

## Quarterly report of the Board of Directors on March 31, 2023

Date of the report: 10/5/2023

Name of the company: SC „MECANICA CEAHLĂU” S.A. PIATRA NEAMŢ

Registered Office: Piatra Neamţ, Dumbravei street, no.6, postal code 610202

Phone number/fax: 0233-211104/ 0233-216069

Tax Identification Number: RO 2045262

Trade Register Registration Number: J27 / 8 / 08.01.1991

Subscribed and paid-in share capital RON 23,990,846

Regulated market in which the issued securities are traded: Bucharest Stock Exchange

Trading symbol: MECF.

### 1. Synthesis of the financial-economic indicators on March 23, 2023

Information in the financial-economic situation of the Mecanica Ceahlau SA on the 1st quarter of 2023 are presented in the Financial Statements, concluded on March 31, 2023, drafted according to the order 2844 from 2016 on the approval of the accounting regulations according to the international standards of financial reporting. The currency of the reporting is RON.

The Individual Financial Statements concluded on March 31, 2023 were not audited.

The structure and the evolution of the asset, debt and equity elements of the company, compared to the same period of the previous year, is presented as:

#### 1.a. Individual situation of the financial position

Indicator - ron	March 31, 2023	December 31, 2022
	18,217,331	18,556,349
Tangible fix assets		
Intangible assets	139,602	103,032
Real Estate Investments	898,905	898,905
Assets representing rights of use of support assets in leasing contracts	2,140,219	2,271,212
<b>Total fixed assets</b>	<b>21,396,058</b>	<b>21,829,498</b>
Stocks	33,964,902	26,665,751
Trade receivables	8,753,136	8,787,319
Other receivables	785,952	311,234
Expenses registered in advance	235,554	63,959
Financial assets measured at fair value through the profit and loss	279,220	275,441
Financial assets at amortised cost	5,096,098	5,105,165
Cash, current accounts and deposits with banks	363,492	5,421,355
Assets classified as held for sale	362,419	362,419
<b>Total Current assets</b>	<b>49,840,773</b>	<b>46,992,643</b>

<b>TOTAL ASSETS</b>	<b>71,236,830</b>	<b>68,822,141</b>
Share capital	23,990,846	23.990.846
Legal reserves	2,983,701	2.983.701
Revaluation reserve	8,758,483	8.887.985
Retained earnings and other reserve	17,964,343	17.650.294
<b>Total equity</b>	<b>53,697,373</b>	<b>53,512,826</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term loans	49,551	123,842
Liabilities from leasing contracts	1,658,561	1,761,800
Provisions for pensions	117,877	127,083
Deferred tax liabilities	1,861,770	1,837,449
<b>Total non-current liabilities</b>	<b>3,687,758</b>	<b>3,850,174</b>
<b>Current liabilities</b>		
Short term loans	297,337	297,235
Lease liabilities	469,024	492,272
Trade payables	11,482,247	7,774,502
Other payables	1,542,757	2,834,797
Provisions for risks and charges	60,335	60,335
<b>Total current liabilities</b>	<b>13,851,700</b>	<b>11,459,141</b>
<b>TOTAL LIABILITIES</b>	<b>17,539,458</b>	<b>15,309,315</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,236,830</b>	<b>68,822,141</b>

*The total equity* increased to the amount of 53,697,373 lei (December 31, 2022: 53,512,826 lei). No dividends were distributed to shareholders.

*The current assets* in the amount of 49,840,773 lei increased with 6% compared to December 31, 2022 and are made up of:

*Stocks* are in the net amount of 33,964,902 lei increased with 27,37% compared to December 31, 2022, mainly due to the outsourcing of parts and subassemblies and the expansion of the product portfolio (2 new ranges of seeders, herbicide machines, new range of plows). Are made up of:

<b>Indicator - ron</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>%</b>
Raw materials and materials	7,304,606	3,155,416	231%
Work in progress	1,458,100	1,371,093	106%
Semi-finished goods	54,007	91,575	59%
Finished goods	15,137,340	13,008,683	116%
Merchandise	10,010,849	9,038,984	111%
<b>Inventory at net value</b>	<b>33,964,902</b>	<b>26,665,751</b>	<b>127%</b>

- **Trade receivables** in the amount of 8,753,136 lei decreased by 0.4% compared to December 31, 2022, and are entirely considered performant.

On March 31, 2023 the company has received from clients in the form of guarantees, promissory notes and cheques pursuant to the contractual provisions in the amount of 254,523 lei.

- **Other receivables** in amount of 785,952 lei increased by 153% compared to December 31, 2022.

- **Cash and current accounts** are in amount of 363,492 lei, are lower with 93% compared to December 31, 2022.

No dividends were distributed or paid.

- **Assets classified as held for sale**

On March 31, 2023, the company holds for sale assets identified as follows:

- Unincorporated land with a 6,600 sqm surface according to documents (6,691 sqm according to measurements), the "arable" category, located in the outskirts of the city of Targu Neamț, Valea Seaca area, Neamț county, identified with cadastral number 50718, registered in the Land Registry of Tg Neamț, under the number 50718.
- The building located in Baldovinești Village, Vădeni city, Braila county, which is composed of:
  - Incorporated land with a 5,278 sqm surface, identified with cadastral number 240, registered in the Land Registry under the number 71069, land 208, parcel 1354 of Vădeni town, category of use "building yards";
  - Related construction

**The provisions** in the amount of 60,335 lei are made up of:

- Provisions for guarantees granted to customers: 60,335 lei

**The long-term loans** have decreased with 4% compared to December 31, 2022.

**The current liabilities** are in the amount of 13,851,700 lei (as of December 31, 2022: 11,459,141 lei) increased by 21% compared to December 31, 2022, the largest share of debts being held by commercial liabilities.

### 1.b. Individual situation of the global result

Mecanica Ceahlau SA ended the first quarter of 2023 with a net turnover of 9,342,125 lei.

Indicatori - lei	March 31 2023	March 31, 2022
Sales	9,342,125	11.753.488
Costs of materials and consumables	(5,549,668)	(7.753.858)
	<b>3,792,457</b>	<b>3,999,630</b>

Other operational revenues	80,947	86,163
Gain/loss from the sale of the assets held for sale	-	-
Expenses with utilities	(382,072)	(254,153)
Expenses with salaries and other personnel expenses	(2,058,773)	(1,790,898)
Other administrative expenses	(632,154)	(626,295)
Other operational expenses	(124,531)	(88,644)
Expenses with amortization and impairment of assets and leasing assets	(580,177)	(429,353)
Gain/ loss from assets sales	-	-
Adjustment of the value of current assets	38,779	35,742
Gain/Loss of provisions for risks and expenses	-	-
Gain/Loss from disposal of assets	9.206	108,439
<b>Total operational expenses</b>	<b>(3,648,775)</b>	<b>(3,045,162)</b>
<b>Result of the operational activities</b>	<b>143,682</b>	<b>1,040,631</b>
Interest incomes	110,067	33,480
Gains from revaluation of financial assets at fair value through profit or loss	3,778	979
Interest expense and discounts granted	(37,749)	(106,338)
Losses from exchange rate differences	(10,911)	(11,465)
<b>Financial net result</b>	<b>65,185</b>	<b>(83,344)</b>
<b>Result before tax</b>	<b>208,867</b>	<b>957,287</b>
Revenue/ (expenses) with current and deferred income tax	(48,988)	(34,620)
<b>Net profit of period</b>	<b>159,879</b>	<b>922,667</b>
<b>Other Elements of the Global Result</b>		
Deferred capital tax	24,667	15,030
Revaluation reserves	-	-
<b>Other elements of the overall result after tax</b>	<b>24,667</b>	<b>15,030</b>
<b>Total overall result for the period</b>	<b>184,546</b>	<b>937,697</b>
<b>Attributable profit / loss</b>	<b>159,546</b>	<b>922,667</b>
Basic earnings per share	0.0007	0.0038

The turnover recorded at March 31, 2023, is 21% lower compared to the same period of the previous year.

<b>Indicator - ron</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Gross sales of goods	9,362,633	11,902,888
Commissions granted to dealers	(100,363)	(184,738)

<b>Net turnover from sales of goods</b>	<b>9,262,270</b>	<b>11,718,150</b>
Sales of residual goods	55,734	17,029
Services rendered	24,121	18,310
<b>Total net turnover</b>	<b>9,342,125</b>	<b>11,753,488</b>

The gross turnover of the Company registered at March 31, 2023 is 9,362,633 Lei (at March 31, 2022: 11,902,888 lei), of which 471,884 Lei for export (at March 31, 2022: 63,355 Lei) and 8,890,749 Lei domestically (March 31, 2022: 11,839,533 Lei).

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 100,363 Lei at March 31, 2023 respectively 184,738 Lei at March 31, 2022 resulting in a net turnover in amount of 9,342,125 Lei at March 31, 2023 and 11,753,488 Lei at March 31, 2022. 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 31.03.2023 and 31.03.2022.

On the internal market, the Company has collaborated with a number of 14 distributors from the entire country, the most important ones being located preponderantly in the agricultural area.

On the foreign market, the sales volume was achieved in proportion of less than 1% of the turnover. In this market, the connection with the traditional customers who know and promote the company's products is maintained.

The company possesses an important market segment for the goods seeders for hoeing plants and for seeders for strawy plants. The market share evaluated for these products is situated between 20% and 30% as regards the number of the fund units sold.

### **Operational expenditure**

Operational expenditure include:

1. The cost related to the goods sold decreased by 28% compared to the same period of the previous year
2. Administrative expenses increasing by 1% compared to the same period of the previous year as a result of the renegotiation of contracts;
3. Other operating expenses increasing by 40% compared to the same period of the previous year;
4. Expenditures on salaries, social contributions and other benefits are 15% higher compared to the same period of the previous year;

<b>Indicator - ron</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>%</b>
Salaries expenses	1,599,179	1,375,598	116%
Expenses with salary contributions	61,683	35,399	174%
Expenses with granted vouchers	80,645	48,833	165%
Other benefits to employees	-	14,296	-%
Expenses with indemnity of Board of Directors members	126,312	126,812	100%

Expenses with indemnity of executive management	190,954	189,960	101%
Revenue from operating subsidies for the payment of personnel	-	-	-%
<b>Total</b>	<b>2,058,773</b>	<b>1,790,898</b>	<b>115%</b>
<b>Average number of employees</b>	<b>85</b>	<b>83</b>	<b>102%</b>

The **financial revenues** include most of the revenues pertaining to the evaluation of the fund units held by the company on March 31, 2023, at a fair value and the revenues from the revaluation of receivables and debts in foreign currency at the end of the period.

The **financial costs** include the discounts granted, the interests and the exchange differences on March 31, 2023.

### Profit / (loss)

On March 31, 2023, the company registered a positive gross profit of 184,546 lei and a positive net profit of 159,879 lei.

### Financial-economic indicators

Indicator name	Calculation method	March 31, 2023	March 31, 2022
1. Current liquidity indicator	Current assets/ Current debts	3.61	6.68
2. Rate of debt indicator	Borrowed equity/ Own equity x 100	6.65	6.44
3. Turnover speed of fixed assets	Turnover/ Fixed assets	0.44	0.63
4. Turnover speed of days sales outstanding (no. days)	Medium balance of net trade receivables /Turnover x 270	84 days	66 days

Quarterly report at March 31, 2023 - the full version is available on its own website [www.mecanicaceahlau.ro](http://www.mecanicaceahlau.ro) and in the link below (PDF document attached);

**GENERAL DIRECTOR,**  
*Sorin Ion Molesag*

**ECONOMIC DIRECTOR,**  
*Gabriela Pepene*

**PRESIDENT OF THE MANAGEMENT BOARD,**  
*Trifa Aurelian Mircea Radu*