

## A. Quarterly report of the Board of Directors on March 31, 2024

Date of the report: 10/5/2024

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

Registered Office: Piatra Neamț, 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 31, 2024

Information in the financial-economic situation of the Mecanica Ceahlau SA on the 1st quarter of 2024 are presented in the Financial Statements, concluded on March 31, 2024, 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, 2024 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, 2024	March 31, 2023
	18,524,406	18,217,331
Tangible fix assets		
Intangible assets	102,156	139,602
Real Estate Investments	595,604	898,905
Assets representing rights of use of support assets in leasing contracts	2,358,384	2,140,219
<b>Total fixed assets</b>	<b>21,580,550</b>	<b>21,396,058</b>
Stocks	42,870,008	33,964,902
Trade receivables	2,254,914	8,753,136
Other receivables	136,746	785,952
Expenses registered in advance	266,444	235,554
Financial assets measured at fair value through the profit and loss	285,920	279,220
Financial assets at amortised cost	-	5,096,098
Cash, current accounts and deposits with banks	1,605,542	363,492
Assets classified as held for sale	-	362,419
<b>Total Current assets</b>	<b>47,419,573</b>	<b>49,840,773</b>

<b>TOTAL ASSETS</b>	<b>69,000,123</b>	<b>71,236,830</b>
Share capital	23,990,846	23.990.846
Legal reserves	2,983,701	2.983.701
Revaluation reserve	9,871,081	8.887.985
Retained earnings and other reserve	12,662,075	17.650.294
<b>Total equity</b>	<b>49,507,703</b>	<b>53,512,826</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term loans	2,952,346	49,551
Liabilities from leasing contracts	1,792,216	1,658,561
Provisions for pensions	96,962	117,877
Deferred tax liabilities	2,091,111	1,861,770
<b>Total non-current liabilities</b>	<b>6,932,634</b>	<b>3,687,758</b>
<b>Current liabilities</b>		
Short term loans	5,049,757	297,337
Lease liabilities	612,818	469,024
Trade payables	5,799,225	11,482,247
Other payables	856,427	1,542,757
Revenue recorded in advance	200,406	-
Provisions for risks and charges	41,153	60,335
<b>Total current liabilities</b>	<b>12,559,785</b>	<b>13,851,700</b>
<b>TOTAL LIABILITIES</b>	<b>19,492,420</b>	<b>17,539,458</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69,000,123</b>	<b>71,236,830</b>

*The total equity* decreased to the amount of 49,507,703 RON (March 31, 2023: 53,697,373 RON). No dividends were distributed to shareholders.

*The current assets* in the amount of 47,419,573 RON decreased with 4.86% compared to the same period of the previous year and consist of:

*Stocks* are in the net amount of 42,870,008 RON increased with 26,22% compared to stocks from the same period of the previous year 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, 2024</b>	<b>March 31, 2023</b>	<b>%</b>
Raw materials and materials	1,950,420	7,304,606	27%
Work in progress	1,728,775	1,458,100	119%
Semi-finished goods	111,757	54,007	207%
Finished goods	23,020,761	15,137,340	152%
Merchandise	16,058,295	10,010,849	160%
<b>Inventory at net value</b>	<b>42,870,008</b>	<b>33,964,902</b>	<b>126%</b>

**Trade receivables** in the amount of 2,254,914 RON are with 74.24% decreased compared to the same period of the previous year and are entirely considered performant.

On March 31, 2024 the company has received from clients in the form of guarantees, promissory notes and cheques pursuant to the contractual provisions in the amount of 58,452 RON.

- **Other receivables** in amount of 136,746 RON are with 82.60% decreased compared to the same period of the previous year.
- **Cash and current accounts** are in amount of 1,605,542 RON, with 341.70% increased compared to the same period of the previous year.

No dividends were distributed or paid.

- **Assets classified as held for sale**

On March 31, 2024, the company doesn't hold for sale assets.

**The provisions** in the amount of 41,153 RON decreased with 31.79% compared to March 31, 2023 and are made up of:

- Provisions for guarantees granted to customers: 41,153 RON

**The long-term loans** have increased with 87.99% compared to the same period of the previous year.

**The current liabilities** are in the amount of 12,559,785 RON (as of March 31, 2023: 13,851,700 RON) decreased by 9.33% compared to the same period of the previous year, 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 2024 with a net turnover of 6,292,961 RON.

Indicator - RON	March 31 2024	March 31, 2023
Sales	6,292,961	9,342,125
Costs of materials and consumables	(3,861,734)	(5,549,668)
	<b>2,431,227</b>	<b>3,792,457</b>
Other operational revenues	148,222	80,947
Gain/loss from the sale of the assets held for sale	-	-
Expenses with utilities	(261,200)	(382,072)
Expenses with salaries and other personnel expenses	(1,954,864)	(2,058,773)
Other administrative expenses	(654,499)	(632,154)
Other operational expenses	(175,594)	(124,531)
Expenses with amortization and impairment of assets and leasing assets	(672,826)	(580,177)

Adjustment of the value of current assets	(935,820)	38,779
Gain/Loss of provisions for risks and expenses	-	-
Gain/Loss from disposal of assets	-	9.206
<b>Total operational expenses</b>	<b>(4,506,580)</b>	<b>(3,648,775)</b>
<b>Result of the operational activities</b>	<b>(2,075,354)</b>	<b>143,682</b>
Interest incomes	22,725	110,067
Gains from revaluation of financial assets at fair value through profit or loss	4,482	3,778
Interest expense and discounts granted	(230,579)	(37,749)
Losses from exchange rate differences	2,672	(10,911)
<b>Financial net result</b>	<b>(200,700)</b>	<b>65,185</b>
<b>Result before tax</b>	<b>(2,276,054)</b>	<b>208,867</b>
Revenue/ (expenses) with current and deferred income tax	148,698	(48,988)
<b>Net profit of period</b>	<b>(2,127,356)</b>	<b>159,879</b>
<b>Other Elements of the Global Result</b>		
Deferred capital tax	42,313	24,667
Revaluation reserves	-	-
<b>Other elements of the overall result after tax</b>	<b>42,313</b>	<b>24,667</b>
<b>Total overall result for the period</b>	<b>(2,085,043)</b>	<b>184,546</b>
<b>Attributable profit / loss</b>	<b>(2,127,356)</b>	<b>159,546</b>
Basic earnings per share	(0.0089)	0.0007

The turnover recorded at March 31, 2024, is 32.64% lower compared to the same period of the previous year.

<b>Indicator - RON</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Gross sales of goods	6,517,422	9,362,633
Commissions granted to dealers	(303,626)	(100,363)
<b>Net turnover from sales of goods</b>	<b>6,213,797</b>	<b>9,262,270</b>
Sales of residual goods	37,963	55,734
Services rendered	41,201	24,121
<b>Total net turnover</b>	<b>6,292,961</b>	<b>9,342,125</b>

The gross turnover of the Company registered at March 31, 2024 is 6,517,422 RON (at March 31, 2023: 9,362,633 RON), of which 969,352 RON for export (at March 31, 2023: 471,884 RON) and 5,548,070 RON internal (March 31, 2023: 8,890,749 RON).

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 303,626 RON at March 31, 2024 respectively 100,363 RON at March 31, 2023 resulting in a net turnover in amount of 6,292,961 RON at March 31, 2024 and 9,342,125 RON at March 31, 2023. 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 March 31, 2024, respectively March 31, 2023.

On the internal market, the Company has collaborated with a number of 2 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 15% 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 30.42% compared to the same period of the previous year
2. Administrative expenses increasing by 3.53% compared to the same period of the previous year as a result of the renegotiation of contracts;
3. Other operating expenses increasing by 41.00% compared to the same period of the previous year;
4. Expenditures on salaries, social contributions and other benefits are with 5.05% lower compared to the same period of the previous year;

Indicator - RON	March 31, 2024	March 31, 2023	%
Salaries expenses	1,481,429	1,599,179	92.64%
Expenses with salary contributions	62,785	61,683	101.79%
Expenses with granted vouchers	65,988	80,645	81.82%
Other benefits to employees	-	-	
Expenses with indemnity of Board of Directors members	127,651	126,312	101.06%
Expenses with indemnity of executive management	220,281	190,954	115.36%
Revenue from operating subsidies for the payment of personnel	3,270	-	
<b>Total</b>	<b>1,954,864</b>	<b>2,058,773</b>	<b>94.95%</b>
<b>Average number of employees</b>	<b>82</b>	<b>92</b>	<b>89.13%</b>

The **financial revenues** include most of the revenues pertaining to the evaluation of the fund units held by the company on March 31, 2024, 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, 2024.

### **Profit / (loss)**

On March 31, 2024, the company registered a negative gross result of 2,085,043 RON and a net negative result of 2,127,356 RON.

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

<b>Indicator name</b>	<b>Calculation method</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
1. Current liquidity indicator	Current assets/ Current debts	3.78	3.60
2. Rate of debt indicator	Borrowed equity/ Own equity x 100	13.81	6.65
3. Turnover speed of fixed assets	Turnover/ Fixed assets	0.29	0.44
4. Turnover speed of days sales outstanding (no. days)	Medium balance of net trade receivables /Turnover x 90	46 days	84 days

Quarterly report at March 31, 2024 - the full version is available on its own website [www.mecanicaceahlau.ro](http://www.mecanicaceahlau.ro) and in the link below (PDF document attached);

**Chief Executive Officer,**  
*Sorin Ion Molesag*

**Chief Financial Officer,**  
*Gabriela Pepene*

**Chairman of the Board of Directors,**  
*Trifa Aurelian Mircea Radu*