



Activity report of the Board of Directors Semester I 2026

ACTIVITY REPORT OF THE BOARD OF DIRECTORS SEMESTER, I 2026

1. ECONOMICAL AND FINANCIAL SITUATION

The individual financial statements for semester I 2026 were drafted and submitted in accordance with Order 2844 from 2016 for the approval of the accounting rules pursuant to the International Financial Reporting Standards.

The reporting currency of the financial statements semester I 2026 is the Romanian RON.

The individual financial statements on 30th June 2026 were not revised by a statutory financial auditor.

1.1 Situation of assets, liabilities and equity

Balance Sheet Elements	30 June 2026	31 December 2025
Assets		
Non-current assets	17,444,047	17,580,931
Property, plant and equipment		
Intangible assets	40,214	53,946
Investments properties	1,266,371	1,266,371
Assets representing rights of use of underlying assets in leases	449,263	814,291
Total non-current assets	19,199,895	19,715,539
Total current assets, out of which:	31,981,515	
Inventories	27,227,704	27,981,480
Trade receivables	2,608,572	2,664,974
Other receivables	1,016,794	985,846
Expenses recorded in advance	152,068	63,051
Financial assets at fair value	-	-
Cash, current accounts and deposits with banks	976,378	4,682,173
Assets classified as held for sale	-	-
TOTAL ASSETS	51,181,411	36,377,525
Equity		
Share capital	23,990,846	23,990,846
Legal reserves	2,983,701	2,983,701
Revaluation reserves	10,116,246	10,190,876
Retained earnings and other reserve	6,798,080	10,550,533
Total Equity	43,888,874	56,093,064

Balance Sheet Elements	30 June 2026	31 December 2025
Non-current liabilities, out of which:	3,481,795	3,771,771
Long term loans	-	-
Subsidies for investments – long term	643,665	664,208
Liabilities from leasing contracts	316,944	520,707
Provisions for pensions	99,826	99,826
Deferred tax liabilities	2,421,361	2,487,030
Current liabilities total, out of which:	3,810,742	4,605,337
Short-term loans		
Debts from leasing contracts	227,838	390,989
Subsidies for investments – long term	41,085	41,085
Trade liabilities	2,386,082	2,395,139
Other liabilities	764,515	1,299,190
Income in advance	328,551	416,264
Provisions for risks and charges	62,672	62,672
Total Liabilities	7,292,537	8,377,108
TOTAL EQUITY AND LIABILITIES	51,181,411	56,093,064

The equity amounted to RON 43,888,874 as at 30 June 2026 (31 December 2025: RON 47,715,956), representing a decrease of 8%. No dividends were distributed to shareholders during the first half of 2026.

The current assets in the amount of RON 31,981,515 (31st December 2025: RON 36,377,525) decreased with 9% compared with 31st December 2025 and are made up of:

- **Total inventories** amounted to a net carrying amount of RON 27,227,704 as at 30 June 2026, representing a 2.69% decrease compared to 31 December 2025 (RON 27,981,480).
- **Trade receivables** in the amount of RON 2,608,572 decreased with 2.12% compared to trade receivables as of December 31, 2025 (RON 2,664,974), due to the decrease in turnover and are considered entirely performing. As at 30 June 2026, the Company held security instruments received from customers, consisting of avalised promissory notes and blank cheques, in accordance with the contractual terms.

	30 June 2026	31 December 2025	%
Raw materials and materials	2,578,587	2,122,904	121%
Work in progress	1,105,757	650,521	170%
Semi-finished goods	254,320	284,559	89%
Finished goods	15,768,903	16,189,740	64%
Merchandise	7,520,136	8,733,757	86%
Inventories at net value	27,227,704	27,981,480	97%

- **Cash and cash equivalents** amounted to RON 976,378 as at 30 June 2026, representing a 79% decrease compared to RON 4,682,173 as at 31 December 2025.

- **Other receivables** in amount of RON 1,016,794 higher with 3.14% then (31st December 2025: RON 985,846).
- **Assets classified as held for sale:** On June 30, 2026, the company does not hold for sale assets.

The provisions amounting to 162,498 lei are kept at the same value compared to December 31, 2025, and consist of:

- Provision for warranties: RON 62,672;
- Provisions for employee retirement benefits: RON 99,826.

Long-term debts amounting to 3,522,880 lei decreased by 7.61% in the first half of 2026 (they were 3,812,856 lei on December 31, 2025).

Current liabilities amounted to RON 3,769,657 as at 30 June 2026, compared with RON 4,654,251 as at 31 December 2025, reflecting a 17.41% decrease. The largest component of current liabilities was represented by trade payables.

	June 30, 2026	December 31, 2025	%
Trade payables	2,128,733	2,034,365	104.64%
Investment suppliers	126,870	-	n/a
Suppliers - Invoices to be received	130,479	360,774	36.17%
Total	2,386,082	2,395,139	99.62%

Active elements of balance sheet

which represent at least 10% of the total assets: cash and other liquid assets; reinvested profits; total current assets; company's liabilities situation; total current liabilities

Assets exceeding 10% of the total assets

Analytical indicators of financial position situation exceeding 10% of the total assets	30.06.2026	31.12.2025	% in total assets 30.06.2026
TOTAL ASSETS			
1. Inventories	27,227,704	27,981,480	53%
2, Land and land improvements	7,709,975	8,023,659	15%
3, Construction	6,173,925	6,175,042	12%

Liabilities exceeding 10% of total liabilities

Analytical indicators of financial position situation exceeding 10% of total liabilities	30.06.2026	31.12.2025	% in total liabilities 30.06.2026
TOTAL LIABILITIES			
1. Paid-in share capital	23,990,846	23,990,846	43%
2. Revaluation reserves	10,116,246	10,190,876	20%
3. Retained earnings and other reserve	6,798,080	10,550,533	13%

Revaluation reserve on 30th June 2026 related to the revaluations is in the amount of RON 10,116,246.

Company's share capital was not modified, it was not increased or decreased. The share capital recorded on 30th June 2026 is of RON 23,990,846.

In the first semester of 2026, no dividends were paid through the Central Depository.

1.2. Profit and loss account

	June 30, 2026	June 30, 2025
Turnover	6,814,553	9,918,981
Expenses with stocks	(4,143,298)	(6,511,582)
	2,671,255	3,407,400
Other operational revenues	351,516	313,315
Utility expenses	(346,248)	(315,285)
Expenses with salaries and other similar charges	(3,514,070)	(3,539,425)
Other administrative expenses	(1,478,512)	(1,326,191)
Other operating expenses	(165,959)	(154,870)
Amortization/Depreciation and impairment expenses for fixed assets and depreciation expenses for assets related to the rights of use of leased assets	(767,266)	(906,843)
Gain/ (losses) from disposal of current assets	31,576	149,867
Adjustment of the value of current assets	(589,033)	(31,944)
Adjustments of provisions	-	13,555
Total operating expenses	(6,829,512)	(6,111,137)
Result of the operating activities	(3,806,741)	(2,390,423)
Interest income	110,750	14
Gains from revaluation of financial assets measured at fair value through profit or loss	-	4,553
Expenses with interest and discounts granted	(162,194)	(324,787)
Foreign exchange losses	(34,568)	(43,919)
Net financial result	(86,012)	(364,139)
Pre-tax result	(3,892,753)	(2,754,562)
Current and deferred income tax expense	-	(22,831)
Results from continued operations	(3,841,298)	(2,777,392)
Other comprehensive income		
Deferred tax capital	14,215	14,277
	14,215	14,277
Other comprehensive income, after tax		
	(3,827,083)	(2,763,115)
Total comprehensive income for the period		
	(3,841,298)	(2,777,392)
Profit/(loss) attributable		
Earnings per share – basic and diluted	(0.0160)	(0.0116)

1.2. Analytical indicators

Analytical indicators of profit and loss account exceeding 20% of turnover	30.06.2026	30.06.2025	% in TO 30.06.2026
TOTAL NET TURNOVER	6,814,553	9,918,981	
Expenses with stock	4,143,298	6,511,582	60%
Expenses with salaries, contributions and other similar charges	3,514,070	3,539,425	52%

Turnover	June 30, 2026	June 30, 2025	%
Gross income from the sale of goods	6,804,443	9,878,765	69%
Commercial discounts granted to distributors	(77,035)	(83,066)	93%
Net income from the sale of goods	6,727,407	9,795,700	69%
Revenue from the sale of residual products	32,463	23,883	136%
Provision of services	54,682	99,398	55%
Total net turnover	6,814,553	9,918,981	69%

The gross turnover of the Company as of June 30, 2026 is of RON 6,804,443 (June 30,2025: RON 9,878,765), of which RON 244,974 for export (June 30, 2025: RON 124,746) and RON 6,559,469 for intern (June 30, 2025: RON 9,754,019).

To achieve this sales volume, commercial discounts in the form of bonuses were granted according to the contracts in force, amounting to RON 77,035 as of June 30, 2026, and RON 83,066 as of June 30, 2025, resulting in a net turnover of RON 6,727,407 as of June 30, 2026, and RON 9,795,700 as of June 30, 2025. The commercial bonus granted to distributors according to the contracts in force represents a variable consideration that the company estimated and recognized in the transaction price as of June 30, 2026, and June 30, 2025.

On the external market, the volume of sales was achieved in proportion of 3.60% from the turnover. On this market, it is maintained the connection with the traditional clients that know and promote the products of the company.

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

Operating expenses

Operating expenses include:

1. Cost of goods sold have decreased with 36% compared to the same period of the previous year;
2. Administrative expenses have increased with 11% compared to the same period of the previous year as a result of renegotiation of contracts with utility/services suppliers;
3. Other operating expenses have increased with 7% compared to the same period of the previous year;
4. Salaries, contributions and other similar charges are 1% lower compared to the same period of the previous year.

	30 June 2026	30 June 2025	%
Salary expenses	2,799,971	2,587,543	108%
Expenses with salary contributions	119,109	117,886	101%
Expenses for unused vacation leave	-	(25,907)	0%
Expenses with granted vouchers	187,345	161,065	116%
Expenses with the remuneration of the members of the Board of Directors	104,662	256,826	41%
Expenses with the executive management allowance	302,983	442,012	69%
Total	3,514,070	3,539,425	99%
Average number of employees	67	65	103%

Financial income mainly includes income from interest on contracted bank deposits.

Financial expenses include discounts or rebates granted, interest, and foreign exchange differences as of June 30, 2026.

Profit / (loss)

On 30 June 2026 the company recorded a negative gross result of RON 3,892,753, and a negative operating result of RON 3,806,741.

1.3. Cash flows: all changes registered at cash level during the basic activity, the investments and the financial activity, the cash level at the beginning and end of the period:

The structure of cash flow on 30th June 2026, compared with the same period of the previous year:

	June 30, 2026	June 30, 2025
Cash flows from operating activities		
Receipts from customers	8,682,064	12,140,197
Receipts from other debtors	123,472	59,840
Payments to suppliers	(7,632,036)	(5,495,255)
Payments to employees	(2,037,361)	(2,069,918)
Payments to State budget	(2,041,645)	(2,522,366)
Payments to sundry lenders	(121,185)	(72,150)
Cash generated by/ (used in) operating activities	(3,026,692)	2,040,348
Income tax paid	(127,355)	-
Net cash generated by operations	(3,154,047)	2,040,348
Cash flows from investment activities		
Interest received	111,523	85,186
Revenue from the sale of tangible assets	-	-
Acquisitions of tangible assets	(363,670)	(187,788)
Purchases of fund units/deposits with maturity > 3 months	-	-
Redemption of fund units	-	223,566
Net cash generated by/ (used in) investments	(252,147)	120,964

Cash flows from investing activities

Short-/long-term loan receipts	5,977,767	-
Repayment of loans	(5,977,767)	(1,988,512)
Interest paid	(35,085)	(158,758)
Payment of financial lease liabilities	(251,329)	(292,928)
Payments of dividends	-	-
Net cash (used in) financing activities	(286,414)	(2,440,199)

Net increase/decrease of cash and cash equivalents	(3,692,608)	(278,887)
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Cash and cash equivalents as of the beginning of period

4,682,173	445,730
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Exchange rate differences	(13,186)	(1,634)
Current account and deposit adjustments	(697)	(1)

Cash and cash equivalents as of end of period

975,683	165,209
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The company does not hold, as of June 30, 2026, investments in mutual funds at fair value.

1.4. Economical and financial indicators

Name of indicator	Method of calculation	30 June 2026	30 June 2025
Liquidity indicators (number of times)			
Current liquidity indicator	Current assets /Current liabilities	8.48	7.26
Immediate liquidity indicator	(Current assets-Stocks)/Current liabilities	1.26	1.84
Activity indicators (number of times)			
Turnover rate of fixed assets	Turnover/Fixed assets	0.35	0.45
Turnover rate of total assets	Turnover/ Total asset	0.13	0.18
Debit-clients turnover rate (no, days)	Average balance of receivables/Turnover x 181	70	40
Debt level indicator	Capital borrowed/Own capital x 100	1.24%	9.63%
Profitability indicators			
Result per base share (RON/share)	Net Profit /No. of shares	(0.0160)	(0.0116)

1.5. Achievement of the budget of income and expenses 2026

Thousands of RON	Budget of income and expenses 2026	Achieved 6 months 2026	Achievement of budget of income and expenses, %
Total income	34,622	7,316	21%
Operating income	34,577	7,179	21%
* Sales of finished products	20,800	3,623	17%
* Sales of goods	12,846	3,137	24%
* Sales from the provision of services	250	55	22%
* Income from rents and related activities	571	277	49%
* Net income from resumes, provisions for risks and expenses	-	-	-
* Profit from assets sold (net)	-	32	-
* Other operating income	110	55	50%
Financial income	45	137	305%
Income/expenses related to stocks of finished products	(2,788)	287	-
Total expenses	(31,783)	(11,496)	36%
Operating expenses	(31,018)	(11,294)	36%
Costs of raw materials and materials	(6,607)	(2,229)	34%
Cost of goods sold	(10,498)	(2,548)	24%
Expenses with salaries, allowances and similar, of which:	(8,310)	(3,514)	42%
Expenditures on external benefits, of which	(2,920)	(1,446)	50%
Expenses with taxes, fees and similar payments	(185)	(137)	74%
Expenses net of asset impairment adjustments	(380)	(582)	153%
Other operating expenses	(2,118)	(838)	40%
Financial expenses	(765)	(202)	26%
Gross result	51	(3,893)	-
Tax	150	(52)	-
Net profit / (Net loss)	(99)	(3,841)	3890%

2. ANALYSIS OF COMPANY'S ACTIVITY

2.1. Presentation and analysis of trends, elements, events or uncertainty factors affecting or which could affect the liquidity of the trading company compared with the previous year.

After more than four years marked by major difficulties in the agricultural sector, caused by the overlap of several unfavorable factors (prolonged drought, volatility and falling cereal prices, rising production costs, the effects of the conflict in Ukraine, and pressure from cereal imports), the agricultural machinery market continues to be affected by the low level of investments made by farmers. According to specialized analyses, the effects of these shocks continue to manifest in 2026, with the difficulties becoming structural for a significant part of the agricultural sector.

In the first part of 2026, there was a partial stabilization of agricultural activity, but this didn't translate into a significant boost in investment in machinery. Although the 2025 agricultural year brought very good yields for autumn crops, the low selling prices of cereals, the high level of farmers' indebtedness, and pressures on liquidity limited their ability to make new investments. Market studies show that the sector's problems are still mostly financial and structural, and many agricultural operators face difficulties in financing their current activities and accessing loans.

Under these conditions, competition among agricultural machinery manufacturers and distributors remained high, characterized by pressures on selling prices and increasingly aggressive commercial policies aimed at reducing stocks and supporting cash flows. At the same time, farmers' access to financing continues to be affected by the deterioration of the financial indicators of the agricultural sector, which leads to longer decision-making cycles for investments and the postponement of agricultural machinery purchases. These developments continue to be a source of uncertainty that can impact the company's liquidity and development prospects in the coming period.

2.2 Presentation and analysis of the effects of current or prepaid capital expenditures on the financial situation of the trading company compared with the previous year

The total value of the investments forecasted for 2026 is approximately 346 thousand euros, funded either from our own sources or through bank loans/leasing.

The objectives included in the 2026 Investment Program aim to:

- Upgrading technology:
 - Robots for welding operations,
 - Modernizing the electrostatic paint installation,
 - Renovating/upgrading the PT3 medium-voltage electrical station,
 - SDVs needed for in-house production;
- Expanding/upgrading the exhaust system (for burnt gases) in the welding workshop;
- Technology upgrades (new equipment): spot welding machine, machining equipment;
- Modernizing the medium-voltage electrical station;
- Replacing some worn-out cars used by the sales and service teams;
- Partially renovating a production hall;
- Opening a new showroom.

2.3. Presentation and analysis of events, transactions, economic changes affecting significantly the revenues from the basic activity

In the first semester of 2026, the company's revenue from its core activities was affected by the continued low demand for agricultural machinery, due to farmers being cautious with investments and the existing financing difficulties in the agricultural sector. Under these conditions, the company's net

turnover decreased by 31.3% compared to the same period last year, dropping from 9.92 million lei to 6.81 million lei, mainly due to a decline in sales of finished products and merchandise.

In order to strengthen its market position and support medium- and long-term growth, the company continued investing in the development and launch of new ranges of agricultural machinery, tailored to current market demands. At the same time, during the first half of the year, a strategic partnership was signed with one of the largest agricultural machinery distributors in Romania, a collaboration that is set to become operational in the second half of 2026 and from which the company expects an increase in market coverage and sales volume.

At the same time, management continued implementing measures to improve operational efficiency and reduce fixed costs. Thus, in the first half of 2026, one of the company's showrooms was closed, and for the second half of the year, the closure of two more locations is planned as part of the process to optimize the commercial network and adjust the cost structure to the current level of activity. The company will continue in the coming period to implement measures for commercial development and operational efficiency, aiming to take advantage of the opportunities generated by new products and ongoing commercial partnerships.

3. CHANGES AFFECTING THE COMPANY'S CAPITAL AND MANAGEMENT

3.1. Conduct of Ordinary and Extraordinary Shareholders' Meetings

3.1.1. The Ordinary General Meeting of Shareholders took place on April 21, 2026, where the following agenda items were approved:

1. Choosing the meeting secretary of the AGOA from the company's shareholders, in accordance with the provisions of art. 129, para. (2) of Law no. 31/1990 regarding companies.
2. Approval of the individual financial statements for the fiscal year ended December 31, 2025, prepared in accordance with accounting regulations compliant with International Financial Reporting Standards (IFRS), accompanied by the independent auditor's report, the Board of Directors' annual report, and the remuneration report of Mecanica Ceahlău SA for the 2025 financial year.
3. Approval of the discharge of management of the members of the Board of Directors for the 2025 financial year.
4. Approval of the general compensation limits for the company's directors and managers, according to Art. 15318 of Law no. 31/1990 on companies.
5. Mandating the Board of Directors and its individual members to carry out the resolutions adopted by the ordinary general meeting of shareholders. Empowering, with the possibility of substitution, the General Director to carry out all legal procedures and formalities and to sign any documents necessary for implementing the resolutions of the ordinary general meeting of shareholders, including the publication and registration formalities at the Trade Register.
6. Approval of the date 26.05.2026 as the record date (ex-date 25.05.2026) for the shareholders to whom the resolutions adopted by the ordinary general meeting of shareholders will apply.

Through the semi-annual report for the first half of 2026, distributed according to the regulations in force, the Board of Directors presented the priority actions considered during the relevant period, as well as actions currently underway. Among the actions initiated by the Board of Directors starting from the first half of 2026, we especially mention:

1. Analyses conducted on the status of fulfilling the Revenue and Expenditure Budget and the measures adopted for the development and modernization of logistics and sales activities;

2. Analyses conducted on the proposals for equipment acquisition and the approval of maximum budgets for the re-equipment and renovation of Mecanică Ceahlău;

In accordance with the current legal regulations and corporate governance principles, in the first half of 2026, the Board of Directors met in 16 sessions, during which it discussed and adopted 34 resolutions regarding the company's ongoing activities. Members of the Advisory Committees and the Executive Management made a significant contribution to the preparation and conduct of the Board meetings.

3.2. Description of the cases in which the commercial company was unable to meet its financial obligations during the first semester of 2026

During the analysed period, the company fulfilled its financial obligations.

3.3. Description of any changes regarding the rights of holders of securities issued by the issuer

During the analysed period there were changes in the shareholding so that on June 30, 2026, according to the registration with the Central Depository, the shareholder structure is the following:

	Number of shares	%
EVERGENT INVESTMENTS SA	175,857,653	73.3020 %
NEW CARPATHIAN FUND	48,477,938	20.2068 %
Individuals	14,850,752	6.1902 %
Legal entities	722,117	0.3010 %
TOTAL	239,908,460	100.00 %

All holders of securities issued by the company benefitted from equal rights.

4. SIGNIFICANT TRANSACTIONS

In the case of issuers of shares, information regarding major transactions concluded by the issuer with persons acting in concert or with whom these persons were involved during the relevant time period.

In the first semester of 2026, the company did not conclude major transactions with persons acting in concert or with whom these persons were involved.

PRESIDENT OF THE BOARD OF DIRECTORS,
Aurelian Mircea Radu Trifa

Chief Executive Officer,
Sorin Ion Molesag

Chief Financial Officer,
Irina Gliga

MECANICA CEHLĂU SA

**SEPARATE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT
JUNE 30, 2026**

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

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MECANICA CEAHLĂU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	June 30, 2026	December 31, 2025
Assets			
Non-current assets			
Land and land improvements		6,173,925	6,175,042
Construction		7,709,975	8,023,659
Technical installations and means of transport		3,494,994	3,307,224
Other property, plant and equipment		65,153	75,006
Property, plant and equipment in progress		-	-
Property, plant and equipment	13	17,444,047	17,580,931
Intangible assets			
Other intangible assets		40,214	53,946
Intangible assets	14	40,214	53,946
Investment properties	15	1,266,371	1,266,371
Assets representing rights of use of underlying assets in leases	13	449,263	814,291
Total non-current assets		19,199,895	19,715,539
Current assets			
Inventories	17	27,227,704	27,981,480
Trade receivables	18	2,608,572	2,664,974
Other receivables	19	1,016,794	985,846
Prepaid expenses	-	152,068	63,052
Financial assets measured at fair value through the profit and loss	20	-	-
Financial assets at amortised cost		-	-
Cash, current accounts and deposits with banks	20	976,378	4,682,173
Assets classified as held for sale	16	-	-
Total current assets		31,981,515	36,377,525
Total assets		51,181,411	56,093,064
Equity			
Share capital	21	23,990,846	23,990,846
Legal reserves		2,983,701	2,983,701
Revaluation reserves		10,116,246	10,190,876
Retained earnings		6,798,080	10,550,533
Total equity		43,888,874	47,715,956

MECANICA CEAHLĂU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	June 30, 2026	December 31, 2025
Liabilities			
Non-current liabilities, out of which:			
Long term loans	22	-	-
Subsidies for investments – long term	23	643,665	664,208
Liabilities from leasing contracts		316,944	520,707
Provisions for pensions	25	99,826	99,826
Deferred tax liabilities	12	2,421,361	2,487,030
Total non-current liabilities		3,481,795	3,771,771
Current liabilities total, out of which:			
Short-term loans	22	-	-
Debts from leasing contracts		227,838	390,989
Subsidies for investments – long term	23	41,085	41,085
Trade liabilities	26	2,386,082	2,395,139
Other liabilities	27	764,515	1,299,190
Income in advance		328,551	416,264
Provisions for risks and charges	25	62,672	62,672
Total current liabilities		3,810,742	4,605,337
Total Liabilities		7,292,537	8,377,108
TOTAL EQUITY AND LIABILITIES		51,181,411	56,093,064

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEAHLĂU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	Year ended June 30, 2026	Year ended June 30, 2025
Turnover	5	6,814,553	9,918,981
Expenses with stocks		(4,143,298)	(6,511,582)
		2,671,255	3,407,400
Other operating income	6	351,516	313,315
Utility expenses		(346,248)	(315,285)
Expenses with salaries, contributions and other similar charges	7	(3,514,070)	(3,539,425)
Other administrative expenses	8	(1,478,512)	(1,326,191)
Other operating expenses	9	(165,959)	(154,870)
Amortization/Depreciation and impairment expenses for fixed assets and depreciation expenses for assets related to the rights of use of leased assets	12,13	(767,266)	(906,843)
Gains/(losses) from the revaluation of assets held for sale		-	-
Gains/(losses) from the revaluation of investment properties		-	-
Gains/(losses) from disposal of non-current assets		31,576	149,867
Gains/(losses) from the revaluation of property, plant and equipment		-	-
Adjustment of the value of current assets	17	(589,033)	(31,944)
Adjustments of provisions	24	-	13,555
Total operating expenses		(6,829,512)	(6,111,137)
Result of operating activities		(3,806,741)	(2,390,423)
Interest income		110,750	14
Gain from the revaluation of financial assets measured at fair value through profit or loss		-	4,553
Expenses with interest and discounts granted		(162,194)	(324,787)
Foreign exchange losses		(34,568)	(43,919)
Net financial result	10	(86,012)	(364,139)
Pre-tax result		(3,892,753)	(2,754,562)
Current profit tax expense	11	-	(22,831)
Cheltuiala netă cu impozitul amânat	11	51,455	-
Results from continued operations		(3,841,298)	(2,777,392)

MECANICA CEHLĂU SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

	Note	Year ended June 30, 2026	Year ended June 30, 2025
Other comprehensive income			
Other Elements of the Global Result			
Items that will not be reclassified later into profit or loss			
Deferred tax capital		14,215	14,277
Increases/ (Decreases) of revaluation reserves, net		-	-
Other comprehensive income, after tax		14,215	14,277
Total comprehensive income for the period		(3,827,083)	(2,763,115)
Profit/(loss) attributable		(3,841,298)	(2,777,392)
Number of shares		239,908,460	239,908,460
Basic earnings per share		(0.0160)	(0.0116)

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEAHLĂU SA
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(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, 2025	23,990,846	2,983,701	10,190,876	10,550,533	47,715,956
Transfer to retained earnings corresponding to the surplus realised from revaluation reserves	-	-	(88,845)	88,845	-
Transactions with shareholders	-	-	(88,845)	88,845	-
Other comprehensive income					
Net (loss)/profit for the year	-	-	-	(3,841,298)	(3,841,298)
Increases / (decreases) of revaluation reserves, net	-	-	-	-	-
Deferred income tax on account of equity, net changes	-	-	14,215	-	14,215
Total other comprehensive income	-	-	14,215	(3,841,298)	(3,827,083)
Annulment of dividends with overdue collection period	-	-	-	-	-
Balance at June 30, 2026	23,990,846	2,983,701	10,116,246	6,798,080	43,888,874

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

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEAHLĂU SA
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(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	-	-	(89,234)	89,234	-
Transactions with shareholders	-	-	(89,234)	89,234	-
Other comprehensive income	-	-	-	-	-
Net (loss)/profit for the year	-	-	-	(2,777,392)	(2,777,392)
Increases / (decreases) of revaluation reserves, net	-	-	-	-	-
Deferred income tax on account of equity, net changes	-	-	14,277	-	14,277
Total other comprehensive income	-	-	14,277	(2,777,392)	(2,763,115)
Annulment of dividends with overdue collection period	-	-	-	-	-
Balance at June 30, 2025	23,990,846	2,983,701	11,164,860	6,371,252	44,510,659

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

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEAHLĂU SA
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

Direct method	Year ended June 30, 2026	Year ended June 30, 2025
Cash flows from operating activities:		
Receipts from customers	8,682,064	12,140,197
Receipts from other debtors	123,472	59,840
Payments to suppliers	(7,632,036)	(5,495,255)
Payments to employees	(2,037,361)	(2,069,918)
Payments to the State budget	(2,041,645)	(2,522,366)
Payments to sundry lenders	(121,185)	(72,150)
Cash generated by / (used in) operating activities	(3,026,692)	2,040,348
Income tax paid	(127,355)	-
Net cash generated by operations	(3,154,047)	2,040,348
Cash flows from investing activities		
Interest received	111,523	85,186
Collections from sale of assets held for sale	-	-
Acquisitions of tangible assets	(363,670)	(187,788)
Acquisitions of funds/ deposits with a maturity of > 3 months	-	-
Redemption of fund units	-	223,566
Short-term investments	-	-
Net cash generated by / (used in) investments	(252,147)	120,964
Cash flows from financing activities		
Short-/long-term loan receipts	5,977,767	-
Repayment of loans	(5,977,767)	(1,988,512)
Interest paid	(35,085)	(158,758)
Payment of financial lease liabilities	(251,329)	(292,928)
Dividends paid	-	-
Net cash used in financing activities	(286,414)	(2,440,199)
Net increase/(decrease) of cash and cash equivalents	(3,692,608)	(278,887)
Cash and cash equivalents at the beginning of the period	4,682,173	445,730
Foreign exchange differences	(13,186)	(1,634)
Adjustments of current accounts and deposits	(697)	(1)
Cash and cash equivalents at the end of the period	975,683	165,209

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

IRINA GLIGA,
CHIEF FINANCIAL OFFICER

MECANICA CEHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

1. REPORTING ENTITY

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

The company operates in accordance with the provisions of Law 31/1990 regarding commercial companies, with subsequent amendments and modifications.

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 June 30, 2026 is:

JUNE 30, 2026	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 June 30, 2026 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 as of December 31, 2025, for the statement of financial position, the individual statement of changes in equity, and as of June 30, 2025, for 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 August 7, 2026.

MECANICA CEAHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(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.

The attached financial statements are not intended to present the financial position in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Furthermore, the financial statements are not intended to present the results of operations, cash flows, and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania.

Consequently, these financial statements should not be considered as the sole source of information by a potential investor or any other user.

d. Functional and presentation currency

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

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

e. Use of professional estimates and judgements

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

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

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

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

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

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

(See Note 5 - Income).

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

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

3. MATERIAL ACCOUNTING POLICIES

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

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

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

a. Transactions in foreign currency

The operations expressed in foreign currency are recorded in RON at the official exchange rate communicated by the National Bank of Romania ("NBR") for the date of transactions. The balances in foreign currency are converted into lei at the exchange rates communicated by the National Bank of Romania at June 30, 2026.

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.

MECANICA CEAHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

a. Transactions in foreign currency (continued)

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	June 30, 2026	June 30, 2025	Variation
Euro (EUR)	EUR 1: LEU 5.2438	EUR 1: LEU 5.0777	3.17%
US dollar (USD)	USD 1: LEU 4.6010	USD 1: LEU 4.3329	5.83%

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.

- 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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification of financial assets (continued)

Assessment of contractual cash flow characteristics (SPPI test)

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);
 - participations in subsidiaries and associated entities (shares in Transport Ceahlău SRL).
- 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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification of financial assets (continued)

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.

(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.

MECANICA CEAHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

3. MATERIAL ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(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 Ceahlău 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 2026, 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.

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.

MECANICA CEAHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(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)

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 June 30, 2026 and June 30, 2025 is detailed in **Note 13**.

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.

MECANICA CEAHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

(i) Recognition and evaluation (continued)

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;

(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.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

(iii) Subsequent costs (continued)

During the 2025 financial year, the Company reviewed the useful life of buildings and special constructions based on an appraisal report prepared by an independent authorized evaluator. The review was carried out in accordance with the provisions of OMFP 2844/2016 regarding changes in accounting estimates and represents an accounting estimate change, applied prospectively from 01.01.2025. 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.

(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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

f. Investment properties (continued)

(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 June 30, 2026 and December 31, 2025 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.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

g. Assets held for sale (continued)

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.

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

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

j. Employee benefits

(i) Defined contribution plans

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

j. Employee benefits (continued)

(i) Defined contribution plans (continued)

The company is not engaged in any independent pension system and, consequently, has no other obligations in this regard. The company is engaged in a post-retirement benefits system according to the collective labor agreement. The company is not obliged to provide services 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 contributions to social security are recognized in the Financial Statements of the Company when the services are rendered. The Company recognizes a provision for amounts expected to be paid as cash bonuses in the short term when the Company has a present 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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

k. Provisions for risks charges (continued)

(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.

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

3. MATERIAL ACCOUNTING POLICIES (continued)

l. Revenues from contracts with customers (continued)

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.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

q. Leases in which the Company is lessor (continued)

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.

r. 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.

s. 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

s. Income tax (continued)

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.

t. 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.

u. 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.

v. 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.

w. 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.

x. 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

y. 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 June 30, 2026 24.28% in Transport Ceahlău SRL. It is not consolidated because Transport Ceahlău 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 Ceahlău SRL	Associated entity

z. 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).

aa. Applicable accounting policies

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

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

Standard	Title
Amendments to IAS 21	Lack of Exchangeability

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

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

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

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

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

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

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

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

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4. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

5. INCOME

	Year ended June 30, 2026	Year ended June 30, 2025
Net income from the sale of goods	6,727,407	9,795,700
Income from the sale of residual products	32,463	23,883
Provision of services	54,682	99,398
Total net turnover	6,814,553	9,918,981

The gross turnover of the Company registered at June 30, 2026 is Lei 6,804,443 (at June 30, 2025: Lei 9,878,765), of which Lei 244,974 from exports (at June 30, 2025: Lei 124,746) and 6,559,183 Lei obtained domestically (June 30, 2025: Lei 9,754,019).

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 77,035 at June 30, 2026 and Lei 83,066 at June 30, 2025 resulting in a net turnover in amount of Lei 6,727,407 at June 30, 2026 and Lei 9,795,700 at June 30, 2025. 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 30.06.2026 and 30.06.2025.

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5. INCOME (continued)

Compared to the same period of the previous year, the net turnover of the Company registered a decrease of 31%.

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

In 2026, the domestic market was the main sales market, with the sales volume on this market representing 96.4% of the turnover.

On the foreign market, the sales volume accounted for 3.6% 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 June 30, 2026	Year ended June 30, 2025
Income from compensation and penalties	25,926	18,040
Revenue from investment subsidies	20,543	13,695
Income from rental of investment properties	277,437	250,093
Other operating income	27,612	31,487
Total other income	351,517	313,315

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

Building rental	2025	2026	2027
Rental income	27,520	28,540	28,540

The Company has six lease agreements in effect, comprising one land lease agreement, four lease agreements for technical premises and/or office space, and one lease agreement for space used to install coffee vending machines.

7. EXPENSES WITH SALARIES, SOCIAL CONTRIBUTIONS AND OTHER BENEFITS

	Year ended June 30, 2026	Year ended June 30, 2025
Expenses with salaries	2,799,971	2,587,543
Expenses with salary contributions	119,109	117,886
Expenses with holidays not taken	-	(25,907)
Expenses related to vouchers granted	187,345	161,065
Other benefits granted to employees	-	-
Expenses related to the indemnity of the members of the Board of Directors	104,662	256,826
Expenses related to the executive management's allowance	302,983	442,012
Income from operating subsidies for the payment of staff	-	-
Total	3,514,070	3,539,425
Average number of employees	67	65

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".

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8. OTHER ADMINISTRATIVE EXPENSES

	Year ended June 30, 2026	Year ended June 30, 2025
Maintenance and repair costs	184,393	127,313
Royalties, management leases and rentals	11,599	12,399
Insurance premiums	56,184	63,546
Studies and researches	-	12,020
Expenses for professional fees	1,500	-
Consulting expenses	45,683	-
Entertainment, advertising and publicity expenses	160,125	98,884
Transport of goods and personnel	231,748	189,852
Travel, secondments and transfers	123,209	94,446
Postal expenses and telecommunication fees	23,756	22,090
Banking services and assimilated	20,805	49,672
Internal and external audit services	2,437	2,777
Other expenses with third-party services	384,734	375,692
Expenses for security	232,339	277,500
Total	1,478,512	1,326,191

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

9. OTHER OPERATING EXPENSES

	Year ended June 30, 2026	Year ended June 30, 2025
Expenses with taxes, fees and assimilated	136,665	98,447
Expenses with fines and penalties	17,940	8,293
Other operating expenses	11,354	48,130
Total	165,959	154,870

10. NET FINANCIAL RESULT

	Year ended June 30, 2026	Year ended June 30, 2025
Interest income	110,750	14
Net gains on financial assets	-	4,553
Total financial income	110,750	4,567
Interest expense	35,085	197,683
FX losses	34,568	43,919
Other financial expenses	127,109	127,104
Total financial expenses	196,762	368,706
Net financial result	(86,012)	(364,139)

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

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10. NET FINANCIAL RESULT (continued)

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 June 30, 2026 is Lei 4,882 and the value of expenses from exchange rate differences is Lei 39,450.

Other financial expenses represent financial discounts granted to customers.

11. CURRENT AND DEFERRED INCOME TAX EXPENSES

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

	Year ended June 30, 2026	Year ended June 30, 2025
Income tax		
Current income tax	-	-
Deferred income tax expense	51,455	22,831
Total income tax expense	51,455	22,831
INCOME TAX		
	Year ended June 30, 2026	Year ended June 30, 2025
Profit before tax	(3,892,753)	(2,754,562)
Income tax expense calculated at the standard rate of 16%	(622,840)	(440,730)
The tax effect of:		
-Non-tax deductible expenses	228,037	122,725
- Non-taxable income	(99,051)	-
- Items similar to income	14,215	14,277
- Items similar to expenses	(3,902)	-
- The impact of fiscal loss	483,541	303,727
-Expense with deferred income tax	51,455	22,831
Current income tax	51,455	22,831

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

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

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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 June 30, 2026, the elements of time differences are determined for the following components of the statement of financial position:

	ASSETS	LIABILITIES	NET
Tangible assets	-	1,113,854	1,113,854
Provisions and adjustments	2,408,832	-	(2,408,832)
Revaluation reserves	-	16,075,348	16,075,348
Reserves from tax incentives	-	353,133	353,133
Total	2,408,832	17,542,335	15,133,504
Net temporary differences – 16% rate	-	-	15,133,504
Deferred tax liabilities	-	-	2,421,361

At December 31, 2025 deferred tax liabilities are attributed to the following items:

	ASSETS	LIABILITIES	NET
Tangible assets	-	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

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

COST	Land, land improvement and buildings	Cars and equipment	Furniture and accessories	Under execution	Assets representing usage rights in leasing contracts	Total
Balance at December 31, 2025	14,198,700	17,619,597	336,541	-	2,307,471	34,462,309
Additions of fixed assets	-	443,263	-	-	-	443,263
<i>Of which, transfers from non-current assets in progress</i>	-	-	-	-	-	-
Revaluation increases	-	-	-	-	38,885	38,885
Disposals of fixed assets	-	-	-	-	(502,087)	(502,087)
Reclassifications to right-of-use assets of underlying assets in leases	-	76,001	-	-	(76,001)	-
Reclassification of assets held for sale	-	-	-	-	-	-
Reclassification to real estate investments	-	-	-	-	-	-
Revaluation decreases	-	-	-	-	-	(17,938)
Reversal of accumulated depreciation	-	-	-	-	-	-
Balance at June 30, 2026	14,198,700	18,138,860	336,541	-	1,750,330	34,424,431
ACCUMULATED DEPRECIATION						
Balance at December 31, 2025	-	14,253,185	261,535	-	1,493,179	16,007,899
Depreciation charges	314,800	341,358	9,853	-	173,387	839,398
Reclassifications to right-of-use assets of underlying assets in leases	-	-	-	-	(76,001)	(76,001)
Reversal of accumulated depreciation	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	(289,499)	(289,499)
Balance at June 30, 2026	314,800	14,594,543	271,388	-	1,301,067	16,481,798
Balance at December 31, 2025	-	59,187	-	-	-	59,187
Adjustments made during the year	-	-	-	-	-	-
Reversals of impairment allowances	-	(9,864)	-	-	-	(9,864)
Balance at June 30, 2026	-	49,323	-	-	-	49,323
CARRYING AMOUNT						
Balance at December 31, 2025	14,198,700	3,307,224	75,006	-	814,291	18,395,222
Balance at June 30, 2026	13,883,900	3,494,994	65,153	-	449,263	17,893,310

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

COST	Land, land improvement and buildings	Cars and equipment	Furniture and accessories	Under execution	Assets representing usage rights in leasing contracts	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	-	1,307,867	-	119,525	110,203	1,537,596
Of which, transfers from non-current assets in progress	-	1,288,942	-	-	-	1,288,942
Revaluation increases	-	-	-	-	-	-
Disposals of fixed assets	-	(201,189)	-	(1,288,942)	(716,890)	(2,207,021)
Reclassifications to right-of-use assets of underlying assets in leases	-	190,621	-	-	(190,621)	-
Revaluation decreases	-	-	-	-	-	-
Reversal of accumulated depreciation	(945,836)	-	-	-	-	(945,836)
Balance at June 30, 2025	-	-	-	-	-	-
ACCUMULATED DEPRECIATION	-	-	-	-	-	-
Balance at December 31, 2024	16,304,049	17,477,783	623,077	-	2,562,589	36,967,498
Depreciation charges	-	-	-	-	-	-
Reclassifications to right-of-use assets of underlying assets in leases	-	13,755,420	334,310	-	1,584,159	15,673,888
Reversal of accumulated depreciation	327,638	284,246	27,598	-	263,493	902,975
Accumulated depreciation of disposals	-	190,621	-	-	(190,621)	-
Balance at June 30, 2025	-	-	-	-	-	-
IMPAIRMENT ALLOWANCES	-	(192,001)	-	-	(258,079)	(450,080)
Balance at December 31, 2024	327,638	14,038,286	361,907	-	1,398,952	16,126,783
Adjustments made during the year	-	78,914	-	-	-	78,914
Reversals of impairment allowances	-	-	-	-	-	-
Balance at June 30, 2025	-	(9,864)	-	-	-	(9,864)
CARRYING AMOUNT	-	69,050	-	-	-	69,050
Balance at December 31, 2024	-	-	-	-	-	-
Balance at June 30, 2025	17,249,885	2,346,150	288,767	1,169,417	1,775,739	22,829,958

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

Impairment losses recognised in profit or loss were classified in depreciation and impairment expenses for fixed assets.

In 2026, additions to property, plant and equipment primarily comprised assets specific to the Company's manufacturing activities, including production equipment such as a welding machine, an OptiFlex painting system, and a welding robot.

During the year 2026, the Company did not dispose of tangible assets.

As of December 31, 2025, the Company analyzed the existence of impairment indicators for the fixed assets under management. As a result of the procedures carried out, the management of the Company believes that at this date there were no impairment indicators.

(i) 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.

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14. INTANGIBLE ASSETS

	Patents, licenses and trademarks	Other fixed assets	Total
COST			
Balance at December 31, 2025	528,327	957,928	1,486,255
Purchases	-	-	-
Balance at June 30, 2026	528,327	957,928	1,486,255
ACCUMULATED AMORTISATION			
Balance at December 31, 2025	528,327	903,982	1,432,308
Amortisation during the year	-	13,732	13,732
Balance at June 30, 2026	528,327	917,713	1,446,040
IMPAIRMENT ALLOWANCE			
Balance at December 31, 2025	-	-	-
Reversal of impairment allowances	-	-	-
Balance at June 30, 2026	-	-	-
CARRYING AMOUNT			
Balance at December 31, 2025	-	53,946	53,946
Balance at June 30, 2026	-	40,214	40,214

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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	-	-	-
Balance at June 30, 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	-	13,732	13,732
Balance at June 30, 2025	528,327	890,250	1,418,577
IMPAIRMENT ALLOWANCE			
Balance at December 31, 2024	-	-	-
Reversal of impairment allowances	-	-	-
Balance at June 30, 2025	-	-	-
CARRYING AMOUNT			
Balance at December 31, 2024	-	81,410	81,410
Balance at June 30, 2025	-	67,678	67,678

The intangible assets as at June 30, 2026, in net amount of Lei 40,214 (June 30, 2025: Lei 67,678), represent the unamortized part of the licenses, technological documentation and the software used.

During the year 2026, the company did not dispose of intangible assets.

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

15. INVESTMENT PROPERTIES

	June 30, 2026	December 31, 2025
Net value	1,266,371	1,266,371
	June 30, 2026	December 31, 2025
Opening balance	1,266,371	199,690
Acquisitions / Reclassification of investment properties	-	919,214
Outflows/Reclassifications into assets held for sale	-	(3,407)
Changes in fair value	-	150,874
Closing balance	1,266,371	1,266,371

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15. INVESTMENT PROPERTIES (continued)

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 June 30, 2026 was Lei 277,437 and of Lei 250,093 at June 30, 2025. 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 real estate investments was conducted by an external, independent real estate appraiser, a member of the National Association of Appraisers in Romania (ANEVAR), with recognized professional qualifications and experience in evaluating all types of real estate. The fair value of the real estate investment was determined using the income capitalization method.

16. ASSETS HELD FOR SALE

On June 30, 2026, also December 31, 2025, the company does not hold any assets for sale.

17. INVENTORIES

	June 30, 2026	December 31, 2025
Raw materials and materials	2,578,587	2,122,904
Work in progress	1,105,757	650,521
Semi-finished goods	254,320	284,559
Finished products	15,768,903	16,189,740
Merchandise	7,520,136	8,733,757
Inventories at net value	27,227,704	27,981,480

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.

As of June 30, 2026, the value of adjustments for inventory depreciation is 1,570,309 lei (December 31, 2025: 1,094,006 lei).

	June 30, 2026	December 31, 2025
Opening balance	(1,094,006)	(789,417)
Set-ups	(482,915)	(607,202)
Reversals	6,612	302,613
Closing balance	(1,570,309)	(1,094,006)

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18. TRADE RECEIVABLES

	June 30, 2026	December 31, 2025
Trade receivables – less than 180 days overdue	2,651,502	2,707,904
Impairment allowances for trade receivables – less than 180 days overdue	(42,930)	(42,930)
Net receivables – less than 180 days overdue	2,608,572	2,664,974
Trade receivables – more than 180 days overdue	418,100	310,131
Impairment allowances for trade receivables – more than 180 days overdue	(418,100)	(310,131)
Net receivables – more than 180 days overdue	-	-
Net, total trade receivables	2,608,572	2,664,974

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

As of June 30, 2026, net trade receivables amounting to 2,608,572 lei (December 31, 2025: 2,664,974 lei) are considered to be fully performing.

As of June 30, 2026, adjustments for the impairment of trade receivables are constituted in a total amount of 461,030 lei (December 31, 2025: 353,061 lei).

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 June 30, 2026	Impairment June 30, 2026	Gross value June 30, 2026	Expected average weighted loss rate at December 31, 2025	Impairment December 31, 2025	Gross value December 31, 2025
Overdue over 180 days	100%	418,100	418,100	100%	310,131	310,131

Collective evaluation:

	Expected average weighted loss rate at June 30, 2026	Impairment June 30, 2026	Gross value June 30, 2026	Expected average weighted loss rate at December 31, 2025	Impairment December 31, 2025	Gross value December 31, 2025
Not overdue	1%	34,027	2,477,919	1%	22,732	2,254,417
Overdue between 0 and 30 days	3%	2,189	85,826	3%	7,359	288,631
Overdue between 31 and 60 days	7%	759	10,968	7%	5,171	74,740
Overdue between 61 and 90 days	9%	3,287	38,178	9%	7,291	84,664
Overdue over 90 days	7%	2,668	38,611	7%	377	5,452
		42,930	3,069,602		42,930	2,707,904

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19. OTHER RECEIVABLES

	June 30, 2026	December 31, 2025
Sundry debtors	881,459	955,348
Suppliers - debtors	108,144	-
Recoverable and non-exigible VAT	24,235	144,316
Tax to be recovered	4,462	-
Adjustment for other receivables – sundry debtors	(121,075)	(113,817)
Other receivables	119,569	-
Total	1,016,794	985,846

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 121,075.

	Impairment June 30, 2026	Gross value June 30, 2026	Impairment December 31, 2025	Gross value December 31, 2025
Overdue over 180 days	121,075	121,075	113,817	113,817

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

(i) Cash, current accounts and cash equivalents

	June 30, 2026	December 31, 2025
Cash	1,140	540
Current accounts	975,239	681,886
Bank deposits with maturity up to 3 months	-	4,000,000
Interest attached	-	773
Expected credit loss	(1)	(1,025)
Cash and current accounts – gross amount	976,378	4,682,173

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

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

As at 30 June 2026, the Company did not hold any investments in mutual fund units.

The shares of Transport Ceahlău SRL are fully adjusted.

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21. CAPITAL AND RESERVES

a. Share capital

Share capital subscribed and paid up at June 30, 2026	Lei 23,990,846
Number of shares subscribed and paid up at June 30, 2026	239,908,460 shares
Nominal value of a share	0.10 Lei
Characteristics of shares issued, subscribed and paid up	Ordinary, nominative, dematerialized

The Company's securities (shares) are registered and traded in the Standard category of the Bucharest Stock Exchange. All shares confer the same voting rights. At June 30, 2026, the share capital of the Company was not modified in the sense of increase or decrease.

The share capital registered at June 30, 2026 is Lei 23,990,846.

The shareholding structure of the Company is:

June 30, 2026	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

June 30, 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	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

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21. CAPITAL AND RESERVES (continued)

b. Reserves

	June 30, 2026	December 31, 2025
Reserves from the revaluation of property, plant and equipment	12,107,835	12,196,680
Deferred income tax recognised on account of reserves	(1,991,589)	(2,005,805)
TOTAL	10,116,246	10,190,876

	June 30, 2026	December 31, 2025
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	13,392,849	13,304,004
Retained earnings representing unallocated profit / (uncovered loss)	(15,815,041)	(11,973,743)
Other reserves distributed from profit, non-taxable	5,059,940	5,059,940
Other taxable reserves	827,622	827,622
TOTAL	6,798,080	10,550,533

"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 June 30, 2026 is Lei 2,983,701 (December 31, 2025: lei 2,983,701).

Legal reserves cannot be distributed to shareholders.

d. Dividends

In 2026 and 2025, 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 June 30, 2026 in amount of Lei (3,841,298) (December 31, 2025: net attributable loss: Lei (2,929,761)) by the number of ordinary outstanding shares of 239,908,460 shares (December 31, 2025: 239,908,460 shares).

Profit attributable to ordinary shareholders	June 30, 2026	December 31, 2025
Profit (Loss) of the period	(3,841,298)	(2,929,761)
Number of ordinary shares	239,908,460	239,908,460
Earnings per share	(0.016)	(0.012)

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22. LOANS

The tables below present detailed information on the loans contracted by the Company at June 30, 2026 and December 31, 2025:

June 30, 2026

Type of credit	Loan balance (Lei)	Account currency	Annual interest rate (%)	Final maturity of the loan
Unutilised RON 3,000,000 credit facility	-	RON	ROBOR 3M + 2.5%	12/05/2027
Total	-			

December 31, 2025

Type of credit	Loan balance (Lei)	Account currency	Annual interest rate (%)	Final maturity of the loan
Unutilised RON 3,000,000 credit facility	-	RON	ROBOR 3M + 2.5%	12/05/2027
Total	-			

As at 30 June 2026, the RON 3,000,000 credit facility was secured by inventories with a net carrying amount of RON 3,753,348 (31 December 2025: RON 4,872,003).

23. GOVERNMENT SUBSIDIES

Subsidies for assets	June 30, 2026	December 31, 2025
Sold as of January 1	-	-
Subsidies regarding assets	705,293	739,530
Subsidies registered as income corresponding to the calculated depreciation	(20,543)	(34,237)
Final sale	684,750	705,293

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

24. LIABILITIES FROM LEASING CONTRACTS

Leasing contracts in which the Company is the lessee. The Company rents land and office spaces. Leasing contracts usually run for a period of between 5 and 10 years. In addition, the Company rents transportation vehicles. Leasing contracts generally run for a period of 5 years.

Leasing contracts do not transfer ownership rights over the underlying asset at the end of the leasing term.

Renewal and extension of the term must be agreed upon by both parties by signing an additional act.

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

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

Below are presented details regarding the leasing contracts in which the Company is the lessee.

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24. LIABILITIES FROM LEASING CONTRACTS (continued)

(i) Asset related to the right of use

The asset related to the right of use linked to the leased properties (buildings) is presented as tangible fixed assets.

2026	Land and buildings	Equipment (transport vehicles)	Total
Balance at 1 January	630,955	183,336	814,291
Depreciation	(133,714)	(39,673)	(173,387)
Reclassification of underlying assets to right-of-use assets in leases	38,885	76,001	114,886
Cumulative depreciation on outflows	289,499	-	289,499
Additions of right-of-use assets	-	-	-
Disposals of right-of-use assets	-	-	-
Disposals of right-of-use assets (Reclassifications to underlying assets to right-of-use assets in leases)	(520,025)	(76,001)	(596,026)
Balance at 30 June	305,601	143,663	449,263

2025	Land and buildings	Equipment (transport vehicles)	Total
Balance at 1 January	1,421,052	354,686	1,775,739
Depreciation	(188,910)	(74,583)	(263,493)
Reclassification of underlying assets to right-of-use assets in leases	-	-	-
Cumulative depreciation on outflows	258,079	190,621	448,700
Additions of right-of-use assets	110,203	-	110,203
Disposals of right-of-use assets	(716,890)	(190,621)	(907,511)
Disposals of right-of-use assets (Reclassifications to underlying assets to right-of-use assets in leases)	-	-	-
Balance at 30 June	883,534	280,103	1,163,637

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24. LIABILITIES FROM LEASING CONTRACTS (continued)

(ii) Amounts recognised in profit or loss

	2026	2025
Interest on leases	12,352	38,925

(iii) Values recognised in the cash flow statement

	2026	2025
Cash outflows related to leases	251,329	292,928

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, 2025	62,672	99,826	162,498
Provisions established during the period	-	-	-
Provisions reversed during the period	-	-	-
Provisions reclassified to trade and other payables	-	-	-
Balance at June 30, 2026	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, 2024	34,713	80,461	115,174
Provisions established during the period	-	-	-
Provisions reversed during the period	-	13,555	13,555
Provisions reclassified to trade and other payables	-	-	-
Balance at June 30, 2025	34,713	66,906	101,619
Long-term	-	66,906	66,906
Current	34,713	-	34,713

Warranties

The provisions for warranties in amount of Lei 62,672 (Lei 62,672 at December 31, 2025) were set up taking into account the expenses related to the service activity for agricultural machinery in the 2-year warranty period.

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25. PROVISIONS FOR RISKS AND CHARGES (continued)

Employee benefits – pension provision

The provisions in amount of Lei 99,826 (Lei 99,826 at December 31, 2025) 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

	June 30, 2026	December 31, 2025
Internal and external suppliers	2,128,733	2,034,365
Payables for distributors' commissions	-	-
Investment providers	126,870	-
Suppliers – invoices not received	130,479	360,774
Total	2,386,082	2,395,139

27. OTHER PAYABLES

	June 30, 2026	December 31, 2025
Salaries and related social contributions	553,988	722,416
Other debts (VAT payment and guarantees)	198,350	368,391
Dividends to be paid	-	-
Advances received	12,176	208,384
Total	764,515	1,299,190

Other debts included in the balance as of June 30, 2026, contain provisions for untaken leaves concluded in amount of Lei 66,873 (Lei 66,873 as of December 31, 2025), provisions for sales team commissions in amount of Lei 50,266 (Lei 231,617 as of December 31, 2025).

Dividends that have not been claimed within 3 years from the declaration date shall be forfeited according to the law, except for amounts seized by tax authorities.

No dividends were allocated or distributed in 2026.

28. CASH FLOW INFORMATION

The method used in the presentation of the Cash Flow Statement is the direct method.

The Cash Flow Statement presents cash inflows and outflows 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 Cash Flow Statement:

- cash flows are cash receipts and payments and cash equivalents;
- cash includes available funds from banks and cash registers;
- cash equivalents include deposits made at banks, checks, and promissory notes deposited at banks for collection.

The cash flows arising from transactions conducted in foreign currency are recorded in the functional currency by applying the exchange rate between the functional currency (leu) and the foreign currency on the value in foreign currency at the date of the cash flow event (the date payments and receipts are made).

28. CASH FLOW INFORMATION (continued)

Gains and losses arising from fluctuations in exchange rates are not cash flows. However, the effect of changes in exchange rates on cash and cash equivalents held or owed in foreign currency is reported in the cash flow statement, but separately from cash flows from operations, investing, 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 30.06.2026 is Lei 165,209. The military aggression of the Russian Federation against Ukraine had a major impact on the European and international markets, especially on the grain and food products market. The impossibility of Ukraine to export its products on the traditional markets and the transit corridors offered by the neighbouring countries, including Romania, caused strong imbalances on the grain market and in general on the food products market, with a major impact on the farmers who were forced to sell their products at prices very close to or even below the cost level, with a direct impact on their ability to invest in new agricultural machinery.

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

29. FINANCIAL INSTRUMENTS

Overview

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

- credit risk
- liquidity risk
- market risk

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

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

General framework for risk management

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

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

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

i) Credit risk

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

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

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29. FINANCIAL INSTRUMENTS (continued)

i) Credit risk (continued)

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:

	June 30, 2026	December 31, 2025
Gross trade receivables	3,069,602	3,018,035
Expected credit losses for receivables	(461,030)	(353,061)
Net trade receivables	2,608,572	2,664,974
Other receivables	1,016,794	985,846
Investment securities	-	-
Cash, current accounts and deposits placed with banks	976,378	4,682,173
Total	4,601,744	8,332,993

	2026 Stages 1 and 2	2026 Stage 3	2025 Stages 1 and 2	2025 Stage 3
Opening balance at 1 January	(42,930)	(310,131)	(153,907)	(1,582,889)
Set-ups	-	(117,416)	-	(108,955)
Reversals	-	9,447	110,977	1,381,713
Closing balance	(42,930)	(418,100)	(42,930)	(310,131)

29. FINANCIAL INSTRUMENTS (continued)

i) Credit risk (continued)

On the foreign market, the sales volume accounted for 1% 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 June 30, 2026, 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.

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 June 30, 2026, 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.

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29. FINANCIAL INSTRUMENTS (continued)

iii) Market risk

June 30, 2026	EUR (1 EUR = 5.2438)	RON 1 RON	TOTAL
Cash, current accounts and deposits with banks	18,424	957,953	976,378
Financial assets measured at fair value through profit or loss	-	-	-
Trade and other receivables	1,049	3,624,317	3,625,366
Total financial assets	19,473	4,582,270	4,601,744

June 30, 2026	EUR (1 EUR = 5.2438)	RON	1 RON TOTAL
Bank loans	-	-	-
Lease loans	(544,782)	-	(544,782)
Trade and other payables	(626,176)	(2,524,420)	(3,150,596)
Total financial liabilities	(1,170,958)	(2,524,420)	(3,695,378)

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)

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 June 30, 2026, all other variables remaining constant, is Lei $\pm 48,362$ (December 31, 2025: Lei $\pm 78,290$).

Interest rate risk

The Company is exposed to interest rate risk (i.e. ROBOR 3M for credit lines in LEI). 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 June 30, 2026 and December 31, 2025, 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.

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29. FINANCIAL INSTRUMENTS (continued)

iii) Market risk (continued)

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 June 30, 2026 (December 31, 2025: Lei -/+ 0).

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.

	June 30, 2026	December 31, 2025
Financial liabilities	3,695,378	4,606,023
Cash, current accounts and deposits with banks	976,378	4,682,173
Financial assets measured at fair value through profit or loss	-	-
Financial assets measured at amortised cost	-	-
Net financial liabilities	2,719,000	(76,150)
Equity	43,888,874	47,715,956
Net liability ratio	0.062	(0.002)

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

30. COMMITMENTS AND CONTINGENCIES

(a) Taxation

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

(b) Commitments

On June 30, 2026 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
Transylvania Bank	ASKO SINAI (Basak)	450,000	Euro	27.05.2025	02.05.2028

The bank guarantee was secured by a mortgage over two items of property, plant and equipment (land and buildings) with a net carrying amount of RON 1,686,788 as at 30 June 2026 (31 December 2025: RON 1,521,984), and a Bystronic laser machine with a net carrying amount of RON 1,156,473 as at 30 June 2026 (31 December 2025: RON 1,252,845).

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30. COMMITMENTS AND CONTINGENCIES

(c) Insurances concluded

At June 30, 2026, 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 Ceahlău 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 Ceahlău SA, owning 20.2068 % of the total shares.

Details about other parties affiliated with Mecanica Ceahlău SA: Transport Ceahlău 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 Ceahlău SRL	Related party

No transactions, amounts due to and receivable from Evergent Investments SA have been identified.

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

The participation interests that the Company holds at June 30, 2026 in Transport Ceahlău SRL are presented as follows:

	June 30, 2026	December 31, 2025
Unlisted shares at 1 January	51,000	51,000
Purchases	-	-
Disposals	-	-
Impairment allowances	51,000	51,000
Balance	-	-

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

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31. RELATED PARTIES (continued)

The status of movements of shares at June 30, 2026 is as follows:

	Date of purchase	Date of sale	Percentage of ownership	
			June 30, 2026	December 31, 2025
Transport Ceahlău SRL	2004	-	24.28%	24.28%

Information on transactions with related parties

During 2026, the Company had no transactions with Transport Ceahlău SRL.

The status of amounts receivable from and payable to Transport Ceahlău is as follows:

	June 30, 2026	December 31, 2025
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.

The Company did not enter into any related party transactions during the reporting period.

Transactions with key management personnel

As at 30 June 2026, the Company's key management personnel is represented by:

- Mr. Sorin Moleşag – Chief Executive Officer
- Mrs. Irina Gliga – Chief Financial Officer

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 June 30, 2026.

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

	June 30, 2026	June 30, 2025
Executive management	302,983	442,012
Members of the Board of Directors	104,662	256,826
Total	407,645	698,838

MECANICA CEHLĂU SA
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026
(all amounts are expressed in "Lei", unless otherwise specified)

31. RELATED PARTIES (continued)

b) *Salary and social security-related liabilities*

	June 30, 2026	June 30, 2025
Executive management	20,470	27,568
Members of the Board of Directors	10,337	25,388
Total	30,807	52,956

The financial statements were authorized for approval by the Board of Directors on August 7, 2026 and were signed on its behalf by:

ION SORIN MOLEȘAG,
CHIEF EXECUTIVE OFFICER

Irina Gliga,
CHIEF FINANCIAL OFFICER

STATEMENT

According to the provisions of Law 24/2017 and Regulation 5/2018 of the ASF, the undersigned Sorin Ion Molesag – Chief Executive Officer and Irina Gliga – Chief Financial Officer, responsible with the drafting of the Financial Statement on June 30, 2026, we declare the following:

- The Financial Statements on June 30, 2026 were drafted in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union, in accordance with the requirements of Romanian accounting rules regulated by the Accounting Law no. 82/1991 republished and updated, of the Order 2844 of 2016 on the approval of the Accounting Regulations in compliance with the International Financial Reporting Standards;
- The Financial Statements on June 30, 2026 offer an accurate and conform image with the reality of assets, obligations, financial positions, profit and loss account, the company develops its activity in continuity conditions;
- The Report of the Management Board consists of an accurate analysis of the development and performances of the company, as well as a description of the main risks and uncertainties specific to the developed activities;
- We do not have knowledge, at the date of this statement, of other information, events, circumstances that could significantly alter the above made statements;

This statement was made today, 07.08.2026, at the headquarters of Mecanica Ceahlău SA.

Chief Executive Officer
Sorin Ion Molesag

Chief Financial Officer,
Irina Gliga