

MECANICA CEHLAU 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**

CONTENTS**PAGE**

STATEMENT OF FINANCIAL POSITION	3 – 4
STATEMENT OF COMPREHENSIVE INCOME	5 – 6
STATEMENT OF CHANGES IN EQUITY	7 – 8
STATEMENT OF CASH FLOWS	9
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	10 – 63

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

The financial statements are in the process of being audited. The attached notes are an integral part of the financial statements.

MECANICA CEHLAU 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 February 26, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEHLAU 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	(122,893)	(47,561)
Results from continued operations		(2,929,761)	(6,416,895)

The financial statements are in the process of being audited. The attached notes are an integral part of the financial statements.

MECANICA CEHLAU 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 capital		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		(199,978)	(4,295,415)
Profit/(loss) attributable		(2,929,761)	(6,416,895)
Number of shares		239,908,460	239,908,460
Basic earnings per share		(0.0122)	(0.0267)

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MECANICA CEHLAU 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.

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MECANICA CEHLAU 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.

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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 assets held for sale	8,660,326	-
Acquisitions of property, plant and equipment	(523,300)	(1,463,387)
Redemption 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 February 26, 2026 and were signed on its behalf by:

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MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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., Neamț 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. THE 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 February 26, 2026.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

2. BASIS FOR 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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

2. BASIS FOR 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. Information on accounting policies with material impact

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. Although the amendments did not lead to changes in the accounting policies themselves, they had, in some situations, an impact on the information regarding the accounting policies presented in the financial statements.

The amendments provide for the presentation of accounting policies "with a material impact", rather than "significant" accounting policies. The amendments also provide guidance on the application of the concept of "material" in the presentation of accounting policies.

Management reviewed the accounting policies and, in some cases, updated the information presented in Note 3 Accounting policies with a material impact (2022: Significant accounting policies) in accordance with the amendments.

g. 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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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**.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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;

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 appraisal report prepared by an independent authorized evaluator. The revision was carried out in accordance with the provisions of Order of the Ministry of Public Finance (OMFP) 1802/2014 concerning changes in accounting estimates and represents a change in accounting estimate, applied prospectively as of January 1, 2025. The accounting depreciation was recalculated for the remaining useful life of the assets, without adjusting the net carrying amount or the depreciation related to previous 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.

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

f. Investment property (continued)

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.

(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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

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).

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.

(i) Non-financial assets

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

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 not obliged to provide post-retirement benefits to 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.

Short-term employee benefits include salaries and bonuses. Short-term employee benefits and social security contributions are recognized in the Company's Financial Statements when the services are rendered. The Company recognizes a provision for amounts expected to be paid as short-term cash bonuses when the Company currently has a legal or constructive obligation to pay those amounts as a result of past services provided 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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

I. 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
<p>Agricultural machinery and equipment (produced or distributed)</p>	<p>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).</p> <p>The Company recognizes a claim because they represent the moment when the right to consideration becomes unconditional.</p> <p>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.</p> <p>The obligation of enforcement is fulfilled at a specific point in time.</p> <p>The trade discounts granted to customers are based on their fulfilment of certain annual sales values.</p> <p>Returns are usually accepted only in exceptional cases and usually returns involve the exchange of a product purchased by the customer with another.</p>	<p>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.</p> <p>The income comprises the amount invoiced for the sale of the products, excluding VAT), less the trade reductions granted to customers.</p> <p>The Company applies the practical exemption in IFRS 15 para. 63 according to which it does not adjust the price of transactions with a financial component.</p> <p>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.</p> <p>Trade discounts granted to customers (including expenses with provisions related thereto) are deducted from the income from the sale of products.</p>
<p>Income from provision of services</p>	<p>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).</p> <p>Invoices for services are issued on the date of provision of the services.</p> <p>Invoices are generally paid within 30 days from the date of their receipt by the customer.</p> <p>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).</p>	<p>The income is recognised during the period when the service is provided.</p>

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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	<p>The Company, as a lessor, rents its premises to third parties, the service is prestart as the rental contract is carried out.</p> <p>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.</p>	<p>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.</p>

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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. Associated entities

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

The Company owns at December 31, 2024 24.28% in Transport Ceahlau SRL. It 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).

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 the IFRS standards, issued by the IASB and adopted by the European Union, were applicable for the financial year ended December 31, 2025:

Standard	Title
Amendments to IAS 21	Lack of convertibility

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.

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

As of the date of approval of these financial statements, the amendments to existing standards issued by the IASB and adopted by the EU presented in the table below were not yet effective; therefore, the Company has not applied them.

Standard	Title	Effective date set by the IASB
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts referring to electricity dependent on natural conditions	January 1, 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

The company anticipates that the adoption of these new amendments to the existing standards, if applicable to the Company, will not have a significant impact on its financial statements in future periods.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 19 as amended	Branches without public accountability: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by EU
Amendments to IAS 21	Transition to a hyperinflationary presentation currency (effective date set by the IASB: January 1, 2027)	Not yet adopted by EU
IFRS 14	Deferred accounts related to regulated activities (effective date established by the IASB: January 1, 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	The sale or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the effective date has been postponed indefinitely by the IASB, but early application is permitted)	The approval process has been postponed indefinitely until the completion of the research project on the equivalence method.

The Company estimates that it anticipates that the adoption of these new standards and amendments to existing standards, if applicable to the Company, will not have a significant impact on its financial statements in future periods.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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, two contracts for renting space for automated coffee machines.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 24 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 related to the audit of the Company's individual financial statements for the year 2025, included in the category of audit services and other related services provided by the statutory auditor, amounted in 2025 to 236,604 lei excluding VAT (286,235 lei including VAT), and in 2024 to 238,213 lei excluding VAT (283,474 lei including VAT). These fees relate to the audit of the individual financial statements, the audit of the reporting in the European Single Electronic Format (ESEF), and the review of the remuneration report.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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%	(426,190)	(1,019,093)
<i>The tax effect of:</i>		
Non-tax deductible expenses	629,891	173,155
- Non-taxable income	(500,678)	(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	122,893	47,561

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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
<i>Of which, transfers from non-current assets in progress</i>	-	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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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	2.475.956	-	-	-	-	2.475.956
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	(1.626.821)	-	-	-	-	(1.626.821)
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	13.277.493	268.479	-	1.022.416	14.568.401
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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 appraisal report prepared by an independent authorized evaluator. 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 from January 1, 2025. The accounting depreciation was recalculated for the remaining useful life of the assets, without adjusting the net book value or the depreciation for previous periods.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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	-	-	-
xCARRYING 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 the year 2025, the Company did not write off intangible assets.

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

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

The fair value assessment of the real estate investments was carried out on December 31, 2025, by an external, independent real estate appraiser, a member of the National Association of Evaluators in Romania (ANEVAR) with recognized professional qualifications and experience in evaluating all real estate segments. The measurement of the fair value of the real estate investment was done using the income capitalization method.

16. ASSETS HELD FOR SALE

	December 31, 2025	December 31, 2024
Opening balance at 1 January	-	-
Acquisitions/reclassifications	-	-
Sales	-	-
Changes in fair value	-	-
Closing balance at 31 December	-	-

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

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 allowed for the impairment of trade receivables in total amount of Lei 353,061 (December 31, 2024: Lei 1,736,796).

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

(i) Cash, current accounts and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
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	<u>4,682,173</u>	<u>445,730</u>

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

(ii) Deposits placed with banks

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets – fund units	-	304,186
Total	<u>-</u>	<u>304,186</u>

As of December 31, 2025, the Company does not hold investments in fund units.

As of December 31, 2024, the Company held investments in fund units, at fair value, as follows:

<u>Background type</u>	<u>Fund management company</u>	<u>Number of fund units</u>	<u>Fund unit value</u>
Open-end investment fund BT BONDS	BT Asset Management	13,591	304,186

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

The equity interests in Transport Ceahlău SRL are fully adjusted.

21. CAPITAL AND RESERVES

a. Share capital

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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

1. 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

21. CAPITAL AND RESERVES (continued)

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

21. CAPITAL AND RESERVES (continued)

"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.

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 (2,899,330) (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 tables below present 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 3,000,000 lei unused	0	RON	ROBOR 3M + 2.5%	12/05/2027
Total	0			

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 3 M + 1.5%	13/05/2025
Credit line	2,000,000	RON	ROBOR 3 M + 2.5%	14/05/2025
Total	<u>4,944,867</u>			

As of December 31, 2025, for the credit line of 3,000,000, stock-type guarantees with a net book value of 4,872,003 lei were established as of December 2024.

23. GOVERNMENT SUBSIDIES

Subsidies for assets	December 31, 2025	December 31, 2024
Sold on January 1		
Subsidies related to assets	739,530	-
Subsidies recorded as income corresponding to the calculated depreciation	(34,237)	-
Final sold	705,293	-

Government subsidies are for the purchase of certain tangible fixed assets. There are no unmet or unforeseen conditions related to these 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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

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

23. LEASE LIABILITIES (continued)

(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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. FINANCIAL INSTRUMENTS (continued)

General framework for risk management (continued)

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. 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

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. FINANCIAL INSTRUMENTS (continued)

i) Credit risk (continued)

	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.

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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk (continued)

Exposure to liquidity risk

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

<i>In LEI</i>	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	2,395,139	2,395,139	1,401,396	993,744	-	-	-
Trade and other payables	1,299,190	1,299,190	1,251,263	-	47,928	-	-
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	-

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk (continued)

Exposure to liquidity risk (continued)

<i>In LEI</i>	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	-

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. 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)

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

28. 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 $\pm 5\%$ of the RON/EUR exchange rate, at December 31, 2025, all other variables remaining constant, is Lei $\pm 78,290$ (December 31, 2024: Lei $\pm 132,006$).

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.

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

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 guarantee letter is secured by a real estate mortgage on 2 fixed assets (land and buildings), a Bystronic laser equipment, at a net book value of 1,521,984 lei as of December 31, 2025 (December 31, 2024: 1,455,759 lei).

(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

MECANICA CEHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

30. RELATED PARTIES (continued)

During the 2025 financial year, a single transaction was recorded with EVERGENT Investments SA, amounting to 251,096 lei (VAT included), representing the cost of fittings and arrangements for the spaces occupied by Mecanica Ceahlău in the "ANA Tower" building, Bucharest, based on the FN sublease contract dated 20.07.2021, until its termination on 06.06.2025. The transaction was carried out under normal market conditions.

As of December 31, 2025, there were no outstanding balances related to transactions with EVERGENT Investments SA.

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:

	Date of purchase	Date of sale	Percentage of ownership	
			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 receivable from and payable to 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.

MECANICA CEAHLAU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in "Lei", unless otherwise specified)

30. RELATED PARTIES (continued)

Information on transactions with related parties (continued)

<i>In LEI</i>	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

Transactions with key management personnel

The key management staff is represented by:

- Mr. Sorin Moleşag – Chief Executive Officer
- Mrs. Irina Gliga – Chief Financial Officer
- Mr. Ioan Moraru – Sales Manager

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 February 26, 2026 and were signed on its behalf by:

ION SORIN MOLEŞAG,
 CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
 CHIEF FINANCIAL OFFICER