17,249,885	14,198,701	25%
2.	Inventories	26,665,751	46,357,720	34,206,199	27,981,480	50%

II. Liabilities exceeding 10% of total equity and debts

	Analytical indicators from the statement of financial position	2022	2023	2024	2025	% of TOTAL LIABILITIES
	TOTAL EQUITY AND LIABILITIES	**68,822,142**	**74,953,166**	**60,846,582**	**56,093,064**	
1.	Revaluation reserves	8,887,985	10,093,223	11,239,817	10,190,876	18%
2.	Paid-up subscribed capital	23,990,846	23,990,846	23,990,846	23,990,846	43%
3.	Retained earnings and other reserves	20,633,995	17,508,677	12,043,111	13,534,234	24%

B. COMPREHENSIVE INCOME

	Analytical indicators from the statement of comprehensive income	2022	2023	2024	2025	%
	GROSS TURNOVER	**47,485,787**	**28,752,823**	**22,500,734**	**19,452,662**	
1.	Expenses related to materials and consumables	32,116,047	16,815,965	14,695,611	13,029,368	67%
2.	Expenses with salaries, contributions and other similar costs	7,986,367	8,566,096	7,497,599	7,374,741	38%

Annex no. 2

STATEMENT OF CASH FLOWS

For the financial year ended 31 December	2022	2023	2024	2025
Payments from clients and other debtors	54,588,646	39,437,704	31,742,620	24,583,096
Payments to suppliers, employees, the State budget and sundry creditors	(59,767,541)	(55,054,209)	(27,040,259)	(22,862,734)
Cash generated from operating activities	**(5,178,895)**	**(15,616,504)**	**(4,702,361)**	**1,720,362**
Paid income tax	-	-	-	-
Net cash generated from operating activities	**(5,178,895)**	**(15,616,504)**	**(4,702,361)**	**1,720,362**
Cash flow from investing activities				
Interest earned	185,512	268,221	81,681	85,249
Redemption of fund units	-	-	-	223,565
Proceeds from the sale of property, plant and equipment	-	371,970	-	8,660,326
Acquisitions of property, plant and equipment	(1,483,423)	(552,974)	(1,463,387)	(523,300)
Short-term investments		5,000,000	-	-
Bank deposits with maturity > 3 months	-	-	-	-
Net cash generated from investments	**(1,297,910)**	**5,087,217**	**(1,381,706)**	**8,445,840**
Cash flow from financing activities				
Dividends paid	-	69,741	-	-
Proceeds from long-term loans		3,000,000	-	-
Proceeds from short-term loans	-	5,000,000	-	9,956,858
Repayment of loans	(296,485)	(297,351)	(3,179,692)	(14,901,725)
Payment of finance lease liabilities	(548,261)	(806,807)	(704,170)	(683,838)
Interest paid	(17,415)	(171,253)	(616,203)	(294,806)
Net cash (used in) financing activities	**(862,161)**	**6,794,330**	**(4,500,066)**	**(5,923,511)**
Net increase (decrease) of cash and cash equivalents	**(7,344,262)**	**(3,734,957)**	**(1,179,410)**	**4,242,692**
Cash and cash equivalents on 1 January	12,829,217	5,421,355	1,631,599	445,730
The effect of foreign exchange variations on cash	(63,600)	(54,085)	(6,458)	(5,224)
Adjustments of current accounts and deposits		(714)	(1)	(1,025)
Cash and cash equivalents at 31 December	**5,421,355**	**1,631,599**	**445,730**	**4,682,173**

ANNEX NO. 3

ACHIEVEMENT OF THE BUDGET OF INCOME AND EXPENSES 2025

INDICATORS	Budget of income and expenses 2025 (lei)	Achieved 2025 (lei)	Achievement of budget of income and expenses (%)
0	*1*	*2*	*3*
A. Total income, of which:	**32,606,526**	**24,036,910**	**74%**
B. Operating income	32,556,526	23,992,191	74%
C. Financial income	50,000	44,719	89%
D. Income/Expenses with stocks of finished goods (acc. 711)	(3,800,000)	(4,802,701)	126%
E. Total expenses, of which:	**(30,229,249)**	**(21,902,399)**	**72%**
F. Operating expenses, of which:	(29,851,531)	(21,215,665)	71%
I. Expenses with raw materials and consumables	(2,435,616)	(4,406,543)	181%
II. Cost of goods sold	(13,574,797)	(4,438,247)	33%
III. Expenses with salaries, indemnities and alike	(8,047,321)	(7,394,106)	92%
IV. Expenses with third-party services	(2,984,835)	(2,763,504)	93%
V. Expenses with taxes, levies and similar payments	(170,000)	(301,595)	177%
VI. Net expenses with provisions for risks and charges (if expenses less income >0)	-	-	
VII. Net expenses with asset impairment allowances (expenses less income >0)	250,000	(71,057)	n/a
VIII. Other operating expenses	(2,388,962)	(1,982,728)	83%
G. Financial expenses	(377,718)	(686,734)	182%
H. Gross profit /(Gross loss)	**(1,422,722)**	**(2,668,190)**	**187%**
Y. Income tax	**(40,000)**	**(261,571)**	**654%**
Y1. Current income tax	-	(122,893)	
Y2. Deferred income tax	(40,000)	(138,678)	347%
J. Net profit / (Net loss)	**(1,462,722)**	**(2,929,761)**	**200%**

ANNEX NO. 4

STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE NEW CORPORATE GOVERNANCE CODE OF THE BSE

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.1. 3	In order to support the long-term viability and success of the Company, the Board should: • oversee the development and approve the Company's strategy and ensure it integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities; • appoint and dismiss the Chief Executive Officer and other members of the executive management to whom executive responsibilities have been delegated ("executive management"), and ensure succession planning; • oversee executive management performance, its role in addressing material sustainability-related risks and opportunities, and align executive remuneration with the Company's long-term interests and sustainability, in line with the Company's remuneration policy; • ensure a sound internal control and risk management framework; • ensure that the Company has procedures enabling effective communication with shareholders and other stakeholders.		X		The provisions are implemented except for those related to sustainability, including E&S considerations and climate-related risks and opportunities. Deadline for adopting the provisions: 31.12.2026.
A.1. 4	The term of appointment of Board members and executive management must be clearly established and should, as far as possible, promote stability and predictability.	X			
A.2. 1	The Board must have at least five members.			X	As of 24.11.2017, the Board of Directors consists of 3 members.
A.2. 2	The Board must have a policy on Board and executive management diversity and ensure that diversity in terms of gender, age, experience and skills is incorporated into the Nomination Policy.	X			The Board consists of 3 persons, of whom 2 are women; executive management consists of 3 directors, of whom one is a woman. There is a wide age range, as well as a broad range of experience among Board members and executive directors.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.2. 3	The Board must develop a Board Profile specifying the desired characteristics and traits of its members, including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, and the capacity and availability to devote adequate time and effort to the Board's responsibilities, in the context of the needs of the Board and its committees and the exercise of their strategic and oversight role. The Board Profile may be part of the Nomination Policy.		X		In the nomination process, the Board considers criteria relating to professional competence, relevant experience and candidates' independence. Currently, a distinct document formalising the Board Profile in a structured framework has not been adopted. The Board intends to formalise the Board Profile and integrate it into the Nomination Policy to ensure full alignment with the Code's provisions.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.2. 4	The majority of Board members must be non-executive. At least one third of Board members must be independent. Each independent Board member must submit a statement on their independence at the time of nomination for election or re-election, as well as whenever any change in their status occurs, in accordance with the independence criteria provided by law and in Annex A to the Code.		X		All Board members are non-executive; however, at present the Board does not fully meet the recommended proportion of independent members, as the mandates of the current members are ongoing. At the next renewal of mandates, the Nomination Committee will prioritise identifying and proposing independent candidates, in order to achieve full alignment with the Code's provisions.
A.2. 5	The Nomination and Remuneration Committee (or the full Board if there is no Nomination and Remuneration Committee) will assess whether Board members may be considered independent based on the relevant factors, by examining whether there are business relationships or other personal relationships that could significantly affect the Board member's independence and objectivity and their ability to act in the interest of the Company, shareholders and stakeholders.	X			
A.2. 6	It is recommended that the roles of Chair of the Board and Chief Executive Officer be held by different persons.	X			
A.2. 7	If the roles of Chair of the Board and Chief Executive Officer are held by the same person, it is recommended that the Company appoint an independent Vice-Chair.				

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.3. 1	The Company will develop and publish a Board member nomination policy defining the processes and procedures for nominating, electing or replacing a Board member. The nomination policy, approved by the competent governance body, will describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from Board members, including with regard to the Board Profile, independence and diversity.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
A.3. 2	The Board, through the Nomination and Remuneration Committee, if any, must monitor the nomination process for candidates for the position of Board member.	X			
A.3. 3	The Company will inform shareholders about the experience and CV of candidates for the position of Board member so that they can make an informed decision regarding appointment or renewal of Board members' mandates, including the following: • candidates' professional commitments and involvement, including executive and non-executive roles in companies, public authorities, non-profit organisations and other organisations; • any existing or potential conflict of interest, including whether they have business, family or other relationships that could affect their performance as a Board member; • which shareholder or Board member proposed each candidate for the position of Board member.	X			
A.4. 1	The Board will establish an Audit Committee to enhance its oversight capacity over financial reporting, the internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a dedicated risk management committee is not required by law or is not already established, the Audit Committee will also include responsibilities for monitoring the effectiveness of the risk management framework.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.4. 2	It is recommended that the Audit Committee comprise only non-executive Board members. It is also recommended that the majority of committee members be independent, including the committee chair. The Audit Committee must, as a whole, have relevant competencies in the Company's field of activity. The committee and its members must comply with applicable national and EU legal requirements.		X		Audit Committee members are all non-executive; however, at present the recommended proportion of independent members is not fully met, as the mandates of the current members are ongoing. At the next renewal of mandates, the Nomination Committee will prioritise identifying and proposing independent candidates, in order to achieve full alignment with the Code's provisions.
A.4. 3	The Board of companies listed in the Premium Category must establish a Nomination and Remuneration Committee composed of non-executive Board members. It is recommended that the majority of the committee members be independent, including the committee chair. The Board may also establish separate Nomination and Remuneration Committees, if the Board's composition allows and if justified given the size and complexity of the business and the Company's governance structures.		X		Nomination and Remuneration Committee members are all non-executive; however, at present the recommended proportion of independent members is not fully met, as the mandates of the current members are ongoing. At the next renewal of mandates, the

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
					Nomination Committee will prioritise identifying and proposing independent candidates, in order to achieve full alignment with the Code's provisions.
A.4. 4	In addition to its specific responsibilities as set out in this Code, the Nomination and Remuneration Committee: i. Reviews and recommends to the Board the size and composition of the Board and leads the creation and ongoing review of the Board Profile; ii. Identifies qualified persons to become members of the Board and executive management, if requested; assesses candidates for executive management positions; assesses candidates proposed by shareholders or Board members for Board member positions and duly informs the GMS; iii. Makes recommendations to the Board regarding appointments to Board committees (other than the Nomination and Remuneration Committee); iv. Coordinates an annual evaluation of the Board, Board members and committees in accordance with Principle A.5; v. Assists the Board in fulfilling its responsibilities related to the Company's remuneration policy; vi. Assists the Board in developing succession plans for executive management, as well as emergency succession plans and the recruitment process for the CEO, as applicable; vii. Oversees the administration of the Company's compensation and benefits plans.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 30.06.2026.
A.4. 5	The role and responsibilities of Board committees must be defined in separate internal regulations (rules of procedure) and published on the Company's website. Where the Company chooses not to establish any Board committees not required by law, the relevant tasks and responsibilities shall be carried out by the Board and must be appropriately mentioned in the Board's internal regulations.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 30.06.2026.
A.4. 6	The assessment of the independence of committee members, including members appointed by the GMS, shall be carried out using the same procedure applicable to independent Board members.	X			
A.4. 7	The chairs of the Audit Committee and the Nomination and Remuneration Committee must not be the Chair of the Board or chairs of other committees, unless justified by the size of the Board.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.5. 1	The Chair of the Board is primarily responsible for ensuring that the Board functions properly. The Board's internal regulations must include the role and responsibilities of the Chair and, at a minimum, the Chair must: • set the Board meeting agenda, chair meetings and ensure that minutes are prepared; • ensure the Board receives accurate, timely, useful and concise information to enable proper decisions; • ensure the Board has sufficient time for consultation and decision-making; • enable proper functioning of committees and effective communication with them, including relevant operational reports to the full Board; • ensure Board performance is evaluated and discussed at least annually and disclosed publicly in line with provision D.1.3; • ensure an appropriate working relationship with executive management; the CEO and the Chair (where roles are held by different persons) meet periodically; • address and manage internal disputes and conflicts of interest involving Board members.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
A.5. 2	The Board must meet as often as necessary, but no fewer than six (6) times per year.	X			
A.5. 3	The Board may request the appointment of a General Secretary to assist the Board in complying with its obligations under the law, the Board's internal regulations and other policies. The General Secretary must be a senior expert within the Company, tasked with supporting the Board and its committees in organising their activities, preparing meetings, coordinating the annual performance evaluation of the Board and committees, and training programmes for Board members, if needed.	X			
A.5. 4	The Board must clearly define the rights and responsibilities, scope of authority and other matters related to the General Secretary.	X			
A.5. 5	The Board and its committees must develop and approve an annual internal work plan identifying the topics to be addressed during the year before the end of the previous year. The plan must take into account decisions to be proposed to the GMS, reporting by executive management and internal control functions, the required frequency of Board and committee meetings, and must be reviewed by the Chair with the support of the General Secretary.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.5. 6	The Board must carry out an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole; the evaluation must be coordinated by the Nomination and Remuneration Committee.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
A.5. 7	The Nomination and Remuneration Committee must share the results of the Board evaluation with the full Board and establish follow-up actions, as needed, including professional development and training plans for the Board to address gaps.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
A.5. 8	The Board's internal regulations must impose induction programmes for newly appointed Board members, provided by internal Company staff. The Board's internal regulations may refer to continuous training programmes for Board members, if needed. The implementation of induction and continuous training programmes (as decided by the Board) is carried out under the supervision of the Nomination and Remuneration Committee, with the support of the General Secretary. Based on the results of the annual Board evaluation, the Nomination and Remuneration Committee together with the Chair will develop professional development programmes focused on areas where Board capacity should be strengthened.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
A.6. 1	Executive management must manage the Company and be accountable to the Board. The allocation of responsibilities between the Board and executive management and among different members of executive management must be clearly articulated in the Company's Articles of Association and internal regulations.	X			
A.6. 2	Where the roles of Chair of the Board and Chief Executive Officer are performed by the same person, the different responsibilities of the Chair and the CEO must be clearly defined and differentiated in the Company's Articles of Association.				
A.6. 3	The Board must ensure that executive management comprises persons with adequate knowledge, competencies, diversity and experience to support the Company's performance success and that measures are in place to ensure orderly succession of executive management.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
A.6. 4	The Board, with the support of the Nomination and Remuneration Committee, must annually evaluate executive management performance and the effectiveness of its cooperation with the Board, including the information provided to the Board.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
B.1. 1	The Board determines the nature and extent of the risks the Company is willing to assume as necessary for achieving the Company's strategic objectives (namely the Company's risk appetite) and must ensure that there are clear structures, policies and procedures that identify, assess, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board must explain in the annual report the mechanisms and processes established for identifying and managing risks.		X		Although risks are identified and periodically monitored, the Company has not yet formalised an explicit risk appetite procedure approved by the Board. The Board considers that risk limits are managed through the approval of budgets, investments and operational strategies. Formalisation of a dedicated risk appetite statement is planned for the following year.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
B.1. 2	The Board must adopt a formal risk management policy to ensure the proper, complete and timely identification, measurement and reporting of risks, the existence of adequate and feasible risk control measures, as well as the integration of environmental and social (E&S) risks into the risk management framework, in order to implement the Company's strategy.		X		The Company applies risk management principles through operational processes integrated into its current activity; however, it has not yet formalised a distinct Risk Management Policy approved at Board level. During the next financial year, the Board intends to adopt a formalised risk management framework, including defining risk appetite and associated responsibilities.
B.1. 3	The Board and the Audit Committee must understand emerging developments related to information technology and artificial intelligence in order to mitigate cybersecurity risks. Time must be allocated on the Board agenda to artificial intelligence risks and opportunities and cybersecurity, in order to ensure adequate understanding of cyber protection.		X		IT and cybersecurity risks are managed at operational level; however, there is not yet a distinct Board-approved IT governance and cybersecurity policy. Formalisation of this policy is planned for the following year.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
B.1. 4	It is recommended that the Company establish a risk management function responsible for ensuring proper, complete and timely identification of risks, ensuring that adequate and feasible risk control measures are in place and monitoring risk management procedures. The risk management function, through the Chief Risk Officer (CRO), if any, must have direct communication and functional reporting to the Board and the Audit Committee (if there is no dedicated Risk Committee).	X			Risk management is currently carried out at executive management level through operational monitoring and periodic reporting to the Board. The Company has not yet designated a distinct risk management function; however, the Board considers that the current mechanisms are adequate given the level of operational complexity.
B.1. 5	The Board, assisted by the Audit Committee, must evaluate at least annually the adequacy and effectiveness of the Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The evaluation must take into account the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports where required by applicable legislation addressed to the Audit Committee of the Board, management responsiveness and effectiveness in addressing identified internal control deficiencies or weaknesses, and the communication of relevant reports to the Board.		X		Major risks are identified and periodically discussed during Board meetings; however, there is not yet a formalised documented risk matrix maintained in a dedicated register. The development of a formal Risk Register is included in the governance plan for the following financial year.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
B.1. 6	The Board must develop and make available on the Company's website, free of charge, a whistleblowing mechanism that allows employees and other stakeholders to disclose alleged breaches or irregularities in accordance with applicable legislation in force.		X		The Company has not yet implemented a formal anonymous whistleblowing mechanism. However, employees may report irregularities through existing internal channels. The Board intends to implement a dedicated mechanism in accordance with applicable legislation and governance best practices.
B.2. 1	In addition to its responsibilities mentioned in legislation and in other parts of the Code, the Audit Committee must: review internal controls and the risk management framework within the Company; monitor the development and implementation of policies regarding conflicts of interest and related-party transactions; ensure the independence and review the effectiveness of the Company's internal audit function and submit recommendations to the Board; oversee the internal audit function; oversee the preparation of sustainability reports and the information included therein, unless this task is assigned to another committee; oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations (such as procedures for reporting breaches of the law or of the Company's Code of Conduct), unless this task is assigned to another committee.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
B.2. 2	Whenever the Code refers to reviews or analyses to be carried out by the Audit Committee, these must be followed by periodic (at least annual) or ad-hoc reports presented to the Board.			X	Although the Audit Committee performs analysis and monitoring activities in accordance with its mandate, a distinct formal annual activity report has not yet been established. Information is provided through meeting minutes and reports presented to the Board. Starting with the next financial year, the Board will introduce the obligation to prepare a formal annual Audit Committee report.
B.2. 3	The Audit Committee must monitor the independence and objectivity of the external auditor. The Committee should approve a policy regarding the provision of permitted non-audit services by the external auditor, in accordance with legal requirements, and ensure implementation of this policy. The Committee's findings regarding the independence of the external auditor must be made public in the annual report.	X			
B.2. 4	The Audit Committee must discuss the annual work plan with the external auditor, covering the scope and materiality of the activities to be audited. The Audit Committee must meet with the external auditor whenever necessary to discuss identified issues and to monitor the quality of services provided.	X			
B.3. 1	The Board must ensure that internal audit has adequate authority, resources and procedures to assist the Board in ensuring the effectiveness and efficiency of the Company's risk management and internal control framework.	X			
B.3. 2	In order to ensure fulfilment of the core functions of internal audit, the person responsible for this function must be appointed and must report functionally directly to the Board through the Audit Committee, which is responsible for approving his or her appointment and dismissal. This does not prejudice administrative reporting to the Chief Executive Officer and the exchange of information with executive management in accordance with legal requirements and professional standards.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
B.3. 3	The internal audit function must be established in accordance with applicable legal requirements and industry standards (e.g. those of the Institute of Internal Auditors). The authority of internal audit, its composition, remuneration, annual budget, working procedures and other relevant aspects shall be regulated in internal audit rules approved by the Board following the recommendation of the Audit Committee.	X			
B.3. 4	The Audit Committee must agree on an annual internal audit work plan together with the internal auditor, receive internal audit reports and updates on key audit matters, monitor the implementation of internal audit recommendations and provide the necessary guidance.	X			
C.1. 1	Board members must receive remuneration in accordance with the Company's Remuneration Policy. Members who are also members of Board committees must receive additional remuneration for this activity. However, under no circumstances shall remuneration be linked to the number of Board or Committee meetings attended.	X			
C.2. 1	The Board must establish the annual remuneration of executive management based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's Remuneration Policy. The Remuneration Policy must be drafted in compliance with the relevant legal requirements.	X			
C.2. 2	The remuneration levels for executive management members and the key performance indicators taken into account in determining the variable (performance-based) component of remuneration must be established in advance and must be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment in which the Company operates, as well as the remuneration and employment conditions of employees within the Company. In particular, these should include indicators relating to non-financial performance and appropriate sustainability objectives.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
C.2. 3	The Company's shares and/or share purchase options must represent a significant portion (e.g., not less than 10%) of the total variable remuneration of executive management members.			X	The provision regarding the inclusion of shares or share options in the structure of variable remuneration is not applicable at present. The Board periodically reviews the Remuneration Policy and will analyse the opportunity to introduce a variable component correlated with long-term performance.
D.1. 1	The Company must ensure that it provides accurate, complete and timely financial and operational information, including quarterly, semi-annual and annual reports, as well as current reports. Companies must ensure that all relevant information is easily accessible to investors, including through the Company's website and other public information sources, as applicable.	X			
D.1. 2	It is recommended that the Company have an Investor Relations (IR) function and must appoint a dedicated person responsible for the IR function. Contact details of the person(s) responsible for the IR function shall be available on the Company's website. The IR function shall report directly to the Chief Executive Officer/Chief Financial Officer, underlining its importance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's commitments and market status. The Company must organise induction and periodic training courses, if necessary, for the IR function, tailored to its specific needs and responsibilities.	X			
D.1. 3	The Company must include on its website a dedicated Investor Relations section containing all relevant information of interest to investors, available in both Romanian and English.	X			
D.1. 3	The Company must include in the Investor Relations section: the main corporate regulations, namely the updated Articles of Association, GMS procedures, the Board's internal regulations and the internal regulations of the Board committees.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1. 3	The Company must include in the Investor Relations section: the list of current members of the Board, Board committees and executive management, indicating their updated independence status; professional CVs (containing at least: name, surname, gender, nationality, age; professional experience by years, position and company; education, field of study and awarding academic/professional institution); other professional commitments, including executive and non-executive roles in companies, non-profit organisations and public institutions; relationships with shareholders holding at least 5% of voting rights/shares; the duration of mandates of Board, committee and executive management members, specifying the date of appointment.		X		Information regarding Board, committee and executive management members is included in the Company's Annual Report and is publicly available. However, the Investor Relations section does not currently consolidate all elements required by the Code. The Company intends to restructure and consolidate the online information to ensure full compliance.
D.1. 3	The Company must include in the Investor Relations section: current and periodic reports (quarterly, semi-annual and annual reports).	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1. 3	The Company must include in the Investor Relations section: information regarding the GMS – agenda, supporting materials and adopted resolutions; the procedure for conducting the GMS; the Nomination Policy together with professional CVs and any other information referred to under A.3.3; communication channels through which shareholders may submit questions; answers to shareholders' questions related to the agenda; independence statements of Board candidates and evaluations performed by the Nomination and Remuneration Committee/Board regarding compliance with independence criteria.		X		The Company publishes GMS convening notices, supporting materials, adopted resolutions and GMS procedures in accordance with legal requirements. However, evaluations performed by the Nomination and Remuneration Committee and detailed independence statements of candidates are not currently published in a consolidated format within the Investor Relations section. The Board intends to enhance transparency by publishing such information in a dedicated format.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1. 3	The Company must include in the Investor Relations section: information regarding the Board evaluation carried out in accordance with provision A.5.7, including evaluation criteria and process, as well as a summary of the evaluation results and actions taken or to be taken as a result of the evaluation.			X	The Board carries out an annual analysis of its activity; however, the process is not yet formalised through documented criteria and published methodology. The evaluation is conducted through internal discussions and assessment of individual and collective contributions. The Board intends to formalise the process and publish a summary of criteria used by 31.12.2026.
D.1. 3	The Company must include in the Investor Relations section: information about corporate events, such as dividend payments and other distributions to shareholders or other events leading to the acquisition or limitation of shareholder rights, including deadlines and principles applicable to such operations. Such information must be published in due time to allow investors to make investment decisions.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1. 3	The Company must include in the Investor Relations section: corporate policies, including the Code of Conduct, Dividend Policy, Remuneration Policy, Forecast Policy, Investor Communication Policy, Corporate Social Responsibility (CSR)/Sponsorship Policy, Related-Party Transactions Policy, Diversity, Equity and Inclusion Policy, and Whistleblowing Policy (if not already included in the Code of Conduct).		X		The Company has adopted policies required by applicable legislation (including the Remuneration Policy and Related-Party Transactions Policy). Certain policies recommended by the Code (such as a Forecast Policy, a formally distinct CSR Policy, or a Diversity, Equity and Inclusion Policy) have not yet been adopted as separate documents. Their principles are reflected in operational practices and internal regulations. The Board will analyse the formal adoption and publication of such policies during the next financial year.
D.1. 4	The Company must organise at least two meetings/teleconferences with analysts and investors each year. Information presented on such occasions must be published in the IR section of the Company's website at the time of the meetings/teleconferences.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.1. 5	The Company must disclose significant and reportable non-financial and sustainability aspects, with emphasis on environmental, social and governance (ESG) matters related to its business and operations, in accordance with a recognised sustainability reporting standard. The Company's sustainability statements shall be published on its website.			X	Considering the Company's size and applicable reporting thresholds, it is not currently subject to extended sustainability reporting obligations under applicable European legislation. The Board monitors legislative developments and will adapt the reporting framework if necessary.
D.1. 6	The Company must have a CSR/Sponsorship policy to guide its activities in supporting CSR initiatives and sponsorships.			X	The Company carries out social responsibility activities and grants sponsorships in accordance with applicable legislation and its strategic objectives. However, no distinct CSR/Sponsorship Policy formally approved by the Board has yet been adopted. The Board intends to formalise a documented framework by 31.12.2026.
D.2. 1	The Company must have a Dividend Policy outlining the directions the Company intends to follow regarding the distribution of net profit.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
D.2. 2	The procedure for conducting the GMS must not restrict shareholders' participation and exercise of their rights. Amendments to the GMS procedure must enter into force no earlier than the next GMS.	X			
D.2. 3	External auditors must attend the GMS at which their reports are presented in order to answer shareholders' questions.	X			
D.2. 4	The Board must present at the annual GMS a summary of the evaluation of the adequacy and effectiveness of the risk management and internal control framework, in accordance with the relevant information included in the annual report.			X	Currently, the evaluation of the risk management and internal control framework is carried out through periodic reporting and Board-level discussions. A formally documented consolidated annual evaluation process and distinct presentation at the GMS have not yet been established. The Board has initiated a formalisation process, with a deadline of 30.04.2027.
D.2. 5	The Company must encourage shareholder and investor engagement by: encouraging active participation in General Meetings of Shareholders, including virtual participation; organising periodic investor briefings and updates, especially during significant corporate events; establishing channels for shareholders to provide feedback and ask questions, ensuring timely and comprehensive responses.	X			
D.2. 6	Any professional, consultant, expert or financial analyst may attend the GMS upon prior invitation by the Chair of the Board. Accredited journalists may also attend the GMS unless the Chair decides otherwise.	X			

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
E.1. 1	The Board must ensure that sustainability and environmental and social considerations are integrated into the Company's strategy and operations, into risk management and remuneration practices, and must oversee this integration. A specialised sustainability committee or one of the Board's standing committees shall assist the Board in fulfilling these responsibilities.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
E.1. 2	The Board must ensure that the Company's operations are conducted in accordance with national and international E&S standards and that the Company's E&S policies are aligned with its long-term objectives. In particular, the Company must have internal documents relating to its environmental and social responsibilities, as well as policies and procedures enabling it to identify significant factors and assess their impact on the Company's activities.		X		The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2027.
E.1. 3	Whenever a decision to be taken by the Board has a potentially significant and negative impact in the E&S sphere, the Board must receive from executive management (i) an analysis of how such decision is aligned with the Company's sustainability objectives and E&S policies or (ii) a proposal for measures to mitigate the negative E&S impact.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
E.2. 1	The Board must ensure that there is a formal process for identifying the Company's stakeholders, including investors, creditors, customers, employees and suppliers, as well as specific approaches for engaging priority stakeholders.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
E.3. 1	The Board must develop a purpose statement and a vision statement, as well as articulate the Company's values, so that the entire organisation understands the Company's strategic direction.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.

Req. No.	Provision (detailed)	Yes	Partial	No	Explanation
E.3. 2	The Board must adopt a Code of Conduct for Board members, executive management and employees, with clear provisions intended to prevent and sanction fraud and bribery. The Board must not permit any derogation from ethical requirements for any Board member, executive management member or employee.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.
E.3. 3	The Board must ensure that the policies included in the Code of Conduct are integrated into the Company's practices and incorporated into the onboarding process for new employees. The Board must ensure effective implementation and monitoring of compliance with the Code of Conduct and must periodically review it.			X	The Company is in the process of implementing this provision. Adoption of the related documentation is planned by 31.12.2026.

Annual Remuneration Report for 2025 of the Directors of Mecanica Ceahlău S.A.

(the "Company")

The Board of Directors of the Company (the "Board of Directors") has prepared this annual report (the "Remuneration Report") in accordance with the Company's Remuneration Policy for the members of the management bodies. The Remuneration Report includes the remuneration and other benefits granted to the Company's directors during the financial year ended 31 December 2025.

The Remuneration Report is subject to an advisory vote of the Company's Ordinary General Meeting of Shareholders ("OGMS") to be held on 21 April 2026. The Report will be published on the Company's website at www.mecanicaceahlau.ro and will remain publicly available for a period of 10 years from the date of publication, in accordance with the applicable legal provisions.

The Remuneration Report provides an overview of the remuneration, including all benefits in whatever form, granted or due during the most recent financial year to the directors on an individual basis, including newly appointed and former directors, in accordance with the Remuneration Policy.

Remuneration Policy

In accordance with the provisions of Law No. 24/2017 on issuers of financial instruments and market operations, as subsequently amended and supplemented, the General Meeting of Shareholders held on 14 April 2025 approved the Remuneration Policy.

The Remuneration Policy is subject to an advisory vote of the Company's Ordinary General Meeting of Shareholders ("OGMS") at least once every four years.

The Remuneration Policy establishes the principles governing the remuneration of the members of the Board of Directors and of the executive directors.

This Remuneration Policy applies to all directors and executive directors of the Company, irrespective of the date of their appointment or the termination date of their mandate.

The remuneration principles applicable at the level of the Company, as approved by the shareholders, are as follows:

a) the remuneration policy is aligned with the Company's business strategy, values and long-term objectives, as well as with the interests of the Company's investors, and does not give rise to conflicts of interest;

b) the remuneration of the Company's directors reflects their duties, responsibilities, competencies and scope of authority;

c) the remuneration of the Company's directors and employees consists of a fixed component and a variable component;

d) an appropriate balance is maintained between the fixed and variable components of the total remuneration, with the fixed component representing a sufficiently high proportion of the total remuneration to allow for a flexible policy regarding the variable components of remuneration;

e) variable remuneration is granted depending on the achievement of collective and individual performance objectives. The amount of the variable remuneration is determined based on an assessment that combines individual performance with the Company's results, and the performance evaluation is carried out within an appropriate framework using financial criteria;

f) the remuneration framework aims to prevent situations that may give rise to conflicts of interest.

g) to ensure compliance with all applicable legal and regulatory requirements.

Remuneration of the members of the management bodies for the financial year 2025

The remuneration of the members of the management bodies for the financial year 2025 is presented as follows:

1. Fixed remuneration of the members of the Board of Directors

For the activity carried out within the Board of Directors, each member of the Board is entitled to a fixed monthly remuneration, the net amount of which is approved by the Ordinary General Meeting of Shareholders (OGMS) upon appointment.

2. Variable remuneration of the members of the Board of Directors

Variable remuneration is linked to the strategic indicators, economic indicators and the objectives assumed and approved annually by the Ordinary General Meeting of Shareholders.

In 2025, management agreements were concluded with the members of the Board of Directors appointed by the Ordinary General Meeting of Shareholders held on 19 November 2025, establishing the fixed monthly remuneration as follows:

- Chairman of the Board of Directors: EUR 1,000 net per month
- Members of the Board of Directors: EUR 500 net per month

3. Fixed remuneration of the executive directors

For the activity carried out by the executive directors, the Ordinary General Meeting of Shareholders (OGMS) establishes the maximum ceiling of the fixed monthly net remuneration.

The actual fixed monthly net remuneration granted to each executive director is determined by the Board of Directors, within the maximum ceiling approved by the OGMS.

In 2025, the remuneration of the executive directors fell within the maximum ceiling approved by the OGMS.

4. Variable remuneration of the executive directors

Variable remuneration is linked to the strategic indicators, economic indicators and the objectives assumed and approved by the Ordinary General Meeting of Shareholders.

For the year 2025, no performance bonuses were granted, as the Company reported a loss for the financial year.

Additional information regarding the remuneration of the members of the management bodies, the method used to determine each remuneration component and the relative proportion of fixed and variable remuneration is presented in Annex 1 – “Net Fixed and Variable Remuneration for Each Member of the Management Bodies for the Year 2025”.

Details regarding the year-on-year change over the last five years in the net remuneration of each member of the management bodies, as well as the Company’s performance, are presented in Annex 2 – “Year-on-Year Change in Net Remuneration over the Last Five Years”.

Pension schemes

The Company makes payments on behalf of the members of the Board of Directors and the executive directors to the Romanian public pension system, in accordance with the applicable legal provisions.

Except for participation in the public pension system, the members of the Board of Directors do not benefit from contributions to voluntary pension schemes paid by the Company.

The Company has no other additional pension-related obligations. The Company is not engaged in any other post-employment benefit schemes.

Professional liability insurance

The Company has taken out, on behalf of the members of the Board of Directors and the executive directors, a professional liability insurance policy with a coverage limit of EUR 60 thousand (maximum indemnity amount).

No shares or share options were granted or offered to any member of the Board of Directors.

Conclusions

The periodic assessment of the execution of mandate agreements and the achievement of the established objectives, as well as the monitoring of the progress in meeting financial and non-financial performance indicators throughout the mandate, are essential for ensuring effective management and supporting the Company's performance.

This Remuneration Report was approved by the Board of Directors at its meeting held on 10 March 2026 and will be submitted for voting at the Annual Ordinary General Meeting of Shareholders of MECANICA CEAHLĂU S.A. The shareholders' opinion on the Remuneration Report shall be advisory in nature. The Company will explain in the next Remuneration Report how the vote of the General Meeting has been taken into consideration.

Chairman of the Nomination and Remuneration Committee

Aurelian-Mircea-Radu Trifa

10 March 2026



A. Structure of the Remuneration of the Members of the Management Bodies for the Year 2025:

Position	Total remuneration (breakdown by components)	Relative proportion of fixed remuneration	Relative proportion of variable remuneration (performance bonus)	Other benefits obtained	Remuneration received from any entity in Romania belonging to the same group and controlled by / affiliated with the Company
Director – Chairman of the Board of Directors	691,998 RON	545,499 RON respectively **78.83%**	146,499 RON respectively **21.17%**	-	449,570 RON – **64.97%** Breakdown as follows: • 303,071 RON received from **Evergent Investments S.A.**, representing the fixed component (**43.80%**) and the variable component – 146,499 RON (**21.17%**)
Director – Member of the Board of Directors	121,086 RON	121,086 RON respectively **100.00%**	-	-	-
Director – Member of the Board of Directors (during the period 01.01.2025 – 24.11.2025)	763,771 RON	666,805 RON respectively **87.30%**	96,966 RON respectively **12.70%**	**-**	648,003 RON – **84.84%** Breakdown as follows: • 129,624 RON received from **REGAL S.A.**, representing the fixed component – **16.97%** (variable component – N/A); • 64,214 RON received from **EVER IMO S.A.**, representing the fixed component – **8.41%**, variable component – 7,914 RON – **1.04%**; • 231,555 RON representing the fixed component received from **Evergent Investments S.A.** – **30.32%**, and the variable component – 58,548 RON – **7.67%**; • 103,517 RON received from **EVERLAND S.A.**, representing the fixed component – **13.55%**, and the variable component – 30,504 RON – **3.99%**; • 22,127 RON received from **A3 Snagov S.R.L.**, representing the fixed component – **2.90%** (variable component – N/A).
Director – Member of the Board of Directors (24.11.2025 – 31.12.2025)	126,692 RON	29,390 RON respectively **23.20%**	97,302 RON respectively **76.80%**	-	121,408 RON – **95.83%** Breakdown as follows: • 24,106 RON received from **Evergent Investments S.A.**, representing the fixed component (**19.03%**) and the variable component – 97,302 RON (**76.80%**).

Position	Total remuneration (breakdown by components)	Relative proportion of fixed remuneration	Relative proportion of variable remuneration (performance bonus)	Other benefits obtained	Remuneration received from any entity in Romania belonging to the same group and controlled by / affiliated with the Company
Chief Executive Officer	414,038 RON	414,038 RON – respectively **100.00%**	0 RON – respectively **0.00%**	-	**-**
Sales Director	236,416 RON	236,416 RON – respectively **100.00%**	0 RON – respectively **0.00%**	**-**	**-**
Chief Financial Officer (01.01.2025 – 08.11.2025)	202,569 RON	202,569 RON – respectively **100.00%**	0 RON – respectively **0.00%**		
Chief Financial Officer (09.11.2025 – 31.12.2025)	30,622 RON	30,622 RON – respectively **100.00%**	0 RON – respectively **0.00%**	**-**	**-**

ANNEX 2

B. Performance indicators for 2025 for the Chief Executive Officer and the members of the Board of Directors

Considering that the Revenue and Expenditure Budget (REB) for 2025, approved by the Ordinary General Meeting of Shareholders held on 19 December 2024, provides for a negative profit and loss indicator, no performance indicators related to variable remuneration (performance bonus) were established for the Chief Executive Officer and the members of the Board of Directors.

ANNEX 3

C. Comparative information on the annual change in remuneration and the Company's performance

Annual change	Financial year 2025 compared to financial year 2024	Financial year 2024 compared to financial year 2023	Financial year 2023 compared to financial year 2022	Financial year 2022 compared to financial year 2021	Financial year 2021 compared to financial year 2020
Remuneration of the members of the management bodies					
Director – Chairman of the Board of Directors	Starting with 24.11.2025, the remuneration was reduced by 60%	No changes	No changes	No changes	No changes
Director – Member of the Board of Directors	Starting with 24.11.2025, the remuneration was reduced by 60%	No changes	No changes	No changes	No changes
Director – Member of the Board of Directors (until 24.11.2025)	No changes	No changes	No changes	No changes	No changes
Director – Member of the Board of Directors (starting with 24.11.2025)	N/A	N/A	N/A	N/A	N/A
Chief Executive Officer	No changes	No changes	15% increase	No changes	No changes
Chief Financial Officer (until 08.11.2025)	No changes	No changes	15% increase	No changes	No changes
Sales Director	No changes	No changes	15% increase	No changes	No changes
Chief Financial Officer (starting with 08.11.2025)	N/A	N/A	N/A	N/A	N/A
Company performance					
Turnover	Decrease by 14%	Decrease by 22%	Decrease by 39%	Increase by 31%	Increase by 92%
Net profit	N/A	N/A	N/A	Decrease by 2%	N/A
Average remuneration of the Company's employees on a full-time equivalent basis					
Employees of the Company	Increase by **12%**, determined through direct negotiation	Increase by **20%**, determined through direct negotiation	Decrease by **3–5%**, determined through direct negotiation	Increase by **5–8%**, determined through direct negotiation	Increase by **5–8%**, determined through direct negotiation

In the Remuneration Report for the financial year 2025, the methodology used to determine the annual changes in the Company's performance indicators has been updated, with the variations calculated based on the Company's audited annual financial statements. As a result, certain percentage values of the indicators presented in Annex 3 differ from those included in the Remuneration Report for the previous financial year. In particular, for the financial year 2023 the turnover variation is presented as a decrease of 39% (compared to 43% in the previous report), while for the financial years 2022 and 2021 the turnover variation is presented as increases of 31% and 92%, respectively (compared to 89% in the previous report). For the net profit indicator, for the financial year 2022 a decrease of 2% is presented (compared to an increase of 150% in the previous report), while for the financial year 2021 the indicator is presented as N/A, given that the result for the financial year 2020 was negative and therefore does not allow for a comparable percentage variation.

D. Information regarding the mandate agreements of the Company's directors

Position	**Contract period**	**Notice period**	**Amount of damages for revocation without just cause**
Chairman of the Board of Directors	24.11.2017 – 24.11.2021, mandate extended 24.11.2021 – 24.11.2025, mandate extended 24.11.2025 – 24.11.2029, mandate extended	N/A	N/A
Member of the Board of Directors	24.11.2025 – 24.11.2029	N/A	N/A
Member of the Board of Directors	24.11.2017 – 24.11.2021, mandate extended 24.11.2021 – 24.11.2025, mandate extended 24.11.2025 – 24.11.2029, mandate extended	N/A	N/A
Member of the Board of Directors	10.01.2018 – 24.11.2021 24.11.2021 – 24.11.2025, mandate extended	N/A	N/A
Chief Executive Officer	16.01.2018 – 15.01.2022 16.01.2022 – 15.01.2026, mandate extended	• Revocation by Board Resolution, without notice; • 60 days' notice in case of unilateral resignation from the mandate.	N/A
Chief Financial Officer	01.05.2021 – 30.04.2023 01.05.2023 – 30.04.2026, mandate extended 08.11.2025 – termination of mandate (resignation)	• 30 days' notice in case of unilateral resignation from the mandate; • Revocation by Board Resolution, without notice.	N/A
Chief Financial Officer	Starting with 08.11.2025 – ongoing	• 30 days' notice in case of unilateral termination of the contract; • Revocation by Board Resolution with 30 days' notice.	N/A
Sales Director	01.05.2020 – 30.04.2022 01.05.2022 – 30.04.2026, mandate extended	• 30 days' notice in case of unilateral resignation from the mandate; • Revocation by Board Resolution, without notice.	N/A

The Company's directors are not participants in any share option schemes granted or offered by the Company. The Company does not provide medical service subscriptions, life insurance or other types of benefits (post-employment or retirement benefits).

Annual change in remuneration

The Board of Directors proposes to the Ordinary General Meeting of Shareholders (OGMS) to maintain the remuneration limits established for 2025 for both the members of the Board of Directors and the executive directors.

The amount of the variable remuneration will be determined depending on professional performance.