MECANICA CEAHLĂU

Activity report of to the Board of Directors third quarter 2025

A. Quarterly report of the Board of Directors on September 30th, 2025

Date of the report: 10/11/2025
Name of the company: SC „MECANICA CEAHLAU" S.A. PIATRA NEAMT
Registered Office: Piatra Neamt, 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 23,990,846 LEI
Regulated market in which the issued securities are traded: Bucharest Stock Exchange
Trading symbol: MECF.

1. Synthesis of the financial-economic indicators on September 30, 2025.

Information in the financial-economic situation of the Mecanica Ceahlau SA on the 3st quarter of 2025 are presented in the Financial Statements, concluded on September 30, 2025, 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 LEI.

The Individual Financial Statements concluded on September 30, 2025 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 - LEI	September 30, 2025	31 December, 2024
Assets		
Tangible fix assets	19,183,719	21,054,219
Intangible assets	60,812	81,410
Real Estate Investments	1,145,526	199,690
Assets representing rights of use of support assets in leasing contracts	1,027,854	1,775,739
Fixed assets total, out of which:	**21,417,911**	**23,111,058**
Current assets		
Stocks	28,849,843	34,206,199
Trade receivables	3,551,134	2,528,708
Other receivables	979,425	169,447
Expenses registered in advance	114,214	60,911
Financial assets at fair value	-	304,186
Cash and cash equivalents	180,249	445,730
Current assets total, out of which:	**33,674,866**	**37,715,182**
TOTAL ASSETS	**55,092,776**	**60,826,241**
Equity		
Share capital	23,990,846	23,990,846
Legal reserves	2,983,701	2,983,701
Revaluation reserve	11,135,838	11,239,817

Retained earnings and other reserve	5,448,172	9,059,410
Total equity	**43,558,557**	**47,273,774**
Debts		
Long Term Debts		
Long term loans	2,983,534	-
Government subsidies	715,564	-
Liabilities from lease contracts	635,682	1,302,167
Provision for pensions	66,906	80,461
Deferred tax liabilities	2,733,488	2,548,081
Total long term debts	**7,135,174**	**3,930,710**
Current debts		
Short term loans	-	4,944,867
Liabilities from leasing contracts	485,685	572,266
Commercial debts	2,197,279	2,109,441
Revenues recorded in advance	1,387,336	973,844
Other debts	294,031	986,626
Provisions	34,713	34,713
Total current debts	**4,399,045**	**9,621,756**
TOTAL DEBTS	**11,534,219**	**13,552,466**
TOTAL OWN EQUITY AND DEBTS	**55,092,776**	**60,826,240**

The own capitals decreased to the amount of 43,558,557 LEI (December 31, 2024: 47,273,774 LEI). No dividends were distributed to shareholders.

The current assets in the amount of 33,674,866 LEI (December 31, 2024: 37,715,182 LEI) decreased with 10.71% compared to December 31, 2024 and are made up of:

Overall stocks are in the net amount of 28,849,843 LEI decreased with 15.66% compared to December 31, 2024. Are made up of:

Indicator - LEI	September 30, 2025	December 31, 2024	%
Raw materials and materials	1,615,965	1,838,985	88%
Work in progress	295,648	1,660,378	18%
Semi-finished goods	259,811	259,840	100%
Finished goods	18,001,796	20,559,831	88%
Goods (goods for distribution)	8,676,623	9,887,164	88%
Stocks at net value	**28,849,843**	**34,206,199**	**84%**

- ***Commercial receivables*** in the amount of 3,551,134 LEI increased by 40.43% compared December 30, 2024.

On September 30, 2025 the company has received from clients in the form of guarantees, promissory notes and cheques pursuant to the contractual provisions in the amount of 309,936 LEI.

- ***Other receivables*** in amount of 979,425 LEI increased by 478% compared to December 30, 2024.

- **Cash and cash equivalents** are in amount of 180,249 LEI lower with 59.56% compared to December 30, 2024.
  No dividends were distributed or paid.

- ***Assets classified as held for sale***

On September 30, 2025, the company does not hold for sale assets.

The provisions in the amount of 101,619 LEI lower with 11.77% compared to December 31, 2024 which amounted to 115,174 LEI and consist of:

- Provisions for pensions amounting to 66,906 LEI (December 31, 2024: 80,461 LEI);
- Provisions for risks and expenses amounting to 34,713 LEI (December 31, 2024: 34,713 LEI).

Long-term liabilities amounting to 7,135,174 LEI (December 31, 2024: 3,930,710 LEI) increased by 81.52% in the third quarter of 2025.

Current liabilities amounting to 4,399,045 LEI (as of December 31, 2024: 9,621,756 LEI) decreased by 54.28% compared to December 31, 2024, with the largest share of liabilities held by trade payables.

1.b. Individual situation of the global result

Mecanica Ceahlau SA ended the third quarter of 2025 with a net turnover of 15,536,614 LEI.

Indicator - LEI	September 30, 2025	September 30, 2024
Sales	15,536,614	17,431,023
Costs of materials and consumables	(10,260,860)	(11,207,053)
	5,275,754	**6,223,970**
Other operational revenues	479,763	441,730
Expenses with utilities	(366,645)	(478,321)
Expenses with salaries and other personnel expenses	(5,359,823)	(5,644,921)
Other administrative expenses	(1,902,840)	(1,988,507)
Other operational expenses	(243,093)	(527,530)
Expenses for depreciation and impairment of fixed assets and expenses for depreciation of assets related to rights of use of leased assets	(1,323,269)	(1,938,729)
Gain from the disposal of fixed assets	185,371	-
Adjustment of the value of current assets	218,615	(24,398)
Gain/Loss of provisions for risks and expenses	13,555	12,992
Total operational expenses	**(8,298,367)**	**(10,147,684)**
Result of the operational activities	**(3,022,613)**	**(3,923,714)**

Interest incomes	14	60,726
Gains from revaluation of financial assets at fair value through profit or loss	4,553	11,603
Interest expense and discounts granted	(458,912)	(668,396)
Losses from exchange rate differences	(52,853)	(7,484)
Financial net result	**(507,198)**	**(603,551)**
Result before tax	**(3,529,811)**	**(4,527,265)**
Revenue/ (expenses) with current and deferred income tax	(205,212)	(5,753)
Net profit of period	**(3,735,023)**	**(4,533,017)**
Other Elements of the Global Result		
Deferred capital tax	19,806	123,139
Revaluation reserves	-	-
Other elements of the overall result after tax	**123,139**	**72.983**
Total overall result for the period	**(3,715,217)**	**(4,409,879)**
Attributable profit / loss	**(3,735,023)**	**(4,533,017)**
Basic earnings per share	(0.0156)	(0.0189)

The turnover recorded in the third quarter of 2024 is 10.87% lower compared to September 30, 2024.

Indicator - LEI	September 30, 2025	September 30, 2024
Gross sales of goods	15,480,181	17,824,154
Commissions granted to dealers	(113,865)	(613,481)
Net turnover from sales of goods	**15,366,316**	**17,210,673**
Sales of residual goods	24,625	41,122
Services rendered	145,673	179,228
Total net turnover	**15,536,614**	**17,431,023**

The gross turnover of the Company as of September 30, 2025 is of 15,480,181 LEI (September 30, 2024: 17,824,154 LEI), of which 124,746 LEI for export (September 30, 2024: 1,856,772 LEI) and 15,355,435 LEI for intern (September 30, 2024: 15,967,382 LEI).

Due to the unprecedented climatic conditions - the extreme drought with large areas of calamity land, the farmers, the final customers of the company, did not generate the necessary cash to cover operational expenses and resume the production cycle for the 2025-2026 agricultural year, even more so to purchase machinery agricultural and tractors. This is the main reason for the decrease in turnover.

For the realisation of this sales volume the Company granted sales bonuses (commissions) according to contracts in force in amount of 113,865 LEI as of September 30, 2025, respectively 613,481 LEI as of September 30, 2024, resulting in a net turnover of 15,366,316 LEI as of September 30, 2025 and 17,210,673 LEI as of September 30, 2024. The sales bonus commission granted to distributors according to contracts in force represents a variable consideration which the company estimated and recognised in transaction price on September 30, 2025, respectively on September 30, 2024.

On the internal market, the Company has collaborated with a number of 5 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 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 8% compared to the same period of the previous year;
2. Administrative expenses decreasing by 4% compared to the same period of the previous year as a result of the renegotiation of contracts;
3. Other operating expenses decreasing by 54% compared to the same period of the previous year;
4. Expenditures on salaries, social contributions and other benefits are 5% lower compared to the same period of the previous year;

Indicator - LEI	September 30, 2025	September 30, 2024	%
Salaries expenses	3,921,053	4,241,499	92%
Expenses with salary contributions	163,247	194,086	84%
Expenses with granted vouchers	248,635	204,920	121%
Other benefits to employees	(25,907)	(40,032)	65%
Expenses with indemnity of Board of Directors members	386,993	382,813	101%
Expenses with indemnity of executive management	665,802	661,635	101%
Total	**5,359,823**	**5,644,921**	**95%**
Average number of employees	**65**	**77**	**84%**

The actions taken by the company to reduce expenses managed to partially compensate for the decrease in turnover.

The **financial revenues** include most of the revenues pertaining to the evaluation of the fund units held by the company on 30th September 2025 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 30th September 2025.

Profit / (loss)

On 30th September 2025 the company registered a negative gross profit of 3,529,811 LEI and a net loss of 3,735,023 LEI.

1. Degree of achievement BVC 2025

Thousands of LEI	Budgeted 2025	Accomplished 9 months 2025	Degree of achievement, %
Total revenue	**32,607**	**16,216**	**50**
Operating income, of which:	**32,557**	**16,183**	**50**
* Sales of finished products	14,368	10,560	73
* Merchandise sales	17,209	4,831	28
* Sales from the provision of services	360	146	40
* Income from rents and related activities	450	389	86
* Net income from resumptions provisions for risks and expenses	-	-	n/a
* Other operating income	169	72	42
Financial income	**50**	**34**	**67**
Income/expenses related to stocks of finished products	**(3,800)**	**(3,655)**	**96**
Total expenses	**(30,229)**	**(16,091)**	**53**
Operating expenses, of which:	**(29,852)**	**(15,574)**	**52**
Expenses with raw materials and materials	(2,436)	(3,325)	137
Cost of goods sold	(13,575)	(3,647)	27
Expenses with salaries, allowances and similar	(8,047)	(5,346)	66
Expenditures on external benefits	(2,985)	(1,869)	63
Expenses with taxes, fees and similar payments	(170)	(170)	100
Expenses net of asset impairment adjustments	(250)	229	n/a
Other operating expenses	(2,389)	1,445)	60
Financial expenses	**(378)**	**(517)**	**137**
Gross result	**(1,423)**	**(3,530)**	**n/a**
Profit tax	(40)	(205)	n/a
Net Profit / (Net Loss)	**(1,463)**	**(3,735)**	**n/a**

Considering the dramatic financial situation of the end customers - farmers, who were strongly affected by this year's climate changes, the results for 2025 will be below those provided for in BVC 2025.

The economic-financial indicators mentioned in Annex 13 letter A/Reg. ASF no. 5/2018

Indicator name	Calculation method	September 30, 2025	September 30, 2024
1. Current liquidity indicator	Current assets/ Current debts	7.72	3.73
2. Rate of debt indicator	Borrowed equity/ Own equity x 100	16.23	7.6
3. Turnover speed of fixed assets	Turnover/ Fixed assets	0.73	0.86
4. Turnover speed of days sales outstanding (no. days)	Medium balance of net trade receivables /Turnover x 274	53 days	52 days

The full version of the financial statementsas of September 30, 2025 is available on our website www.mecanicaceahlau.roand at the link below (attached PDF document);

CHAIRMAN OF THE BOARD OF DIRECTORS,
Trifa Aurelian Mircea Radu