

ANNUAL REPORT

under N.C.T.S. Regulation no. 5/2018 for the financial year 2025

Date of the report: 28.04.2026

Denomination IAR S.A.

Registered Office: No. 34, Herman OBERTH Street, Ghimbav city, Brasov county

Telephone/ fax number: 0268-475107; 0268-476981

Sole Registration Code with the Trade Registry: 1132930

Serial number in the Trade Registry: J1991000004086

Regulated market where the issued securities are traded: The Bucharest Stock Exchange, the Equities Sector - Standard Class actions

Subscribed and paid capital: 47,197,132.50 RON

The main characteristics of the securities issued by the company: 18,878,853 nominal shares, dematerialized, having a nominal value of 2.50 lei each.

1. ANALYSIS OF IAR S.A.'S ACTIVITY

1.1.a. The core activity of the company

The main activity carried out by the company is the one set out in Class 3030 - "Manufacturing of aircraft and spaceships", which belongs to Group 303 - "Manufacturing of aircraft and spaceships", division 30 – "Manufacturing of other means of transport"

The object of activity (both the primary and the secondary), stipulated in the Constitutive Act of IAR S.A., consists of activities defined and codified in accordance with the Classification of Activities of the National Economy - NACE, as updated by Order No. 377/17.04.2024, issued by the President of the National Institute of Statistics

1.1.b. IAR S.A. was founded on 28.01.1991 by the reorganization of the Aeronautics Manufacturing Enterprise Ghimbav, the legal basis for constitution being the G.D. 1200/1990.

1.1.c. Mergers or significant reorganization during the financial year 2025 - not applicable.

1.1.d. Purchases or disposals of assets

In 2025, IAR S.A. did not alienate share capital.

During the year under review, the company made a series of upgradings of its production facilities, purchases of machine-tools, production accessories, small equipment and IT products, amounting 11,228,832.72 lei. This value includes payments made for the modernization of production spaces and the purchase of machinery and equipment.

Such acquisitions are set out in section 2.1.

1.1.e. The economic and financial results registered by the company at the end of 2025 show that IAR S.A. registered profit incurred both by its operational activity (labour) and by its overall activity, the company continuing to be a profitable company.

1.1.1. Items of general evaluation

At the end of 2025, the major financial indicators registered by IAR S.A. are as follows:

FINANCIAL INDICATOR	IEB 2025 PROVISIONS (lei)	ACHIEVED 2025 (lei)
1. Net turnover	491,861,000	440,852,011
2. Sold output	439,561,000	412,331,691
3. Total revenues, of which:	521,161,000	441,602,250
- operating revenue	518,361,000	432,134,890
- financial revenue	2,800,000	9,467,360
4. Total expenses, of which:	485,161,000	389,179,260
- operating expenses	481,561,000	385,085,607
- financial expenses	3,600,000	4,093,653
of which: interests	1,000,000	137,059
5. Gross profit	36,000,000	52,422,990
6. Net profit	30,240,000	47,681,660

About the quality management system (QMS) implemented in IAR S.A., we state the following:

- The quality management system implemented in IAR S.A. is certified:

- in accordance with the requirements of the SR EN 9001 standard (Certificate no. 007 initially issued in 1997 by AEROQ Bucharest and renewed every three years with annual surveillance, last recertification on 14.05.2024, valid until 13.05.2027),
- in accordance with the requirements of the EN 9100 standard (Certificate no. AS/324/25/S initially issued on 14.07.2025 by RINA SIMTEX Italia and renewed every three years with annual surveillance, valid until 13.07.2028),
- in compliance with NATO requirements - AQAP 2110 (Certificate no. 11 of 03.12.2025, initially issued in 2012 by the military body within the Ministry of National Defense of Romania - General managerate for Armaments - OMCAS and renewed every two years, valid until 02.12.2027).

- IAR SA is authorized by the Romanian Civil Aeronautical Authority, both as a production organization under EASA PART 21G (Certificate RO.21G.0006, initially issued in 2009, with unlimited validity and annual surveillance, current revision no. 4 of 13.08.2021), and as a maintenance organization under EASA PART 145 (Certificate RO.145.009, initially issued in 2009, with unlimited validity and annual surveillance, current revision no. 12 of 24.12.2025).

- IAR SA is authorized by the National Military Aeronautical Authority as a design organization in accordance with RMAR PART 21J (Certificate RO.AAMN.21J.00003, issued on 07.04.2023 at edition no. 1, with unlimited validity and annual surveillance).

- IAR SA is certified by Airbus Helicopters Romania SA as a supplier for military products, namely PUMA and Alouette III helicopter structure maintenance, PUMA helicopter equipment maintenance, PUMA and Alouette III helicopter spare parts manufacturing, laboratory testing, metrology, but also for the manufacturing of spare parts and subassemblies for Airbus Helicopters - former Eurocopter SAS (Initial certificate issued in 2010 and renewed annually, revision 16 valid until 31.12.2026).

- IAR SA is designated by the Ministry of Economy, Energy and Business Environment as a Maintenance Center in the national defense industry for IAR330 and IAR316 helicopters by Memorandum no. 20/ 14539/ A.T. dated 06.07.2020.

1.1.2. Technical level assessment of IAR S.A.

1.1.2.1. . The main products manufactured and services provided

The products and services offer of the company may be structured as it follows:

- **IAR 330 Puma helicopters all variants (Airbus Helicopter license):** spare parts manufacturing, maintenance, repairs, modernizations, pilot and technician training, technical assistance;
- **IAR H 215 M helicopter** in cooperation with Airbus Helicopters

The dynamics of the products' offer is a consequence of the following actions:

progress in recent years, of the following upgrade programs:

- IAR 330L Puma helicopter upgrade with SOCAT, NATO and NAVAL systems;
- SA/IAR 330 Puma helicopter upgrade to the SA 330 SM version;

- IAR 330 L Puma Search&Rescue version upgrade.

1.1.2.2. Sales Markets

a. Current markets

The national market (Romania)

- The main local customers of the company's products are:
 - The Components of the National Defence System, Public Order and National Security: the Ministry of National Defense, the Romanian Intelligence Service, the Ministry of Interior
 - Airbus Helicopter Romania S.A. (former Eurocopter Romania S.A.)
 - Turbomecanica Bucharest

For them, IAR S.A. carries out maintenance, repair and overhaul works for the IAR 330 Puma helicopter fleets owned by domestic beneficiaries, as well as their modernization/upgrade, according to the beneficiaries' requirements.

The company IAR SA collaborates with the joint venture Airbus Helicopter Romania S.A. (formerly Eurocopter Romania S.A.), by providing maintenance and repair works on helicopter components, as well as spare parts for SA 330 Puma helicopters for its own use.

For the Components of the National Defense, Public Order and National Security System, framework agreements and supply/service contracts signed in previous years were developed and finalized in 2025, contracts that had as their object:

- supply of major machinery, equipment and spare parts to ensure logistical support throughout the life cycle of IAR 330 Puma military helicopters;

- Contracts for the provision of repair and maintenance services for IAR330 Puma equipment and helicopters, as well as technical assistance works at the headquarters of the beneficiary military units.

In 2025, framework agreements and contracts were negotiated and signed for the following years, with the following objectives:

- medium and high complexity repair services for some equipment/units/mechanical assemblies/components specific to IAR-330 Puma L/M/S L-R.M. helicopters, medium complexity repairs performed under technical assistance at the beneficiaries' premises;

- supply of spare parts, tools, devices, testers and ground equipment as well as equipment necessary to ensure integrated logistical support throughout the life cycle of the IAR-330 Puma L/M/S L-R.M. helicopters.

Sales by product type on the local market	Percentage of total sales on the local market			
	Year2022	year2023	year2024	year 2025
Helicopter modernization /upgrade + Major repairs of IAR 330 Puma helicopters, Major repairs of IAR 316B helicopters, Overhauls of IAR 330 Puma and 316B helicopters	57.3%	51.81%	61.14%	88.65%
Spare parts and services for helicopters	40.92%	45.69%	36,24%	10.63%
Aircraft –related miscellaneous	0.83%	0.08%	0.23%	0.28%
Non-aircraft-related miscellaneous	1.22%	2.42%	2.39%	0.44%

International market

The main external customers / markets for the company's products are:

- Pakistan Army/ Aviation (by AEROTEH SA) – PAKISTAN
- Lebanese Air Force - LEBANON

- AIRBUS HELICOPTERS FRANCE/ GERMANY (by AIRBUS HELICOPTER ROMANIA S.A.)

For the above-mentioned, IAR S.A. runs maintenance, repairs and overhauls, spare parts supply and services for IAR 330 Puma helicopter fleets held by external beneficiaries.

In 2021, IAR SA concluded an important collaboration agreement with DGP Pakistan Army Aviation for the capital repair of 330 PUMA SM helicopters at IAR SA and the respective support through spare parts, equipment repairs, services of 330 PUMA helicopters operated by the Pakistani partner.

The first part of the contract was concluded in 2023 by the delivery of two overhauled 330 PUMA SM helicopters to IAR SA and the provision of services and spare parts related to the first Part of the contract.

In 2024 and 2025, deliveries of spare parts, repairs and services contracted with the Pakistani partner were carried out, within the second Part of the contract.

IAR SA provides maintenance and repair works of helicopter components, spare parts for SA 330 Puma helicopters for AIRBUS HELICOPTERS.

Sales by product type on the external market	Percentage of total sales on the external market			
	year 2022	year 2023	year 2024	year 2025
upgraded helicopters	0.00%	56.78%	0.00%	0.00%
spare parts and services for the helicopters	100.00%	43.22%	100.00%	100.00%
airplanes – spare parts and repair services	0.00%	0.00%	0.00%	0.00%

The pro-rata of each product/service of all sales in the historical period:

Sales by type of product	Percentage of total sales			
	year 2022	year 2023	year 2024	year 2025
Helicopter modernization/upgrade + Major repairs of IAR 330 Puma and IAR 316B helicopters, IAR 330 Puma and 316B helicopter overhauls	46.25%	52.86%	59.19%	82.90%
IAR 330 and 316B Helic.major repair works, spare parts and services for helicopters	52.09%	45.16%	38.27%	16.42%
Aircraft-related miscellaneous	0.65%	0.07%	0.21%	0.26%
Non-aircraft –related miscellaneous	1.00%	1.91%	2.33%	0.42%

b. Potential markets

Potential local market

IAR SA aims to ensure service maintenance, repair and overhaul services for the IAR 330 Puma helicopter fleets held by domestic beneficiaries, as well as their modernization, according to the requirements of the beneficiaries.

IAR SA intends to continue its collaboration with the joint venture Airbus Helicopter Romania S.A. (formerly Eurocopter Romania S.A.) in the future, by providing maintenance and repair works for helicopter components, as well as spare parts for SA 330 Puma helicopters.

IAR SA is also concerned about its involvement in the settlement of the offset obligations currently existing and which will result from the initiation of strategic endowment programs for public institutions in Romania in the following areas:

- a) manufacturing of aircraft structures activities
- b) manufacturing activities for aircraft electrical wiring and electric panels for aircraft
- c) other aviation-profiled activities.

Potential external market

IAR SA aims to increase the volume of orders and services to support the fleets of 330 PUMA helicopters owned by various external beneficiaries.

1.1.2.3. New products in question, which will need a substantial amount of assets affected to in

the financial year 2025

IAR S.A. has signed with Airbus Helicopters France the General Contract regulating the industrial and commercial cooperation regarding the execution at IAR SA of the customization works of the H215/H215M helicopter and its transformation into IAR-H215M, the manufacture of subassemblies and the execution of maintenance works (MRO) throughout the entire life cycle of this type of helicopter, as well as the manufacture of other component parts for the manufacturing and distribution chain of Airbus Helicopters France. Considering the decision declared by the Romanian authorities to purchase H225 helicopters through the SAFE Program, IAR SA has started discussions with Airbus Helicopters France for a potential collaboration related to this type of helicopter.

1.1.3. Evaluation of technical and material supply activity

Given that the manufacturing/repair of aircraft fully complies with both requirements on materials and on equipment used, and with the requirements under which suppliers must have specific authorization, technical and material supply was made mainly from import, from certified suppliers.

IAR S.A. chose established, world-renowned companies as **external suppliers**, such as Airbus Helicopters, Elbit Systems, Rokwell Collins, Safran, Thales, Northrop Grumann, etc. . The products purchased from them give the guarantee of quality, reliability and safety in operation.

The main **local suppliers** are, on the one hand, those working in the field of aeronautics (Turbomecanica SA, Aeroteh SA and Aerofina SA in Bucharest, Aerostar SA Bacau, Airbus Helicopter Romania SA) and, on the other hand, suppliers of raw materials which meet the quality standards required by manufacturing licenses used by IAR S.A.

Long-lasting cooperation with local providers confer the security of contractual relationships concluded by IAR S.A. with them.

Prices are established through direct negotiations with the suppliers.

The company ensures its utilities/conveniencies, under contracts with the company ENGIE Romania SA for both natural gas and electricity, and for water resources, a subscription has been concluded with R.A. Olt Water Directorate Rm Valcea, S.G.A. Brasov - water.

1.1.4. Evaluation of the sales activity

1.1.4.1. The evolution of sales on the local and external markets. Perspectives

Capitalization of the company's products in 2025 was achieved both on the local market (93.52% of total sales), as well as on the external market (6.48% of total sales).

a. Export activity

Export sales actions were conducted on the following distinct relationships: Lebanon MOD, Pakistani MOD.

The value of exports under the orders and contracts of 2025 amounted to 5,629.64 thousand euros.

Comparing the period 2022-2025, in terms of types of product recovery, shows that no changes occurred in the exports' structure:

% of achieved annual export	upgraded helicopters	spare parts and services for helicopters	airplanes - spare parts and repairs
Year 2022	0%	100%	0%
Year 2023	56.78%	43.22%	0%
Year 2024	0%	100%	0%
Year 2025	0%	100%	0%

b. Sales on the local market

Locally there were developed and implemented in 2025 orders and contracts amounting to 412,643.75 thousand lei (VAT excluded). This value represents helicopters upgrade, product, repairs / overhauls of

helicopters, spare parts, services, technical assistance and materials as follows:

1. the National Security System components: 407,758.24 thousand lei (VAT excluded),
2. various local customers: 4,885.51 thousand lei (VAT excluded),

c. Opportunities. The prospect of sales on medium and long term - the local market

1. The interest of IAR SA in providing maintenance, repair and overhaul services/works for the IAR 330 L PUMA helicopter fleets owned by internal beneficiaries, as well as modernization/upgrade services, according to the beneficiaries' requirements.

2. Continuing the collaboration with Airbus Helicopters Romania SA, by ensuring maintenance and repair works on helicopter components, as well as spare parts manufactured by IAR SA for SA330 Puma helicopters.

3. Involvement of IAR SA in covering the existing offset obligations and those that will arise as a result of the initiation of the strategic programs for the endowment of public institutions in Romania, as follows

- a. manufacturing activities of aircraft frames
- b. Activities of manufacturing electrical wiring and panels for aircraft
- c. other aviation-oriented activities

4. IAR SA's involvement in future multi-mission helicopter acquisition programs of institutions within the National Defense System. IAR SA is interested in entering into partnerships for the industrialization of any helicopter models needed by the National Defense System Forces, as well as for ensuring maintenance, repair and overhaul activities for these types of helicopters, throughout their entire life cycle.

- the external market

1 IAR SA's involvement in major repairs and modernization/upgrade works for the 330 PUMA SM helicopter fleets operated by external beneficiaries, including ongoing support with spare parts, services and equipment repairs.

2 IAR S.A. plans to take over the off-set obligations relating to public procurement contracts concluded by the Romanian government bodies with foreign companies

1.1.4.2. The competitive situation in the business environment of the IAR S.A. Company

The main competitors of the IAR S.A. Company's products are the following:

Crt. no	Product or group of products	Competitor
		on the external market
1	PUMA helicopter	Sikorsky USA – S92, UH 60M/R, NH Industries (European concern) - NH 90, Augusta

1.1.4.3 The dependence of the company on a single customer or on a group of customers

The local beneficiaries of IAR S.A.'s products and services are components of the National Defence System, Public Order and National Security (M.O.D., M.O.I. and R.I.S.).

In order to observe the conditions for maintaining the airworthiness of the helicopter fleets owned by these local customers, it is necessary to periodically perform maintenance/repair/overhaul works and services, so that the budget allocations for these institutions have a strong impact on IAR S.A.

1.1.5. Evaluation of the company's employees/ personnel aspects

1.1.5.a The number and level of training of the company's employees. The unionisation degree

In the organization structure of IAR S.A. the following can be identified:

- a) the departments directly subordinated to the General Manager of IAR S.A., including the Quality Department;
- b) the Development-Production Division, which includes the design, software/calculation/certification departments and training departments/production follow-up, engineering, production facilities;

c) the Economic and Commercial Division, which includes the economic and commercial departments.

On the 31st of December 2025 the company had the following personnel structure which does not differ substantially from the years 2023 and 2024:

- chief executive officers	2
- heads of departments	18
- upper education	94
- specialized secondary education	26
- foremen	10
- technical quality inspectors	12
- workers	184
-support workers	11
- understudies workers	3

The average age of the personnel employed in IAR S.A. at the end of 2025, was 49.54 at company level, considering that the average age with men was of 49.61 years and with women of 49.26 years. On the 31st of December 2021, men represented 77.84% of the total personnel, the difference being represented by women.

Of the total employees of the company, 60.38% are members of the Free Independent Union "ICA".

1.1.5.b Relationship between the manager and employees. Conflicting elements.

The foundation of labor relations within IAR S.A is the Collective Labor Agreement applicable at company level. Both the Management and the Executive Boards of IAR S.A. consistently showed an attitude of cooperation and understanding towards the employees of the company and, therefore, the representatives of F.I.U. "ICA".

During 2025 in IAR S.A., no labor disputes or conflicting elements were recorded.

1.1.6. Evaluation of the impact of IAR S.A.'s core business on the environment in 2025

The activity of IAR SA is regulated in terms of environmental protection by the Integrated Environmental Authorization no. BV1 of 18.07.2014 revised on 24.05.2019 issued by the Braşov Environmental Protection Agency, and the annual visa valid according to Decision no. 598/16.07.2025, which also includes the Water Management Authorization no. 66 of 09.06.2021 issued by the Braşov Water Management System, valid until 09.06.2026. The contract with no. 901-E382/12.12.2025 was concluded with the external company S.C. Eco Simplex Nova S.R.L for the preparation of the documentation for the revision of the Integrated Environmental Authorization.

In these regulatory acts are set the conditions and operating parameters for existing activities, ensuring that the unit complies with the provisions concerning integrated pollution prevention and control.

Environmental protection activities during 2025 were conducted in accordance with the specific requirements of environmental legislation and requirements of three environmental permits held by IAR SA.

It should be noted that IAR S.A. has taken all necessary steps to obtain the environmental authorisations required by the urban planning certificates related to the rehabilitation/modernization/relocation works carried out on the tangible assets of the Final Painting Workshop, PSI (Fire Guard) Shed and Garage, and has issued Compliance Verification Report No. IAR-I-24-1300 of 19.11.2024, confirming compliance with the conditions of the Qualification Stage Decision No. 173 of 12.08.2022.

In 2025, the company monitored the quality of environmental factors: water, air, soil, in collaboration with accredited companies and laboratories: ECOSIMPLEX NOVA Bucharest for air emissions, ECOBREF Braşov for environmental audits and specialized documentation, SGA Braşov for the analysis of discharged wastewater, REMAT Braşov, COMPREST and SC ECO ELA IMPORT EXPORT SRL for the takeover and disposal of waste resulting from the company's activity. During 2025, the minimum value of 2mg/l for ammonia nitrogen in purified water (effluent) was exceeded. The work for connecting to the sewage network of the Braşov Water Company was completed, and a water quality monitoring system (analyzers) was implemented.

During checks on the line of environmental protection and environmental law compliance made by the Environment Guard - Brasov County Commission, the Romanian Waters National Administration -Division Olt Basin and the Water Management System Brasov, it has been found that IAR SA meet their environmental obligations.

1.1.7. Evaluation of the research and development activities – the company does not carry out research and development activities, thus having no necessity in applying specific policies in this field.

In IAR S.A. there is a design department undergoing certification as per RMAR 21J. The design workshops ensure the support for the production and maintenance activities and achieve the projects regarding the helicopter upgrades, according to contractual requirements.

The IAR design organization has completed the design, testing, certification and qualification of a new IAR 330 helicopter configuration for the Air Force and continued design activities for new systems according to the requirements of the Navy. The design activity for this product was started at the end of 2022 and will continue throughout 2026 with the validation of the execution projects and testing, certification, qualification activities.

The IAR design organization continued the development activities of a new helicopter customized according to the requirements of the Naval Forces. The preliminary design analysis stages were completed with the main system suppliers. The design activity for this program will be carried out over a period of 5 years and will be finalized by product certification and qualification in the first half of 2029.

1.1.8. Evaluation of the company's activity on risk management

In order to successfully achieve its general and specific objectives, IAR SA Company systematically identifies and evaluates the risks and opportunities generated by the internal and external context of the organization and implements actions to maintain the level of these risks within the approved tolerance limits.

IAR SA Company's risk management complies with the applicable legal and regulatory requirements, as well as the requirements of international standards for management systems, adopted in Romania and implemented within the organization.

All requirements regarding risk management specified in the Order of the General Secretariat of the Government no. 600/2018 on the approval of internal managerial control of public entities and in the standards for quality, environment, occupational health and safety and energy management systems are taken into account.

At the same time, corruption risk management is aligned with the requirements of the Anti-Corruption Strategy in force, at the Company level the Integrity Plan has been developed and approved (in order to implement in IAR S.A. the provisions of art. 581 paragraph 1 of GEO 109/2011 with subsequent amendments and supplements and of art. 6, paragraph 1 of GD 1269/2021 regarding the approval of the National Anti-Corruption Strategy 2021-2025 and its related documents)

Within IAR SA, the risk management process is an integral part of all documented organizational processes, facilitating reasoned decision-making and prioritization based on identified and assessed risks.

Risk management within IAR SA is transparent and participatory, being adapted to the external and internal context of the organization and its own risk profile.

The entire risk management process is based on current information, as well as future expectations, taking into account the uncertainties associated with this information and expectations.

When changes are planned within the organization, analyses of the associated risks are performed and control measures are established by the functions involved.

Action plans are established and permanently improved, including to ensure the continuity of the organization's activity.

The risk profile and risk tolerance limit are approved annually by the general manager, based on the documents prepared by the internal management control system monitoring committee and the conclusions drawn during the annual risk management analysis.

Both the number and level of identified risks are taken into account, as well as their evolution over time and, when applicable, the identified opportunities and their exploitation capacity.

The risk management policy is described in the procedure Risk and opportunity management in management system processes, a procedure adopted in the company for processes within the quality management system/compliance monitoring (SMQ), the safety management system (SMS) and the internal management control system (SCIM).

This provides an operational framework for process owners to apply an adequate system in achieving the objectives of risk and opportunity management: identification, assessment, treatment, management, monitoring and reporting of risk or opportunity events.

The objectives of the risk and opportunity management policy are:

- ensuring high-quality, relevant and usable risk analyses;
- promoting common risk management practices in IAR S.A., through continuous training and communication activities;
- clearly defining roles and responsibilities regarding risk management activities at the company level;
- supporting the decision-making process at the company level on risk reports and analyses;
- generating added value either from the perspective of resilience and continuity of current activity or from the perspective of performance.

The purpose of the risk management policy, from a safety point of view, is to provide IAR SA management with early information about the formation and perpetuation of dangerous practices and behaviors during the performance of activities. The information comes from the periodic analyses of the Safety Action Group (SAG) and is submitted to the attention of management (Safety Review Board) whenever necessary, as well as in the risk management analysis meeting.

The executive management of IAR SA:

- **develop a culture of risk-based approach in all its processes and decisions and encourage the immediate reporting of any new risks identified by any employee**

For the annual general objectives and the specific objectives arising from them, indicators and target values are established, defining the method of calculation and evaluation of the degree of fulfillment of the respective indicators.

The general and specific objectives are updated whenever changes occur in the internal and external context of the organization, either as a result of the identification of new objectives or as a result of the identification of objectives that are no longer relevant.

The risks associated with the general and specific objectives, the objectives of the processes, those associated with significant environmental aspects, those associated with compliance obligations, are identified and analyzed within the risk management committees that exist at the Company level, being registered in the Risk Register.

Corruption risks are identified and evaluated at least annually, taking into account the threats and vulnerabilities that could lead to the commission of acts of corruption.

Consultation and communication with stakeholders are important links in the risk management process.

- **establishes, maintains and documents appropriate risk assessment methods, planning and monitoring control measures for significant risks**

Procedures are established, maintained and continuously improved for the management of risks associated with the organization's objectives and for the management of corruption risks.

The Risk Register specifies the results of the risk assessment and the measures to keep them under control, as well as the target values for the residual risk.

The internal management control system monitoring committee prepares and monitors the management of risks associated with the organization's objectives.

The systematic evaluation of the effectiveness of risk control measures and the identification of opportunities to improve applicable procedures are also ensured through the internal audit of the integrated management system and through internal public audit.

-allocates the necessary resources for risk management, targeting both those for employee training/instruction/awareness, and those necessary for the implementation of the measures established for dealing with risks

The prioritization of the allocation of material, financial and human resources is done following the identification and ranking of risks.

All personnel of IAR SA are trained on aspects related to risk management and the procedures applied by the Company in this field.

- establishes clear responsibilities for personnel involved in risk management

The risk management teams, risk officers, the internal management control system monitoring committee, the safety action group and the working group for the management of corruption-specific risks and vulnerabilities have clearly defined responsibilities regarding risk management, documented in procedures, decisions of the General manager of IAR SA and job descriptions.

-systematically reports relevant risk management data to stakeholders

The Monitoring Committee annually analyzes the performance of the internal management control system and the way in which risks were managed within the Company.

The results of the analysis made by the Monitoring Committee are included in the Summary Report for the Analysis Performed by the Management. This information is also made available to the Board, through the risk management committee.

The monitoring of corruption risks is carried out by preparing a report on the status of the implementation of prevention / control measures, which is transmitted for analysis to the members of the working group for the management of risks and vulnerabilities specific to corruption, being approved by the coordinator of this group and then approved by the General manager of the Company.

The Risk Management Committee within the Board ensures the consistency of control activities with the risks generated by the activities and processes that are the subject of control, identifies, analyzes, evaluates and monitors both the identified risks and the plan of measures to mitigate or anticipate them.

Also, the risk management committee annually evaluates the efficiency of the risk management system and advises the Board on the current and future risk strategy of IAR SA.

1.1.9. Elements of perspective on the company's activity

1.1.9.a Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared to the same period last year

IAR S.A. intends to provide maintenance, repair and overhaul services for the IAR 330 PUMA helicopter fleets owned by domestic beneficiaries, as well as their modernization/upgrade according to the beneficiaries' requirements, having concluded a series of framework agreements with the components of the national defense, public order and national security system for the period 2023-2026.

Running these agreements, in the following years the company IAR is able to load their production capacities and those of its authorized subcontractors: Turbomecanica SA Bucharest, Aerostar SA Bacau, Aerotech SA Bucharest and Aerofina SA Bucharest.

As arises from the action program which puts into practice the development strategy of the national security industry in the aeronautic field:

- IAR S.A. will be involved in the national program regarding the acquisition of helicopters by institutions in the National Defense System / other budgetary institutions - a program for the next 10-20 years, which is why specific activities are currently being carried out to acquire the production license for the H215 helicopters, from the partner AIRBUS, with the support of the relevant ministries

in Romania and the French partner and to ensure financial resources, technical, industrial, human and commercial conditions for the implementation of a project of such dimensions and financial, economic and strategic importance for the Romanian state.

- The company has concluded a contract for the manufacturing of two H215 helicopters, in collaboration with AIRBUS and foreign partners, which will equip the Romanian Naval Forces and is considering developing production on this trend.

IAR S.A. will take the necessary measures to become a national center for helicopters maintenance as per the Law 232 / 2016.

All measures contained in this program will influence positively, significantly, the dynamics of IAR S.A. on medium and long term.

In parallel, IAR S.A. is looking for orders from other aviation companies, including participation in covering their offset obligations.

At the same time, if IAR SA will be involved in the serial manufacturing program of subassemblies and electrical wiring for medium and heavy helicopters to be produced by it in collaboration with established partners, the company's policies, strategies, activities and operations will be significantly influenced.

In the future, IAR S.A. will continue to provide facilities and services for all economic agents within the Aeronautical Technology Park Brasov.

Also, IAR S.A. may initiate/participate in other programs within the Aeronautic Technology Park, in connection with starting the construction project of the International Airport Ghimbav - Brasov, such as the development of airport facilities, providing heliport services, involvement in programs for maintenance/upgrading of airplanes, assets rental.

The development of infrastructure, the modernization of the company and the provision of professional training for personnel at levels that ensure excellence in the field of activity are taken into account.

The evolution of the **current liquidity** and **immediate liquidity** indicators over the last 4 years is as follows:

Indicator	Analysed period			
	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Current liquidity indicator	1.56	1.99	20.55	18.94
Immediate liquidity indicator	0.84	0.83	6.03	4.72

1.1.9.b The presentation and analysis of the effects of capital expenditures, current or anticipated, on the financial statements of IAR SA compared to the same period last year – not applicable

1.1.9.c The presentation and analysis of the events, transactions, economic changes that significantly affect revenues from the core activity

Products and services that the company capitalizes both locally and for export are meant mainly for budgetary users who, basically, are part of the national systems of safety and security forces.

For this reason, the number of agreements depends heavily on the beneficiaries' needs, especially on the budgetary allocations related thereto.

The initiation and implementation of Government Ordinance 156/2024, regarding some fiscal-budgetary measures in the field of public expenditure to substantiate the general consolidated budget for 2025, to amend and supplement some normative acts, as well as to extend some deadlines, will have a negative impact on the development of society, investments and human resources, with all the consequences that arise from this.

The conclusion of PUMA SM maintenance contracts will lead to a significant increase in export volume in the coming years.

If IAR SA becomes involved in the series manufacturing program of the helicopters that are to be purchased by Romania, the policies, strategies, activities and operations of the company will be significantly influenced.

Factors that can play a significant role in the evolution of income are also represented by the evolution of utility and material costs as well as the level of inflation.

2.1. TANGIBLE ASSETS OF THE COMPANY IAR S.A.

2.2. The location and characteristics of the main production capacities owned by IAR S.A.

Currently, IAR S.A.'s assets are initially placed into buildings, distinctively highlighted in the patrimonial registers of the company.

The stated objectives of the company regarding its products and services offered to its main customers (see the presentation at Chapter 1.1.2) lead to the achievement of extensive works of modernization of the production facilities and of their machinery / machine-tools/ equipment / test benches / verification devices, etc.

To this it is added that much of the equipment and installations currently owned by the company have an advanced degree of physical and moral wear, requiring them to be replaced with new, cutting-edge ones.

To carry out these actions, the company's management has identified an investment requirement for 2025 of 25,000,000.00 lei.

For 2025, the company's management has identified an investment requirement of 25,000,000.00 lei, financed from its own sources, resulting in:

Investments committed in 2024, ongoing works - 10,475,000 lei

Rehabilitation of technical outbuilding 2, administrative building: The rehabilitation works were contracted in 2024. The works were executed based on the Design and Execution Contract

Rehabilitation of technical outbuilding 101a: The rehabilitation works were executed between 24.02-19.05.2025 based on the Design and Execution Contract D10-24-E2682/11.12.2024.

- Equipment and machinery related to the re-equipment and modernization of the aircraft structure section. The following were purchased: High-speed CNC vertical milling machine VF 3 SS Haas - 2 pcs; CNC lathe- ST 30- 406.931,97 - 1 pc; CNC/Manual workshop lathe - 2 pcs.; Modernization and restructuring of the storage space - the materials warehouse was carried out under the Supply Contract No. D10-24-E1611/22.08.2024, which took place in 2025. Based on the contract, the following were purchased: Pallet Racks, Picking Racks; Equipment and machinery related to the modernization of the heat treatment line for steels.

The works were executed under Contract No. D10-24-E2489/13.11.2024, which had as its object the design and execution of works for the construction of water cooling installations, flue gas evacuation and nitrogen installation, necessary for the operation of heat treatment equipment within IAR SA.

The works were completed in December 2025.

- Facilities - Machinery and equipment related to the production process

IT equipment and software were purchased under Supply Contract No. D10-25-E1635/18.07.2025. "Advanced linear and nonlinear structural analysis software (CAE-FEA PATRAN) for simulating product performance in the design process" was purchased. The software was delivered in April 2025: Bambu Lab H2D PRO 3D printer, HP DESIGNJET T1700 44-in Post Script Printer plotter, VOIP telephony, Peugeot Boxer Van 3.5 t.

- Equipment and machinery necessary in the production process

During 2025, the following were purchased: Kern ADJ200-4 analytical balance, PM1610B personal dosimeter, MPFiltri three-phase filtration station with particle counter, CLACK STP-D 200V volumetric duplex softening station, Hardness plates, Lifting equipment for shop equipment, ERP acquisition of Software Solution for DL tracking.

The production capacities owned by IAR SA will also undergo modernization in the coming years, through investments to be made to ensure the technical and technological conditions necessary for the development of productive activities.

The assets remaining unused following the reorganization of activities that have taken place over time, and which are of no interest for the current and medium-term development of the company, are being preserved, and will, in accordance with the approvals given by the competent management bodies, be capitalized through rental or sale.

2.2 The degree of wear of IAR S.A.'s properties is as follows:

- the buildings and objectives in which the company currently operates have a wear rate between 30% and 35% depending on the year of their putting into service and on the upgrade works they underwent.
 - Fixed assets, inventory items and technological equipment used have a wear rate of between 25% and 50%, reaching in certain cases a higher level as well;
 - the wear rate is between 30% and 60% on the production buildings and other objectives in the construction category (buildings, roads and platforms) currently in conservation;
 - external networks of heating, water/sewage, have a wear rate between 0% (the water and gas network) and 25%.

2.3 Issues of ownership of tangible assets owned by IAR SA. - not applicable

3. The corporate governance statement

3.1. The statement of compliance with the Corporate Governance Code of BSE

The Statement of compliance of IAR SA in 2025 to the provisions of the Code of Corporate Governance of BSE (The Apply or Explain Statement) is presented below:

Section	Principle	No Prev	Detailed forecast	Yes	Partial	No	Explanation (text and url link if the document is on the website)
A: GOVERNING BODIES							
A: GOVERNING BODIES	A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and its shareholders, and taking into account the interests of other stakeholders. The Board must clearly define and fully disclose its role and responsibilities.	A.1., 1	The Board must have internal regulations that formalize and clearly specify its role and responsibilities. The articles of association, the Board's internal regulations and other internal regulations must clearly delineate the role and powers between the Board, the general meeting of shareholders (GMS) and the executive management.	X			https://www.iar.ro/documente-de-referinta/
A: GOVERNING BODIES	A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and its shareholders, and taking into account the interests of other stakeholders. The Board must clearly define and fully disclose its role and responsibilities.	A.1., 2	The Board's internal regulations must include, among other things, the Board's powers, as well as the fiduciary responsibilities of the Board members to act in full knowledge of the facts, in good faith, with due diligence and care and in the interest of the Company, its shareholders and taking into account the interests of other stakeholders, in	X			https://www.iar.ro/documente-de-referinta/

			accordance with legal requirements.				
A: GOVERNING BODIES	<p>A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and its shareholders, and taking into account the interests of other stakeholders. The Board must clearly define and fully disclose its role and responsibilities.</p>	A.1., 3	<p>To support the long-term viability and success of the Company, the Board should:</p> <ul style="list-style-type: none"> • Oversee the development and approval of the Company’s strategy and ensure that it integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities; • Appoint and dismiss the GENERAL MANAGER and other members of the executive management to whom executive management responsibilities have been delegated (referred to as “executive management”) and ensure succession planning for them; • Oversee the performance of the executive management, the role of the executive management in addressing material sustainability risks and opportunities and align the remuneration of the executive management with the long-term interests and sustainability of the 	X			https://www.iar.ro/documente-de-referinta/

			<p>Company, in accordance with the provisions of the Company's remuneration policy;</p> <ul style="list-style-type: none"> • Ensure that there is a sound framework for internal control and risk management; • Ensure that the Company has procedures in place to enable effective communication with shareholders and other stakeholders. 			
A: GOVERNING BODIES	<p>A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and its shareholders, and taking into account the interests of other stakeholders. The Board must clearly define and fully disclose its role and responsibilities.</p>	A.1., 4	<p>The term of appointment of Board members and executive management should be clearly established and should, as far as possible, promote stability and predictability.</p>	X		<p>https://www.iar.ro/elemente-de-guvernanta-corporativa/</p>
A: GOVERNING BODIES	<p>A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.</p>	A.2., 1	<p>The Board must have at least five members.</p>		X	<p>One of the provisional administrators of the Board of Directors submitted his resignation according to art. V of Law no. 158/2025, starting with 14.11.2025.</p>

A: GOVERNING BODIES	<p>A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.</p>	A.2., 2	<p>The Board must have a policy on Board and executive management diversity and ensure that diversity in terms of gender, age, experience and skills is incorporated into the Nomination Policy.</p>	X		<p>https://www.iar.ro/elemente-de-governanta-corporativa/</p>
A: GOVERNING BODIES	<p>A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.</p>	A.2., 3	<p>The Board should develop a Board profile that specifies the desired characteristics and traits of its members, including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to the Board's responsibilities, in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight role. The Board profile may be part of the Nomination Policy.</p>	X		<p>https://www.iar.ro/elemente-de-governanta-corporativa/</p>

A: GOVERNING BODIES	<p>A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.</p>	A.2., 4	<p>The majority of the Board members must be non-executive. At least one third of the Board members must be independent. Each independent Board member must submit a declaration of independence at the time of nomination for election or re-election, as well as when any change in his status occurs, in accordance with the independence criteria set out in the legislation and in Annex A to the Code.</p>	X		
A: GOVERNING BODIES	<p>A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.</p>	A.2., 5	<p>The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) will assess whether the Board members can be considered independent based on the factors considered, examining whether there are business or other personal relationships that could significantly affect the independence and objectivity of the Board member and his/her ability to act in the best interests of the Company, shareholders and stakeholders.</p>	X		<p>https://www.iar.ro/documente-de-referinta/</p>

A: GOVERNING BODIES	A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.	A.2., 6	It is advisable that the positions of Chairman of the Board and General Manager be held by different persons.	X		
A: GOVERNING BODIES	A.2. The board must have an appropriate balance between skills, experience, gender diversity, knowledge and independence in order to effectively carry out its duties and responsibilities.	A.2., 7	If the positions of Chairman of the Board and General Manager are held by the same person, it is advisable for the Company to appoint an independent Vice Chairman.	X		
A: GOVERNING BODIES	A.3. The Board must ensure that a formal, rigorous and transparent procedure is established regarding the appointment of new members to the Board.	A.3., 1	The Company shall develop and publish a Board Nomination Policy which shall define the processes and procedures for the nomination, election or replacement of a Board member. The Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from Board members, including with regard to the Board's profile, independence and diversity.	X		https://www.iar.ro/elemente-de-guvernanta-corporativa/#4

A: GOVERNING BODIES	<p>A.3. The Board must ensure that a formal, rigorous and transparent procedure is established regarding the appointment of new members to the Board.</p>	A.3., 2	<p>The Board, through the Nomination and Remuneration Committee, if any, must monitor the process of nominating candidates for the position of Board member.</p>	X			
A: GOVERNING BODIES	<p>A.3. The Board must ensure that a formal, rigorous and transparent procedure is established for the appointment of new members to the Board. .</p>	A.3., 3	<p>The Company will inform shareholders about the experience and resume of candidates for the position of member of the Board, which they need to make an informed decision regarding the appointment or renewal of the mandate of the members of the Board, including the following:</p> <ul style="list-style-type: none"> • the professional commitments and involvements of the candidates, including executive and non-executive positions in companies, public authorities, non-profit organizations and other organizations; • any existing or potential conflict of interest, including whether they have business, family or other relationships that could affect their performance as a member of the Board; • which shareholder or member of the Board proposed each candidate for 	X			

			the position of member of the Board.				
A: GOVERNING BODIES	A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.	A.4., 1	The Board shall establish an Audit Committee to enhance its oversight of financial reporting, the internal control framework, the internal and external audit processes and compliance with applicable laws and regulations. Where not required by law or a dedicated risk management committee is not already established, the Audit Committee shall also include responsibilities for monitoring the effectiveness of the risk management framework.	X			
A: GOVERNING BODIES	A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.	A.4., 2	It is advisable that the Audit Committee consists only of non-executive members of the Board. It is also advisable that the majority of the Committee members are independent, including the Chairman of the Committee. The Audit Committee must have, overall, relevant skills in the field in which the Company operates. The Committee and its members must comply with the requirements of applicable	X			

			national and European legislation.				
A: GOVERNING BODIES	A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.	A.4., 3	The Board of Companies listed in the Premium Category must establish a Nomination and Remuneration Committee consisting of non-executive members of the Board. It is advisable that the majority of the members of the Committee are independent, including the Chairman of the Committee. The Board may also establish a separate Nomination Committee and a Remuneration Committee, respectively, if the composition of the Board allows for this and if this is justified, taking into account the size and complexity of the business and the governance structures of the Company.			X	Not applicable

<p>A: GOVERNING BODIES</p>	<p>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.</p>	<p>A.4., 4</p> <p>In addition to its specific responsibilities as set out in this Code, the Nomination and Remuneration Committee:</p> <ul style="list-style-type: none"> i. Reviews and recommends to the Board the size and composition of the Board and leads the creation and ongoing review of the Board profile; ii. Identifies qualified individuals to become members of the Board and executive management, if requested; evaluates candidates for executive management positions; evaluates candidates proposed by shareholders or Board members for Board membership positions and informs the GSM accordingly; iii. Makes recommendations to the Board on appointments to committees (other than the Nomination and Remuneration Committee); iv. Coordinates an annual assessment of the Board, Board members and committees in accordance with the provisions of Principle A.5.; v. Assists the Board in 	<p>X</p>			
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			<p>fulfilling its responsibilities related to the Company's remuneration policy;</p> <p>vi. Assists the Board in developing succession plans for executive management, as well as emergency succession plans and the recruitment process for the General Manager, as appropriate;</p> <p>vii. Oversees the administration of the Company's compensation and benefits plans.</p>				
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A: GOVERNING BODIES	<p>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.</p>	A.4., 5	<p>The role and responsibilities of the Board committees must be defined in separate internal regulations (operating regulations) and published on the Company's website. In the event that the Company chooses not to establish any of the Board committees that are not required by law, the corresponding tasks and responsibilities will be performed by the Board and must be appropriately mentioned in the Board's internal regulations.</p>	X			<p>https://www.iar.ro/documente-de-referinta/</p>
A: GOVERNING BODIES	<p>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest.</p>	A.4., 6	<p>The assessment of the independence of committee members, including committee members appointed by the GSM, is carried out following the same procedure applicable to independent members of the Board.</p>	X			

A: GOVERNING BODIES	<p>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with high potential for conflict of interest. interese.</p>	A.4., 7	<p>The Chairmen of the Audit Committee and the Nomination and Remuneration Committee must not be the Chairmen of the Board or other committees, unless this is justified by the size of the Board.</p>	X			
A: GOVERNING BODIES	<p>A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.</p>	A.5., 1	<p>The Chairman of the Board is primarily responsible for ensuring that the Board functions properly. The Board's internal regulations should contain the role and responsibilities of the Chairman of the Board, and the Chairman of the Board should, at a minimum:</p> <ul style="list-style-type: none"> • Set the agenda for Board meetings, chair these meetings and ensure that minutes of these meetings are drawn up; • Ensure that the Board receives accurate, timely, useful, concise information to enable the Board to make sound decisions; • Ensure that the Board has sufficient time for consultation and decision-making; 	X			

			<ul style="list-style-type: none"> • To enable the proper functioning of the committees and the existence of effective communication with the Board committees, including operational and relevant reports from the committees to the full Board; • To ensure that the performance of the Board is assessed and discussed at least once a year and publicly disseminated in accordance with the provision of D.1., 3; • To ensure that the Board has an appropriate working relationship with the executive management. The General manager and the Chairman of the Board (if the positions are held by different persons) meet regularly; • To address and manage internal disputes and conflicts of interest concerning the members of the Board. 				
A: GOVERNING BODIES	A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the	A.5., 2	The Board must meet whenever necessary, but not less than six (6) times a year.	X			

	skills of Board members and their ability to effectively carry out their responsibilities.						
A: GOVERNING BODIES	A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.	A.5., 3	The Board may request the appointment of a Secretary General to assist the Board in fulfilling its obligations under the law, the Board's internal regulations and other policies. The Secretary General shall be a senior expert within the Company, responsible for assisting the Board and its committees in organizing their activities, preparing meetings, the annual performance evaluation of the Board and its committees, as well as training programs for Board members, if necessary.	X			
A: GOVERNING BODIES	A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.	A.5., 4	The Board must clearly define the rights and responsibilities, scope of authority and other matters related to the Secretary General.	X			

A: GOVERNING BODIES	<p>A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.</p>	A.5., 5	<p>The Board and its committees must develop and approve an annual internal work plan that identifies the topics to be addressed during the year before the end of the previous year. The plan must take into account the decisions to be proposed to the GSM, the reporting by the executive management and internal control functions, the necessary frequency of Board and committee meetings, and must be reviewed by the Chairman with the support of the Secretary General.</p>	X			
A: GOVERNING BODIES	<p>A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.</p>	A.5., 6	<p>The Board must conduct an annual assessment of the composition, activity and dynamics of the Board and its committees, individually and as a whole, an assessment that must be coordinated by the Nomination and Remuneration Committee.</p>	X			

A: GOVERNING BODIES	<p>A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.</p>	A.5., 7	<p>The Nomination and Remuneration Committee must share the results of the Board's assessment with the full Board and establish follow-up actions, if necessary, including professional development and training plans for the Board, to fill gaps.</p>	X			
A: GOVERNING BODIES	<p>A.5. The Board must establish sound Board operating procedures, as well as mechanisms for continuous Board evaluation and development to improve the skills of Board members and their ability to effectively carry out their responsibilities.</p>	A.5., 8	<p>The Board's internal regulations should require orientation (induction) programs for newly appointed Board members, provided by the Company's internal staff. The Board's internal regulations may refer to continuous training programs for Board members, if necessary. The implementation of orientation and continuous training programs for Board members (as decided by the Board) is done under the supervision of the Nomination and Remuneration Committee, with the support of the Secretary General. Based on the results of the annual Board assessment, the Nomination and Remuneration Committee</p>	X			

			together with the Chairman of the Board will develop professional development programs focused on areas where capacity should be built among Board members.				
A: GOVERNING BODIES	A.6. The executive management is responsible for the day-to-day management of the Company. The Board must ensure that the executive management is capable of effectively leading the Company and that the composition, competence, roles and incentives of the executive management support the successful implementation of the Company's strategy and plans.	A.6., 1	The executive management must lead the Company and be accountable to the Board. The division of responsibilities between the Board and the executive management and between the different members of the executive management must be clearly articulated in the Company's articles of association (Constitutive Act) and the Company's internal regulations.	X			

A: GOVERNING BODIES	<p>A.6. The executive management is responsible for the day-to-day management of the Company. The Board must ensure that the executive management is capable of effectively leading the Company and that the composition, competence, roles and incentives of the executive management support the successful implementation of the Company's strategy and plans.</p>	A.6., 2	<p>When the roles of Chairman of the Board and General Manager are exercised by the same person, the different responsibilities of the Chairman of the Board and the General Manager must be clearly defined and differentiated in the Company's articles of association.</p>	X			
A: GOVERNING BODIES	<p>A.6. The executive management is responsible for the day-to-day management of the Company. The Board must ensure that the executive management is capable of effectively leading the Company and that the composition, competence, roles and incentives of the executive management support the successful implementation of the Company's strategy and plans.</p>	A.6., 3	<p>The Board must ensure that the executive management consists of individuals with appropriate knowledge, skills, diversity and experience to support the successful performance of the Company and that there are measures in place to ensure the orderly succession of executive management.</p>	X			

A: GOVERNING BODIES	<p>A.6. The executive management is responsible for the day-to-day management of the Company. The Board must ensure that the executive management is capable of effectively leading the Company and that the composition, competence, roles and incentives of the executive management support the successful implementation of the Company's strategy and plans.</p>	A.6., 4	<p>The Board, with the support of the Nomination and Remuneration Committee, must annually evaluate the performance of the executive management, the effectiveness of its cooperation with the Board, including the information provided to the Board.</p>	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK							
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<p>B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.</p>	B.1., 1	<p>The Board shall determine the nature and extent of the risks that the Company is willing to assume as necessary to achieve the Company's strategic objectives (i.e. the Company's risk appetite) and shall ensure that there are clear structures, policies and procedures in place to identify, assess, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of</p>	X			

			digital technologies. The Board shall explain in the annual report the mechanisms and processes established for the identification and management of risks.				
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.	B.1., 2	The Board must adopt a formal risk management policy to ensure the correct, complete and timely identification, measurement and reporting of risks, the existence of adequate and feasible risk control measures, and the integration of E&S risks into the risk management framework, in order to implement the Company's strategy.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.	B.1., 3	The Board and Audit Committee must understand the emerging changes related to information technology and artificial intelligence so as to mitigate cybersecurity risks. Time should be allocated to the risks and opportunities of AI and cybersecurity on the Board's agenda to ensure an understanding of cybersecurity protection.	X			

<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.</p>	<p>B.1., 4</p>	<p>It is advisable for the Company to establish a risk management function responsible for ensuring the correct, complete and timely identification of risks, ensuring that adequate and feasible risk control measures are in place and monitoring of risk management procedures. The risk management function, through the Chief Risk Officer (CRO), if any, should have direct communication and functional reporting to the Board and the Audit Committee (if there is no dedicated Risk Committee).</p>		<p>X</p>	<p>There is no position of Risk Management Officer.</p>
<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.</p>	<p>B.1., 5</p>	<p>The Board, assisted by the Audit Committee, shall assess at least annually the adequacy and effectiveness of the Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control</p>	<p>X</p>		

			reports, if required by applicable law, to the Audit Committee of the Board, the responsiveness and effectiveness of management in addressing identified deficiencies or weaknesses in internal control and the submission of relevant reports to the Board.				
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWOR	B.1. The company must have an internal control framework and an adequate and effective risk management framework, taking into account its strategy, size, complexity of operations and risk profile, including the potential environmental and social impact of its activities.	B.1., 6	The Board must develop and make available on the Company's website, free of charge, a whistleblowing mechanism that allows employees and other interested parties to make disclosures regarding alleged violations or irregularities in accordance with applicable legislation in force.	X			https://www.iar.ro/integritate/
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee must assist the Board in ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework, as well as maintaining an appropriate relationship with the Company's external auditors.	B.2., 1	In addition to its responsibilities set out in the legislation and elsewhere in the Code, the Audit Committee must: <ul style="list-style-type: none"> • Review the Company's internal controls and risk management framework; • Monitor the development and implementation of the Company's policies on conflicts of interest and 	X			

		<p>related party transactions;</p> <ul style="list-style-type: none">• Ensure the independence and review the effectiveness of the Company's internal audit function and make recommendations to the Board;• Oversee the internal audit function;• Oversee the preparation of sustainability reports and the information included therein, unless this task is assigned to another committee;• Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements, as well as with the Company's internal regulations (such as procedures for reporting violations of the law or the Company's Code of Conduct), unless this task is assigned to another committee.				
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<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.2. The Audit Committee must assist the Board in ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework, as well as maintaining an appropriate relationship with the Company's external auditors.</p>	<p>B.2., 2</p>	<p>Whenever the Code mentions reviews or analyses to be performed by the Audit Committee, these must be followed by periodic (at least annual) or ad-hoc reports to be presented to the Board.</p>	<p>X</p>			
<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.2. The Audit Committee must assist the Board in ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework, as well as maintaining an appropriate relationship with the Company's external auditors.</p>	<p>B.2., 3</p>	<p>The Audit Committee should monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of non-audit services permitted by the external auditor, in accordance with legal requirements, and ensure the implementation of this policy. The Committee's findings on the independence of the external auditor should be made public in the annual report.</p>	<p>X</p>			

<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.2. The Audit Committee must assist the Board in ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework, as well as maintaining an appropriate relationship with the Company's external auditors.</p>	<p>B.2., 4</p>	<p>The Audit Committee should discuss the annual work plan with the external auditor, covering the scope and materiality of the activities to be audited. The Audit Committee should meet with the external auditor whenever necessary to discuss identified issues and to monitor the quality of the services provided.</p>	<p>X</p>			
<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.3. The Board must ensure the independence of the internal audit function. The Company's internal audit function must provide independent and objective assurance on the effectiveness of the risk management and internal control framework.</p>	<p>B.3., 1</p>	<p>The Board must ensure that internal audit has the authority, resources and appropriate procedures to assist the Board in ensuring the effectiveness and efficiency of the Company's risk management and internal control framework.</p>	<p>X</p>			
<p>B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</p>	<p>B.3. The Board must ensure the independence of the internal audit function. The Company's internal audit function must provide independent and objective assurance on the effectiveness of the risk management and internal control framework.</p>	<p>B.3., 2</p>	<p>To ensure the performance of the core functions of internal audit, the person responsible for this function must be appointed and report functionally directly to the Board, through the Audit Committee, which is responsible for approving his appointment and dismissal. This is without prejudice to administrative reporting to the Chief Executive Officer and the</p>	<p>X</p>			

			exchange of information with the Company's executive management, in accordance with legal requirements and professional standards.				
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board must ensure the independence of the internal audit function. The Company's internal audit function must provide independent and objective assurance on the effectiveness of the risk management and internal control framework.	B.3., 3	The internal audit function must be established in accordance with applicable legal requirements and industry standards (e.g., the Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant aspects will be regulated in an internal audit charter, approved by the Board, following the recommendation of the Audit Committee.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board must ensure the independence of the internal audit function. The Company's internal audit function must provide independent and objective assurance on the effectiveness of the risk management and internal control framework.	B.3., 4	The Audit Committee should agree on an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor the implementation of internal audit recommendations and provide necessary guidance.	X			

C: PERFORMANCE, MOTIVATION AND REWARD							
C: PERFORMANCE, MOTIVATION AND REWARD	C.1. Board members should receive remuneration commensurate with the volume and importance of their duties and responsibilities, rather than the performance of management or the Company. The structure and amount of remuneration for the Board member should enable the Company to attract, retain and motivate competent and qualified Board members. .	C.1., 1	Board members shall receive remuneration in accordance with the Company's Remuneration Policy. Members who also serve on Board committees shall receive additional remuneration for this activity. However, in no case shall the remuneration be linked to the number of Board or Committee meetings.	X			
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board must ensure that there is a formal and transparent policy and procedure for determining the remuneration of the executive management, which is aligned with the long-term interests of the Company and the Company's strategy. This policy will be presented to the GSM for approval, in accordance with legal requirements.	C.2., 1	The Board must determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's Remuneration Policy. The Remuneration Policy must be developed in accordance with the relevant legal requirements.	X			

<p>C: PERFORMANCE, MOTIVATION AND REWARD</p>	<p>C.2. The Board must ensure that there is a formal and transparent policy and procedure for determining the remuneration of the executive management, which is aligned with the long-term interests of the Company and the Company's strategy. This policy will be presented to the GSM for approval, in accordance with legal requirements.</p>	<p>C.2., 2</p>	<p>The remuneration levels for members of the executive management and the key performance indicators taken into account when determining the variable (performance-based) part of the remuneration must be established in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment in which the Company operates, as well as the remuneration and conditions of employees within the Company. In particular, they should include indicators relating to non-financial performance and appropriate sustainability objectives.</p>	<p>X</p>			<p>https://www.iar.ro/elemente-de-guvernanta-corporativa/</p>
<p>C: PERFORMANCE, MOTIVATION AND REWARD</p>	<p>C.2. The Board must ensure that there is a formal and transparent policy and procedure for determining the remuneration of the executive management, which is aligned with the long-term interests of the Company and the Company's strategy. This policy will be presented to the GSM for approval, in accordance with legal requirements.</p>	<p>C.2., 3</p>	<p>The Company's shares and/or share purchase options must represent a significant part (e.g., not less than 10%) of the total variable remuneration of the executive management member.</p>	<p>X</p>			

D: REPORTING AND INVESTOR RELATIONS

<p>D: REPORTING AND INVESTOR RELATIONS</p>	<p>D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.</p>	<p>D.1., 1</p>	<p>The Company must ensure that it provides accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies must ensure that all relevant information is easily accessible to investors, including through the Company's website and other public information sources, as appropriate.</p>	<p>X</p>			<p>https://www.iar.ro/raportari-conform-cerintelor-pietei-de-capital/</p>
<p>D: REPORTING AND INVESTOR RELATIONS</p>	<p>D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.</p>	<p>D.1., 2</p>	<p>It is advisable for the Company to have an investor relations (IR) function and should appoint a dedicated person responsible for the IR function. The contact details of the person or persons responsible for the IR function will be available on the Company's website. The IR function will report directly to the General Manager/CFO, highlighting its importance in the Company's hierarchy and emphasizing its central role in managing and</p>	<p>X</p>			

			communicating the Company's commitments and status on the capital market. The Company should organize induction courses and periodic training, if necessary, for the IR function, adapted to its specific needs and responsibilities.				
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The company must include on its website a section dedicated to Investor Relations, with all relevant information of interest to investors, available in both Romanian and English.	X			https://www.iar.ro/investitori/
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The company must include in the section dedicated to Investor Relations: <ul style="list-style-type: none"> • The main corporate regulations: the updated articles of association, the GSM procedures, the internal regulations of the Board and the internal regulations of the Board committees; 	X			https://www.iar.ro/documente-de-referinta/

<p>D: REPORTING AND INVESTOR RELATIONS</p>	<p>D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.</p>	<p>D.1., 3</p>	<p>The Company must include in the section dedicated to Investor Relations:</p> <ul style="list-style-type: none"> • List of current members of the Board, Board committees and Executive Management, mentioning their updated independence status, professional CVs (containing at least: surname, first name, gender, nationality, age; professional experience in years, position and company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive positions on boards of directors in companies, non-profit organizations and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; duration of appointment of members of the Board, committees and executive management, specifying the date from which they were appointed; 	<p>X</p>		
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D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The company must include in the section dedicated to Investor Relations: • Current and periodic reports (quarterly, semi-annual and annual reports);	X			
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The Company must include in the section dedicated to Investor Relations: • Information regarding the GSM: agenda, supporting materials and decisions taken; procedure for conducting the GSM; Nomination Policy, together with professional CVs (containing at least: surname, first name, gender, nationality, age; professional experience in years, position and company; studies, field of study and academic or professional institution granting the diploma), as well as any other information specified in A.3., 3; communication channels through which shareholders can ask questions to the Company; answers to shareholders' questions related to the agenda; declarations of	X			

			independence of candidates for the Board and assessments made by the Nomination and Remuneration Committee/Board for candidates, including regarding their compliance with the independence criteria;				
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The Company must include in the section dedicated to Investor Relations: <ul style="list-style-type: none"> • Information regarding the Board's assessment, carried out in accordance with provision A.5., 7 including the assessment criteria and process, as well as a summary of the assessment results and the actions that have been or will be taken as a result of the assessment; 	X			
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The company must include in the section dedicated to Investor Relations: <ul style="list-style-type: none"> • Information about corporate events, such as the payment of dividends and other distributions to shareholders or other events leading to the acquisition or limitation of a shareholder's rights, including the terms and 	X			

			principles applied to such operations. This information must be published within a time frame that allows investors to make investment decisions;				
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The company must include in the section dedicated to Investor Relations: <ul style="list-style-type: none"> • Corporate policies, including the Code of Conduct, Dividend Policy, Remuneration Policy, Forecasting Policy, Investor Relations Policy, Corporate Social Responsibility (CSR) / Sponsorship Policy, Related Party Transactions Policy, Diversity, Equity and Inclusion Policy and Whistleblowing Policy (if not already part of the Code of Conduct); 	X			
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 4	The Company must organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions must be published in the IR section of the Company's website at the time of the meetings/conference calls.	No			No meetings/conferences with investors were organized.

D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 5	The Company must disclose significant and reportable non-financial and sustainability aspects, with a focus on environmental, social and governance (ESG) issues of its business and operations, in accordance with a recognized sustainability reporting standard. The Company's sustainability statements will be published on its website.		No		The company has only published the Sustainability Policy
D: REPORTING AND INVESTOR RELATIONS	D.1. The company must ensure adequate communication with shareholders, investors, regulators and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 6	The company should have a CSR/sponsorship policy to guide its activity in the field of supporting CSR activities and sponsorship.	X			
D: REPORTING AND INVESTOR RELATIONS	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 1	The Company must have a dividend policy as a set of directions that the Company intends to follow regarding the distribution of net profit.	X			

D: REPORTING AND INVESTOR RELATIONS	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 2	The procedure for conducting the GSM must not restrict shareholders' participation in the GSM and the exercise of their rights. Changes to the procedure for conducting the GSM must enter into force, at the earliest, from the next GSM.	X			
D: REPORTING AND INVESTOR RELATIONS	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 3	External auditors must attend the GSM where their reports are presented, to answer shareholders' questions.	X			
D: REPORTING AND INVESTOR RELATIONS	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 4	The Board must present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, according to the incident information included in the annual report.	X			

<p>D: REPORTING AND INVESTOR RELATIONS</p>	<p>D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.</p>	<p>D.2., 5</p>	<p>The company should foster engagement with shareholders and investors by:</p> <ul style="list-style-type: none"> • Encouraging active participation of shareholders in General Meetings of Shareholders, including ensuring conditions for virtual participation; • Organizing periodic information and updates for investors, especially during significant corporate events; • Establishing channels through which shareholders can provide feedback and ask questions, ensuring that answers are provided in a timely and comprehensive manner. 	<p>X</p>			
<p>D: REPORTING AND INVESTOR RELATIONS</p>	<p>D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary means and information to allow shareholders to exercise their rights in relation to the Company.</p>	<p>D.2., 6</p>	<p>Any professional, consultant, expert or financial analyst may attend the GSM upon prior invitation by the Chairman of the Board. Accredited journalists may also attend the GSM, unless the Chairman decides otherwise.</p>	<p>X</p>			

E: SUSTAINABILITY AND STAKEHOLDERS

<p>E: SUSTAINABILITY AND STAKEHOLDERS</p>	<p>E.1. The company must integrate sustainability aspects into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.</p>	<p>E.1., 1</p>	<p>The Board shall ensure that sustainability, environmental and social considerations are integrated into the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A dedicated sustainability committee or one of the Board's standing committees shall assist the Board in carrying out these tasks.</p>	<p>X</p>			
<p>E: SUSTAINABILITY AND STAKEHOLDERS</p>	<p>E.1. The company must integrate sustainability aspects into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.</p>	<p>E.1., 2</p>	<p>The Board must ensure that the Company's operations are conducted in accordance with national and international E&S standards and that the Company's E&S policies are consistent with its long-term objectives. In particular, the Company must have internal documents relating to its responsibilities on environmental and social aspects, as well as policies</p>	<p>X</p>			

			and procedures that allow it to identify significant factors and assess the impact on the Company's activities.				
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The company must integrate sustainability aspects into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.	E.1., 3	Whenever a decision to be taken by the Board has a potential significant and negative impact in the E&S sphere, the Board must receive from the executive management (i) an analysis of how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) the proposal of measures to mitigate the negative E&S impact.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.2. The Company must have a process for identifying stakeholders affected by the Company's operations. The Board must take into account the interests of stakeholders and ensure that there is active communication between the Company and stakeholders.	E.2., 1	The Board must ensure that there is a formal process for identifying the Company's stakeholders, including investors, creditors, customers, employees and suppliers, as well as specific approaches for engaging priority stakeholders.	X			

E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, which includes guiding principles that reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 1	The Board must develop a statement of purpose and a vision statement, as well as articulate the Company's values, so that the entire organization understands the Company's strategic direction.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, which includes guiding principles that reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 2	The Board must adopt a Code of Conduct for Board members, executive management and employees of the Company, with clear provisions designed to prevent and sanction fraud and bribery. The Board must not allow any derogation from the ethical requirements for any Board member, executive management or employee.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, which includes guiding principles that reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 3	The Board must ensure that the policies in the Code of Conduct are integrated into the Company's practices and incorporated into the Company's onboarding process for new employees. The Board must ensure the effective implementation and monitoring of compliance with the Code of Conduct and review it periodically.	X			

3.2. Information on the membership, responsibilities and activities of the Board and of the committees

3.2.1 The Board of Directors of IAR S.A. consists of 5 members.

a. Membership, qualifications and experience

Crt. No.	Name and Surname	Position in the IAR SA Company	Qualification	Term of office for the year 2025
1	Constantin ALEXIE-COTAN-BODOLAN	Chairman of the Board of Directors	economist	15.12.2024-14.11.2025
2	Cristina-Gabriela DRAGOMIR	Member of the Board of Directors	linguistic studies	15.12.2024-17.12.2025
3	Alexandra-Cristiana VASILE	Member of the Board of Directors	lawyer	15.12.2024-17.12.2025
4	Bogdan COSTAȘ	Member of the Board of Directors	legal, economic and administrative studies	15.12.2024-17.12.2025
5	Tudor-Alexandru DUȚU	Member of the Board of Directors	legal studies	15.12.2024-17.12.2025

None of the above nominees: has any agreement, understanding or connection with others, under which he/she has been appointed as Member of the Board of Directors of IAR S.A.; he/she did not enter into any transaction with IAR S.A.; he/she did not participate in the share capital of IAR S.A.

b. The professional experience of IAR S.A. Board members

1. Mr. Constantin ALEXIE-COTAN-BODOLAN, provisional non-executive Member of the Board of Directors of IAR SA and chairman of the board of directors, has the following professional experience:

PERIOD	COMPANY/ POSITION
12.2024-11.2025	IAR SA – Non-executive Provisional Member of the Board of Directors
08.2018 – present	Ministry of Economy, Entrepreneurship and Tourism Ministry of Economy, Energy and Business Environment Ministry of Tourism – Senior Advisor / Head of Service / Director
03.2018 – 08.2018	National Institute of Administration – Principal Expert
2016 – 2018	Bucharest City Hall – Principal Expert
2014 - 2016	National Environmental Guard-General Commissariat Bucharest – Contractual Advisor IA
2008 – 2014	Konektica Advertising SRL – Sales Director

Mr. Constantin ALEXIE-COTAN-BODOLAN has the following professional certifications/trainings:

- long-term studies: Bucharest Academy of Economic Studies, Faculty of Management – 1998-2002 – bachelor's degree

- short-term studies/trainings/certifications (trainer, project manager, public procurement expert)

2. Ms. Cristina-Gabriela DRAGOMIR, non-executive interim Member of the Board of Directors of IAR SA, has the following professional experience:

PERIOD	COMPANY/ POSITION
12.2024-12.2025	IAR SA Company – Non-executive Provisional Member of the Board of Directors
08.2019 - present	Ministry of Economy, Entrepreneurship and Tourism – Senior Advisor
07.2017 – 08.2019	Ministry of Economy - Expert

09.2012 – 05.2015	SC BTT SA - Advisor within the Wealth Management Department
09.2011 – 12.2011	SC CRIVAS CONSULT SRL - Expert Training and Improvement Centers
05.2011 – 08.2011	SC ROYAL INVESTMENTS CONSULTING SRL - Director
09.2009 – 04.2011	SC FORUM DEVELOPMENT INVESTMENT SRL - General Manager Branch with headquarters in Valencia, Spain
03.2009 – 04.2024	SC EXCELLENCE CONSULTING INVESTMENTS SRL – Sole administrator
11.2007 – 06.2008	SC NORDULUI HOUSES SRL – SC REAL INVESTMENTS CONSULTING SRL, SC COSERCON SRL – Assistant Manager - Translator

Ms. Cristina-Gabriela DRAGOMIR has the following professional certifications / professional training:

- long-term studies: Faculty of Foreign Languages and Literatures Spiru Haret
- various short-term studies / trainings / certifications (HR inspector, public procurement expert, project manager, translator certificates and authorizations).

3. Ms. Alexandra-Cristiana VASILE, non-executive and independent interim Member of the Board of Directors of IAR SA, has the following professional experience:

PERIOD	COMPANY/ POSITION
12.2024 - 12.2025	IAR SA Company – Non-executive Provisional Member of the Board of Directors
08.2024 - present	METROM – Member of the Board of Directors
06.2011 - present	Vasile Alexandra Law Firm – Full Attorney
06.2011 – 03.2013	SCA Jinga & Asociații Brașov – Associate Attorney
10.2009 – 03.2011	SCA Prunaru & Kertesz Brașov – Trainee Attorney
2008 - present	Authorized English Translator and Interpreter
05.2006 – 03.2009	SCA Prunaru & Kertesz Brașov - Executive Assistant

Ms. Alexandra-Cristiana VASILE has the following professional certifications/training:

- long-term studies: Transilvania University Brașov, Faculty of Law – class of 2009

4. Mr. Bogdan COSTAȘ, non-executive and independent provisional Member of the Board of Directors of IAR SA, has the following professional experience:

PERIOD	COMPANY/ POSITION
12.2024 – 12.2025	IAR SA Company – Non-executive Provisional Member of the Board of Directors
08.2023 – 12.2025	ROMAERO – General Manager
07.2023 – 08.2023	MEAT – Personal Advisor to the Minister
05.2022 – 07.2023	FISE ELECTRICA SERV SA – Non-executive Member of the Board of Directors
07.2020 – 07.2023	Aviația Utilitară Bucharest – General Manager
03.2011 – 09.2019	Aviația Utilitară Bucharest – General Manager / Chairman of the Board
07.2020 – 12.2021	ANSVSA – Chairman’s Advisor to the ANSVSA
10.2019 – 06.2020	ROMATSA – General Manager
11.2017 – 11.2019	METROREX SA – Non-executive Board Member
02.2018 – 09.2019	Ministry for Business Environment, Trade and Entrepreneurship – Personal Advisor to the Minister
11.2017 – 02.2018	Ministry of Transport – Personal Advisor to the Secretary of State
03.2013 – 04.2017	ROMATSA - Non-executive Board Member
09.2008 – 02.2011	Ministry of Justice – Director, Investments – Public Procurement Directorate
09.2007 – 09.2008	National Penitentiary Administration – Director, Economic-Administrative Directorate
01.2007 – 09.2007	Baia Mare Maximum Security Penitentiary – Deputy Economic-Administrative

Director

09.1996 – 12.2006 MApN, UM 01354 Baia Mare – Head of Logistics Management and Planning Department

- **Mr. Bogdan COSTAȘ** has the following professional training and experience:

- long-term studies

- Military Institute of Intendance and Finance “Gheorghe Lazăr” Sibiu – Bachelor’s degree in marketing, 1992 – 1996
- North University Baia Mare, Faculty of Economic Sciences – Bachelor’s degree in management, 1998 – 2002
- Titu Maiorescu University Bucharest, Faculty of Law – Bachelor’s degree in legal sciences, 2011 – 2017
- University of Craiova, Faculty of Science and Business Administration – PhD in management, 2004 – 2010

- various short-term studies / trainings / certifications (quality auditor, financial management, modern management in administration, project management, public procurement expert, cost-benefit analysis certificate, Robinson R22 and R44 helicopter pilot)

- various works published between 2007 – 2010

5. Mr. Tudor Alexandru DUȚU, non-executive and independent provisional Member of the Board of Directors of IAR SA, has the following professional experience:

PERIOD	COMPANY/ POSITION
12.2024 – 12.2025	IAR SA Company – Non-executive Provisional Member of the Board of Directors
2022 – present	CNAIR SA – DRDP Brașov – Regional Director
2022 – present	SC IMOBILIARE KRONPRESS SRL – Manager
2019 – present	SC ECOFAST 3D SRL – General Manager
2017 – 2019	SC ROMPLUMB SA – Special Administrator
07.2018 – 07.2019	Vestmoldtransgaz SRL Chișinău – Administrator
2017 – 2018	Eurotransgaz SRL – Administrator
2015 – 2019	SNTGN Transgaz SA – Head of Transgaz Chișinău Representative Office
2013 – 2015	SNTGN Transgaz SA – General Manager Advisor
2012 – 2020	Brașov Local Board – Local Boardor, Brașov Municipality
2011 – 2013	TEMVAR SRL – Director
2004 – 2010	TEMVAR SRL – Legal Advisor

- **Mr. Tudor Alexandru DUȚU** has the following professional training and experience:

- long term studies:

- Transilvania University Brașov, Faculty of Law and Sociology, 2000 – 2004
- Transilvania University Brașov, Faculty of Law and Sociology – Master’s degree in notarial techniques and special procedures, 2004 – 2005

- various short-term studies / trainings / certifications (general management certificate, advanced training in the occupation of manager in tourism activity, real estate broker, certificate in the field of international relations, intelligence course, corporate governance and business ethics course, HSE specialist, public procurement expert, risk management, management courses, International Visitor Leadership Program.

3.2.2. The activity of the Board of Directors and advisory committees within the Board

The activity carried out in 2025 by both the Board of Directors of IAR SA and by its advisory committees, is summarized in the following table:

NUMBER OF MEETINGS 2025	THE BOARD OF DIRECTORS	THE AUDIT COMMITTEE	THE NOMINATION AND REMUNERATION COMMITTEE
	13	1	3

The Member of the Board of Directors of IAR SA were present at all board meetings, which were held either with physical participation or via teleconference, in accordance with the provisions of the Articles of Association/Constitutive Act.

The Secretary of the Board of Directors of IAR SA is Ms. Aurelia SUMEDREA until 27.10.2025, then this position is taken over by Ms. Mihaela Ligia IONAȘ, by Decision 30CA/03.11.2026.

In 2025, the Board of Directors approached in its meetings various topics of interest to the company, such as:

- approval of the yearly investment plan for 2025 – June 2025;
- IEB 2025 approval – March 2025;
- summary information on the company's activity between Board of Directors meetings – on the date of each meeting;
- analysis and approval of financial statements: during May and November for quarterly statements, during August for semi-annual statements and during March for annual statements related to the financial year of the previous year;
- the development of the periodic (quarterly/half-yearly/annual) reports - together with the approval of financial statements for the respective periods;
- appointment of general manager – March 2025;
- approval of key performance indicators related to the current financial year – together with the approval of the mandate contract, based on the IEB 2025;
- approval of employee participation in the profit recorded at the end of 2024 – July 2025;
- any other analysis that falls within the competence of the Board of Directors – when the respective situation arises;
- convening the General Meeting of Shareholders for issues within its competence.

As provided in the Internal Regulations of the Board of Directors of IAR SA, under the leadership of its Chairman and in accordance with the best practices, the Board is considering conducting an annual self-evaluation of its performance, its committees and its cooperation with the managers, making, based on the evaluation results, the action plan necessary for the improvement of the board performances.

According to the principles taken into account:

- the Board's assessment took into account the balance between skills, experience, independence and knowledge of the Board, its diversity, the way the Board works as a whole and other factors relevant to its effectiveness;
- the evaluation of the board performances was realized making individual and group interviews;
- the assessment process was focused primarily on the achievement of three objectives:
 - a) the assessment of the way in which the Board and its committees have operated during 2024;
 - b) the preparation and discussion of important issues in the Company's activity;
 - c) the presence of the management in the Board meetings and relevant advisory committees and their constructive involvement in discussions and decision-making.

The purpose of Board evaluation in 2025 was to show whether each member continues to contribute effectively and to demonstrate commitment to the role assumed (including allocation of time for Board meetings and committees, as well as any other duties).

Through the activity that took place during 2025, the Audit Committee has sought to assist the Board in carrying out its duties mainly related to financial reporting, internal control and risk management

- The activities of this committee during 2025 focused on:
 - the monitoring of the external auditor's independence, objectivity and effectiveness of the audit process;
 - the monitoring and reviewing of the appropriateness and effectiveness of the internal audit function and internal financial controls in context of the entire risk management system of the Company;
 - the monitoring of transactions between related parties (noting the absence of such transactions);
 - the identification of persons affiliated with IAR SA (noting that there are no other individuals affiliated to IAR SA);
 - the analysis of reports prepared by the internal auditor and the commission responsible for risk management at company level;
 - the monitoring of the integrity of financial statements of the Company;

- the development of policies for detecting and preventing fraud and bribery;

By the activity that took place during 2025, the Nomination and the Remuneration Committees provided assistance to the Board of Directors in the following matter:

- the analysis of the way in which, in 2020, the criteria and performance targets have been met in relation to the mandate contract concluded with the General Manager of the Company
- the establishment, for the current year, of the key performance indicators.
- extension of the mandate contract of the general manager of the company

The Nomination and the Remuneration Committees had an important role in monitoring the executive management of IAR SA during 2025, one of the criteria under which the evaluation of the way the General Manager of IAR SA provides the executive management of the company is the fulfillment of criteria and performance targets set out for 2024.

It must be said that the Nomination and the Remuneration Committee members have conducted activities on remuneration in the context in which IAR SA, with majority state ownership, has been subjected to relevant legal regulations applicable to budgetary entities majority state owned entities

The Nomination and Remuneration Committee prepared and submitted to the analysis of the annual general meeting of shareholders held on 28.04.2025 the Remuneration Report for the year 2024. As stipulated in the OGMS Decision no. 04/28.04.2025, the general meeting of shareholders of IAR SA took note of the aforementioned 2024 Remuneration Report.

The principles regarding the remuneration in 2025 of the Board of Directors of IAR SA and the General Manager, which were established by applying the provisions of OG no. 26/2013 and GEO 109/2011, are subject to the Remuneration Policy for the administrative and executive management of IAR SA, a policy approved by GMS Decision number 07/26.06.2023.

- Complying to the principles on remuneration of the Board of Directors and of the General Manager of IAR SA, in 2025:
- the non-executive members of the Board of Directors of IAR SA were granted a monthly gross indemnity established in accordance with the OGSM Resolution no. 02 / 30.01.2018, by indexing by 20% of the value of the allowance approved by GMS Resolution no. 11 / 28.11.2017, according to the provisions of art. 18 of GEO 90/2017, in order to comply with the new mandatory social contributions due under Law no. 227/2015, as subsequently amended and supplemented, as amended by Government Emergency Ordinance no. 79/2017
- the members of the Advisory Committees within the Board shall not be remunerated in addition to their work in the respective committees
- the upper limit of the fixed remuneration due to the General manager of IAR SA established by the OGSM Resolution no 01/30.01.2018 is the value corresponding to 6 times the average gross monthly salaries for the last 12 months prior to his appointment, communicated by the National Institute of Statistics for the Machine Construction Industry – Aircraft and Spaceships Manufacturing (corresponding to the main activity object of IAR SA)
- the general manager is not granted the annual variable component of the gross remuneration established by the GSM Decision no. 06/27.04.2018 for the activity carried out in 2025
- special pension rights and/or benefits are not provided.

The principles of the remuneration policy is posted on the website of the company.

3.3. Information on risk management and internal control

IAR SA has implemented an effective framework for risk identifying, monitoring and management.

The risk management activity, which includes all processes concerning identifying, evaluating and assessing risks, establishing responsibilities, taking measures to mitigate or to anticipate them, periodic reviewing and monitoring of progress, is regulated procedurally in the Company in order to provide a method by which IAR's risk management becomes operational, so it can be streamlined and strengthened.

During the year 2025, by implementing the risk management system, the executive management of the company:

- identified key risks, by assessing and monitoring these risks in terms of potential impact and the probability of their materialization;
- monitored the activity of the commission responsible for risk management at company level;
- determined key risk indicators for monitoring the performance of the company in relation to the types of risks (eg., operational risk, human resources risk, legal risk, etc.);
- informed the Board of Directors, through the Auditors' Committee on the status of significant risks, including on the risk on the company's shares, in order to manage such risks.

The risk management system implemented in the IAR SA is complemented by an internal control system which during 2025:

- assured both exercising the internal control (excluding internal audit), as defined under the profile legislation in force and performed the detailed administrative control in all departments and divisions of the company
- foresaw an appropriate level of policies, procedures and processes to limit risks and the achievement of the company's envisaged objectives for the analyzed year,
- intended to provide reasonable assurance regarding the achievement of the objectives which fall into the following categories: effectiveness and efficiency of operations; the accuracy of financial reporting; compliance with the applicable laws and regulations.

The internal audit function, legally regulated, provided in 2025, intended:

- to reasonably offer, objective and independent assurance both to the administrative management and to the executive management, according to which the organization, the company's policies and procedures are working effectively and as expected,
- to provide assurances regarding the effective implementation at the company level of the framework of risk management and of internal control system,
- to independently make decisions on matters of audit,
- to conduct, independently, activities from an operational perspective compared to other departments within the company and to the executive management of the Company,
- to develop risk plans, by consulting with:
 - o the commission responsible for risk management,
 - o the audit committee of the Board of Directors.
- to elaborate the justifying documents that are supported by the conclusions drawn by it while performing its activity.

3.4. Information regarding the shareholders

The share capital of IAR S.A. is 47,197,132.5 lei, representing a total of 18,878,853 nominal shares, with a nominal value of 2.5 lei each. Each share gives right to one vote in the general meeting of shareholders.

The record of IAR SA 's shareholders is held, under a service agreement by the Depozitarul Central SA. Company.

In IAR SA a department dedicated to handling all issues related to ownership of the company is organized and operates on: the evolution of the shareholder structure, rights arising from the IAR SA's shares, organizing of the general assemblies of shareholders, the dividend distribution, the relationship with the ASF, the BVB and the Depozitarul Central, any matters of corporate governance, as they are governed by the applicable law on capital market issuers whose securities are traded in the Bucharest Stock Exchange.

On the webpage of the company, www.iar.ro, are posted all the information that might be of interest to shareholders and to potential investors.

The information on the shareholder activity may also be obtained from any of the persons below, who work in this department, daily from 07:30 to 15:30 :

1. ec. Mihaela Ligia APAN - tel 0268 -707868, extension 1115
2. ec. Camelia CEAPRAZARU - tel 0268 -707868, extension 1102

3.4.1. Markets on which the shares issued by IAR S.A. are traded

The shares issued by IAR S.A. were traded on the Bucharest Stock Exchange, the Equity Sector - Standard Category shares- symbol IARV.

As shown by the public information posted on the Bucharest Stock Exchange website on 11.02.2026, 843915 shares issued by IAR SA were traded in the last year.

Performance:

	The price variation (%)	Volume	Value	Number of transactions
one week	-0.58	9011	154394,80	98
one month	-0.58	154464	2807563,30	1104
6 months	19.03	424174	6774655,55	2795
one year	38.15	843915	12617599,00	5518



Analyzing the graphic evolution above, it is noticeable how the share price was significantly influenced by the quarterly and semi-annual financial statements.

3.4.2. The amount of dividends paid by the IAR S.A. Company in the past three years

For the year 2022, the amount distributed to be distributed as dividends to the shareholders of IAR S.A. was 5,319,146 lei, resulting in a gross dividend of 0.291 lei/share. At the same time, by the GSM Decision no. 03/27.04.2023, the general meeting of shareholders approved the prescription of unpaid dividends for the financial year 2018 (older than 3 years). The dividends were paid through S.C. Depozitarul Central SA, to the shareholders registered in the shareholders' register on 15.06.2023.

For the year 2023, the amount distributed to be distributed as dividends to the shareholders of IAR S.A. was 11,698,466 lei, resulting in a gross dividend of 0.64 lei/share. At the same time, by the GSM Decision no. 05/29.04.2024, the general meeting of shareholders approved the prescription of unpaid dividends for the financial year 2019 (older than 3 years). The dividends were paid through S.C. Depozitarul Central SA, to the

shareholders registered in the shareholders' register on 05.07.2024.

For the year 2024, the amount distributed to be distributed as dividends to the shareholders of IAR S.A. was 5,300,867 lei, resulting in a gross dividend of 0.29 lei/share. At the same time, by the GSM Decision no. 03/28.04.2025, the general meeting of shareholders approved the prescription of unpaid dividends for the financial year 2020 (older than 3 years). The dividends were paid through S.C. Depozitarul Central SA, to the shareholders registered in the shareholders' register on 17.06.2025.

For the year 2025, based on the specific legal provisions in force, the Board of Directors and the executive management of IAR S.A. propose the distribution of the amount of 42,955,305 lei in the form of dividends, resulting in a gross dividend value per share of 2.35 lei.

The dividend payment date will be 06.07.2026, and will be paid, through the Central Depository Company SA, to shareholders registered in the shareholders' register on 17.06.2026, the date of identification of the shareholders on whom the effects of the GSM's decision to approve the financial statements will be reflected. The expenses incurred in distributing the dividends will be borne by the shareholders.

Under the conditions in which:

- For objective reasons, (related either to not cashing-in by some shareholders of the dividends owned by them, or the very low total value of dividends due to some of the shareholders) some of the total amount of dividends to be distributed could not be paid,
- IAR S.A. fulfilled a legal obligation to disclose information relating to the distribution of dividends fixed by the general meeting of shareholders with the approval of the distribution of the annual profit made by the company and by publishing it in the press and on its website, in press releases issued on this subject and by transmitting these releases to the Financial Supervisory Authority and the BSE,

The Board of Directors and the executive management of IAR S.A. propose that the general meeting of shareholders to approve:

-prescribing unpaid dividends for the fiscal year 2017, which meets the condition for achieving the deadline of 3 years from the date of chargeability of distributed dividends stipulated by art. 2517 of the Civil Code

-the proposal for their registration under "other income" - account 758 under the law provisions.

The date of prescribing these amounts will be 30.06.2026.

3.4.3. Purchase activities of own shares

In 2025, the company IAR SA has not taken any action in relation to the package of shares acquired following the withdrawal from the company, in 2018, of SIF III Transylvania.

3.4.4. Subsidiaries of IAR S.A. - not applicable.

3.4.5. Issuance of shares or other debt instruments - not applicable

3.5. The operational management of IAR S.A.

In compliance with Law no. 31/1991, republished, as amended and supplemented, the leadership, organization, representation and management of the activity of IAR S.A. were ensured, by:

- **Mr. Laurian ANASTASOF - DEPUTY GENERAL MANAGER with General manager duties, during the period 01.01.2025 - 04.03.2025**, representing the company in relations with third parties and bearing responsibility for the manner in which he carries out the company's management acts based on an individual employment contract. Mr. Laurian ANASTASOF does not hold shares of IAR SA.
- **Mr. Marian-Iulian RASALIU – GENERAL MANAGER during the period 05.03.2025 – 06.10.2025**, representing the company in relations with third parties and bearing responsibility for the manner in which he performs the company's management acts based on mandate contracts and **DEPUTY GENERAL MANAGER with General manager duties during the period 07.10.2025 – present**, representing the company in relations with third parties and

bearing responsibility for the manner in which he performs the company's management acts based on an individual employment contract. Mr. Marian-Iulian Rasaliu does not hold shares of IAR SA.

During 2025, IAR S.A.'s executive management was provided as follows:

- **Commercial and Economic Executive Director: ec. Ion DUMITRESCU**
- **Development and Production Executive Manager: eng. Ioan Alexandru CHIRIȚĂ.**

The respective executives are employees of the company (based on individual employment contracts signed with the company). None of the above nominees has any agreement, understanding or connection with others, under which they have been appointed to IAR S.A.'s management and was not involved in litigation or administrative procedures in the past 5 years.

The executive directors held the following shares of the share capital of the IAR S.A. Company, as at 31.12.2025:

- Mr. Ion DUMITRESCU: 0.00125537% of the share capital (the share owned by assigning shares under the mass privatization process and as a result of shares acquisition on the capital market)
- Mr Ioan Alexandru CHIRITA: has no shares within IAR SA.

3.6. Litigation or administrative procedures regarding the activity of the people in the management of IAR S.A. – not applicable

4. FINANCIAL-ACCOUNTING STATEMENTS; FINANCIAL-ACCOUNTING ADMINISTRATION ELEMENTS

4.1. THE FINANCIAL-ACCOUNTING STATEMENT FOR 2025 COMPARED TO THE PREVIOUS 3 YEARS

The current financial and economic situation compared to the past three years is as follows:

a) balance sheet items

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BALANCE SHEET ITEMS	31.12.2022	31.12.2023	31.12.2024	31.12.2025
I. Fixed assets	102,021,445	109,588,011	115,326,972	121,772,609
Stocks	256,828,675	294,421,728	489,234,862	430,362,613
Debentures	40,063,750	125,581,308	183,449,409	81,925,673
Petty-cash and banking accounts	258,293,914	18,127,878	5,032,468	2,391,622
Short-term financial investments		67,514,543	14,827,812	58,356,913
II. Circulating assets	555,186,339	505,645,457	692,544,551	573,036,821
III. Expenses reg. in advance	82,044	63,166	101,027	94,155
TOTAL ASSETS	657,289,828	615,296,634	807,972,550	694,903,585
Share capital	47,197,132	47,197,132	47,197,132	47,197,132
Reserves from reevaluation	24,293,058	23,581,562	22,966,867	22,384,798
Reserves	146,031,245	152,489,885	165,367,397	193,639,669
Profit	14,198,145	24,069,830	31,544,924	47,681,660
Reported result	6,708,000	6,708,000	6,708,000	6,708,000
Profit distribution	6,731,281	7,442,777	8,057,472	8,327,847
Share capital	3,215,642	795,284	1,301,432	3,329,647
I Shareholder's equity	228,527,219	247,277,902	267,124,360	309,193,459
II Provisions for risks and expenses	67,724,642	109,026,484	102,952,078	88,496,520
Loans and assimilated debts	42,730,605	0	0	0
Suppliers	16,754,011	23,687,928	25,622,835	18,867,701
Creditor clients	250,775,884	213,747,340	399,160,372	266,358,253
Other debts	50,776,610	20.820.074	12,375,999	11,986,795

III Total payables	361,037,110	258,255,342	437,159,206	297,212,749
IV Settlement accounts	857	736,906	736,906	857
TOTAL LIABILITIES	657,289,828	615,296,634	807,972,550	694,903,585

The share of fixed assets in the total assets was of 15.53% in 2022, of 17.81% in 2023, of 14.27 % in 2024 and of 17.53% in 2025.

b) the profit and loss account

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THE PROFIT AND LOSS ACCOUNT	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Income from the sale of goods	90,493,389	55,508,890	95,809,516	28,520,320
Sold production	224,931,055	371,975,817	285,809,842	412,331,691
Turnover	315,424,444	427,484,707	381,619,358	440,852,011
Income from the stored production– S.C.	25,473,700	12,148,669	28,583,055	0
Income from the stored production – S.D.	0	0	0	10,468,439
Other operating income	418,825	1,170,449	1,742,371	1,751,318
OPERATING INCOME –TOTAL	341,316,969	440,803,825	411,944,784	432,134,890
Expenditure on goods, com discounts received	72,170,458	44,487,199	72,338,035	21,246,019
Expenditure on raw mat. and consumable mat.	160,691,588	225,846,315	209,717,325	268,548,818
Expenditure on water and energy	4,250,137	3,214,665	3,128,913	3,807,306
Other mat. expenditure	509,025	604,812	702,558	791,146
External services-related expenses	15,076,442	29,009,364	21,252,128	16,611,425
Duties, taxes and similar levies-related expenses	710,321	702,936	1,362,131	1,383,964
Salaries-expenses, participation to the company's profit, restaurant tickets	50,979,017	60,511,747	70,553,377	76,517,185
Insurance and social protection-related expenses	2,364,420	2,804,753	3,204,939	3,245,435
Staff-related expenses	53,343,437	63,316,500	73,758,316	79,762,620
Compensation, environment and transferred assets-related expenses	68,722	257,017	758,064	3,556,036
Expenditure on provisions reduced by income from provisions	13,994,047	39,969,294	-5,736,824	-14,614,345
Expenditure on the hamortization and, constitution and provisions adjustments	4,235,183	3,891,608	3,702,724	3,992,618
Tangible assets re-assessment-related expenses	0	0	0	0
Adjustments to circulating assets	0	0	0	0
EXPENDITURE ON OPERATING -TOTAL	325,049,360	411,299,710	380,983,370	385,085,607
RESULT FROM OPERATING - PROFIT	16,267,609	29,504,115	30,961,414	47,049,283
TOTAL INCOME	347,160,532	450,700,599	419,942,949	441,602,250
TOTAL EXPENDITURE	329,217,694	415,583,066	384,330,245	389,179,260
GROSS RESULT - PROFIT	17,942,838	35,117,533	35,612,704	52,422,990

The share of operating costs in the total expenditure: in 2022 it is of 98.74%, of 98.97% in 2023 , of 99.13 % in 2024 and of 98.95% in 2025.

The share of operating income in the total income: in 2022 it is of 98.32%, in 2023 it is of 97.81%, in 2024 of 98.10 % and of 97.86% in 2025.

The production of the company is based only on firm contracts and multiannual master agreements with secured end-users. The values of "turnover" and "income from stored production" indicators are given by the delivery schedule and the product transport modality agreed with the beneficiaries.

In 2025, **the workload of production capacities** has averaged 132%.

c) cash flows - the available funds of the company on 31.12.2025 were 60,748,535 lei.

4.2. ELEMENTS OF FINANCIAL-ACCOUNTING MANAGEMENT

In 2025 the financial and economic activity of the IAR S.A. was coordinated by the Commercial and

Economic Executive Manager of the company.

The economic department is operated by specialized personnel with secondary and higher education.

The entire financial-accounting activity took into account the following principles:

- the principle of prudence;
- the principle of consistency;
- the principle of going concern;
- the principle of matching;
- the principle of opening balance;
- the principle of offsetting;
- the principle of substance over form.

The general accounting principles underlying the accounting registration of operations, transactions, assessment of items presented in the annual financial statements and the financial statements are as follows:

The principle of prudence according to which assets and income shall not be overstated and liabilities and expenses understated. In the individual situation of the global result only the profit made on the date of the financial statements may be included.

In the financial statements all debts incurred in the current financial year or in the previous year are highlighted, even if they become obvious only between the date of the balance sheet and the date of their establishment.

In the financial statements all liabilities and potential losses arising in the current financial year or in the previous financial year are highlighted even if they become obvious only between the date of the balance sheet and the date of their establishment.

To this end the possible provisions, and liabilities resulting from a contract are also being considered. They shall stand in the balance sheet or in the explanatory notes by debt type.

All depreciation is taken into account, whether the result of the period is a loss or profit. The registration of adjustments for depreciation or value loss is made at the expense of expense accounts, regardless of their impact on the statement of the global result.

The principle of consistency: The assessment methods and accounting policies are applied consistently from one financial year to another.

The principle of going concern: The Company continues to operate normally, without going into liquidation or significant reduction of activity.

The principle of matching: the income and expenditure relating to the financial year are highlighted, regardless of the income collection date or the expenditure payment date.

The principle of valuation of asset and liability items according to which, components of assets and liabilities must be valued separately.

The principle of no offsetting: The assets and liabilities, income and expenses are not offset unless offsetting is required or permitted by a standard or an interpretation.

The principle of substance over form according to which, the presentation of the amounts in the balance sheet and in the profit and loss account is taken based on the economic substance of the reported transaction or arrangement, and not only their legal form.

The IAR S.A. accounting, as the main instrument of knowledge, management and control of assets, provides chronological and systematic registration, processing and storage of information on the property situation, its outcomes, both for internal use and for the business relations with the customers, banks and tax authorities, etc.

IAR SA relies on double-entry accounting, in compliance with the Norms of the Ministry of Public Finance, compiling monthly reports, and at the end of the semester and at the end of the year presenting a balance sheet.

The accounting registration of movable and fixed assets was carried at the acquisition value or production as appropriate

The fixed assets accounting is made based on categories, on each item and on jobs.

The accounting of material values is made based on types of management, and within these, on the types of materials, tools, devices, checkers, etc.

The types of management are organized both at central and at the manufacturing divisions, by monthly compiling with the trial balance, which is facing the company's synthetic records.

In addition, the financial-accounting department is organized in order to obtain a process established to achieve high quality financial reporting. The roles and responsibilities are specifically defined and a control process is implemented in order to ensure fairness and accuracy of financial reporting process.

Regarding the **unfinished production**, this is organized based on production orders, technical plan and household expenses, and within them, on beneficiaries.

The accounting of providers, of customers, of other claims and obligations, is made by categories and, within them, by each natural or legal person.

The accounting income is made based on the kinds of income and expenditure according to their nature.

Monthly, to verify the correct recording in the accounting of property transactions, the synthetic balance checking is prepared, which on its turn is based on analytical balances on the accounts.

The inventory of the assets was carried out in accordance with the legal regulations in force: Law 82/91 republished, OMFP 2861/2009 - regarding norms for organizing and carrying out the inventory of assets, liabilities and equity elements and based on Decisions no. 65 / 30.09.2025; 68/16.10.2025; 102/18.12.2025,103/18.12.2025 and 104/18.12.2025. The inventory had as its main purpose the establishment of the real situation of all elements of the nature of the company's assets, liabilities and equity, as well as of goods and values held under any title, belonging to other legal or natural persons, in order to prepare the annual financial statements which must provide a true and fair view of the financial position and performance of IAR SA for the financial year 2025.

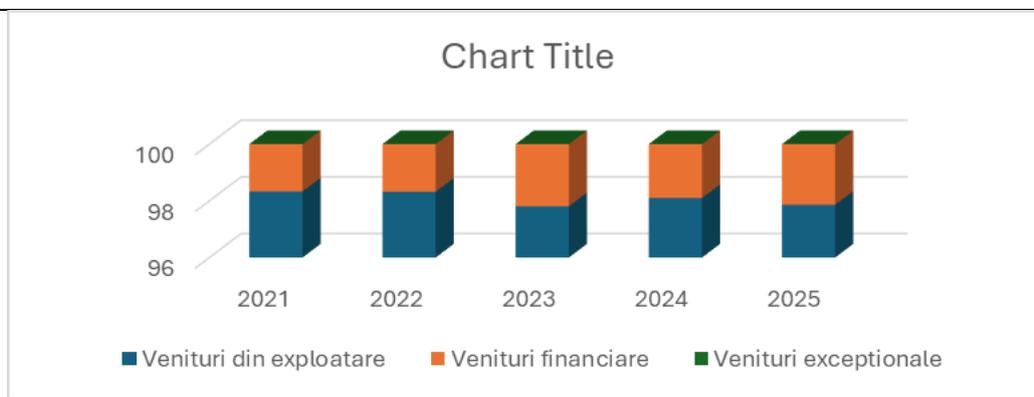
The balance sheet of IAR SA for the period 01.01-31.12.2025 was prepared based on the accounting verification balance sheet in which all economic and financial operations were recorded based on legally prepared documents, in compliance with the principles and provisions of the Accounting Law no. 82/1991, the approved accounting policies of the company and in accordance with the Accounting Regulations harmonized with the Fourth Directive of the European Economic Community, OMF 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to commercial companies whose securities are admitted to trading on a regulated market, with subsequent amendments and supplements.

THE DEVELOPMENT OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS IN THE PAST 5 YEARS

The evolution of the components of the total income in the past 5 years is as follows:

	2021	2022	2023	2024	2025
Operating income	98.33	98.32	97.81	98.10	97.86
Financial income	1.67	1.68	2.19	1.90	2.14
Exceptional income	0	0	0	0	0

%

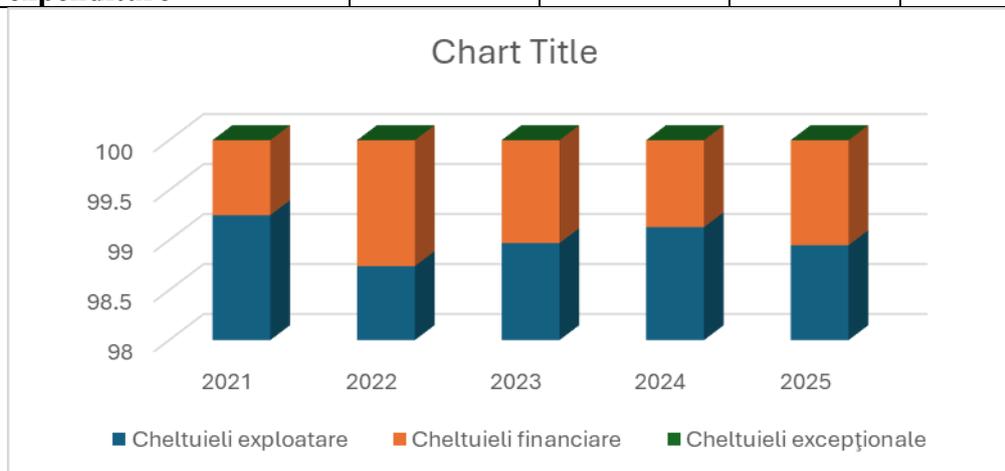


The main share, respectively 97.86% of total revenues achieved by the company in 2025, is represented by the income from operating activities.

The evolution of the components of total expenditure in the past 5 years is as follows:

%

	2021	2022	2023	2024	2025
Operating expenditure	99.25	98.74	98.97	99.13	98.95
Financial expenditure	0.75	1.26	1.03	0.87	1.05
Exceptional expenditure	0	0	0	0	0



The main share, respectively 98.95 % of total expenditure made by the company in 2025, is the expenditure on operating activities.

THE PATRIMONY OF IAR S.A. IS AS FOLLOWS:

✓ ASSESTS

The value of non-current assets at 31.12.2025 is of 121, thousand Lei and represents the value of the intangible assets, the tangible fixed assets affected by the amortization value, as well as the financial assets.

Other tangible assets titles are maintained in the amount of 5,429 thousand lei on 31.12.2025 and they are :

- participation titles/shares in SC Airbus Helicopters Romania SA: 5,390 thousand lei,
 - participation titles/shares in SC Aerodrom “Iosif Șilimon” SA: 39 thousand lei,
- SC Aerodromul “Iosif SILIMON“ SA has not had any activity since 2014 and is in the process of liquidation according to the shareholders' decision.

✓ **STOCKS**

In the stocks category are comprised:

- raw materials directly involved in the manufacturing of products and are found fully or partly in the finite product, either in their original or processed shape;
- consumables (auxiliary materials, fuel, packaging materials, spare parts and other consumables), which participate or support the manufacturing or operating process without usually being found in the finite product;
- inventory objects materials;
- products, namely:
 - semi-finite products;
 - finite products;
 - scrap, recoverable materials and waste;
 - merchandise;
 - packaging, including reusable packaging, purchased or manufactured, designed for sold products that can be temporarily stored by third parties, having the restitution obligation as stipulated in the agreements;
 - production in progress;
 - the goods in custody for processing or on consignment with third parties.

Certain stocks that were bought are reflected separately, for which risks and benefits were transferred, and are in the supply process.

The accounting of stocks is held quantitatively and qualitatively by using the perpetual inventory.

In these circumstances, in the accounting are registered all incoming and outgoing transactions, which allow the establishment and knowledge, at all times, of the stocks, both in quantity and in value.

The value of the stocks at 31.12.2025 is of 430,363 thousand lei, and records a decrease in raw materials, supplies and unfinished production, compared to the previous year.

✓ **RECEIVABLES**

On 31.12.2025 the situation of the receivables is as follows:

lei

Total receivables	81,925,673
- commercial receivables	839,320
- long-term receivables	0
- paid deposits	75,124,732
- other receivables, of which:	5,961,621
• other excise taxes	238,267
• sundry debtors	104,426
• interest receivable	9,698
• VAT recoverable	615,563
• Profit tax	4,113,149
• VAT not due, advance	3,444
• Sick leave and indemnities	733,411
• Settlements from operations under clarification	143,663

In total receivables, advances paid in the amount of 75,125 thousand lei have a share of 91.7%.

✓ PETTY CASH AND BANK ACCOUNTS

The company cash funds at 31.12.2025 amount to 60,748,535 lei, of which:

- Availability in lei in other bank accounts (card accounts, dividend distribution account, short-term investments CECs, Brasov Treasury account, EXIMBANK current account)	1,371,071
- Liquidity in foreign currency	995,445
- Liquidity in the cash register of the company	0
- Other values	25,106
- Short-term investments	58,356,913

✓ PAYABLES

The debts of the company stand out in the accounting based on the third parties accounts.

The providers and other payables accounting is kept on categories and on each person or entity

Total payables, including "incomes from downpayments": (lei):	297,213,606
• Financial debts	0
• Trade debts	18,867,701
• Creditor customers	266,358,253
• Incomes registered in avans	857
• Other debts to: personnel, budget, social insurance, of which:	11,986,795
tax on profit	0
other creditors (of which AJOFM: 4,312,747 lei)	4,357,809
dividends	2,977,043
current salary contributions	3,408,525
VAT payment	0

The company's debts structure is as follows:

- **commercial debts**, amounting to 18,868 thousand lei, respectively 6.35% of the total debts;

Commercial debts are current debts, in line with the deadlines stipulated in the commercial contracts.

- In the **other debts** chapter, there is the debt to "**other creditors**" (AJOFM), in the amount of 4,313 thousand lei, respectively 1.46% of total debts.

Regarding the debt to the County Agency for Territorial Employment and Labor (AJOFM), depending on the residence that the employees made redundant by the company had, which represents the compensation granted to the insurance of unemployment budget, of IAR SA's employees whose individual labor agreements were terminated by collective redundancies, under restructuring programs in 2009-2010, as a result of privatization and reorganization of the units in the defense industry, in compliance with Article 12 of GEO 95/2002, industry which includes also IAR SA (according to GD 0813/2002).

We must emphasize the fact that under Article 12, ind. 8 of GEO 95/2002 - "the amounts granted from the unemployment insurance fund as compensations will be recoverable from the economic agents in the defense industry, in the limit of 20 % of rental, sales of assets and shares' sales revenues in the share capital of companies."

Regarding the aspects noted above, it is clear that the amounts due as compensation payments have no due date expressly stated, these liabilities becoming due on the date and to the extent that IAR SA achieved revenues from the activities above.

Please note that these amounts do not bear interest, penalties or other system accessories.

- Also under **other debts** is the amount of 2,977 thousand lei, which represents **dividends** due to shareholders, unpaid or paid and returned as a result of the impossibility of their payment due to their fault, namely the change of address or the communication of incomplete addresses.

The company's payables at the end of 2025 are worth 297,214 thousand lei, , of which short-term debts worth 30,258 thousand lei, are current debts, whose chargeability is consistent with the legal and contractual deadlines stipulated in the Fiscal Code.

We mention that in the total debts that must be paid in a period of more than one year, whose value is 266,956 thousand lei, the majority share is represented by advances received according to commercial contracts.

We mention that IAR SA paid on time and in full its obligations to the state budget and the budget of the State Social Insurance, as well as the local ones.

We mention that IAR S.A. doesn't have outstanding payments on 31.12.2025.

✓ PROVISIONS

Provisions are intended to cover liabilities whose nature is clearly defined and which, at the balance sheet date, are likely to exist or it is certain that they will exist, but are uncertain in terms of the amount or the date when they will occur.

The accounting of provisions is kept on types, depending on the nature, purpose or object for which they were established.

In 2025 provisions have been established and increased in compliance with Article 26 of Law 227/2015, with Order no. 2844/2016 for approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

The set-up/increased provisions value in 2025 is of 11,976 thousand lei, ele presenting them in the following structure:

- provision for employees participation to profit, amounting to 4,700 thousand lei;
- provision for the retirement bonus, amounting to 360 thousand lei;
- provision for anticipated expenses, in the amount of 6,916 thousand lei

Also, provisions in the amount of 26,590 thousand lei have been canceled or diminished by the resumption on income, as follows:

- provision for performance guarantees granted to local customers, amounting to 15,156 thousand lei;
provision for employees participation to profit, amounting to 3,266 thousand lei.
- provision for the retirement bonus, amounting to 1,093 thousand lei
- provision for anticipated expenses, in the amount of 6,916 thousand lei
provision for depreciation of unfinished production, amounting to: 159 thousand lei.

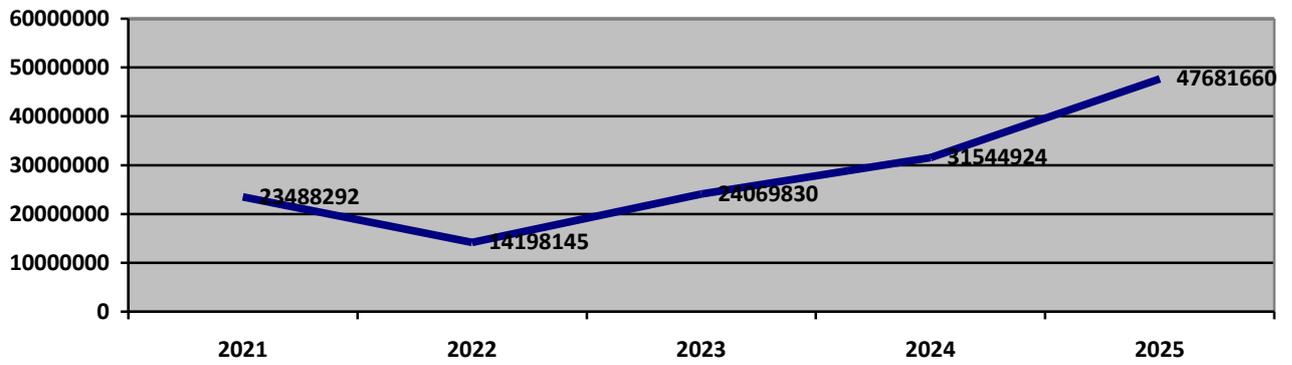
Thus, the adjustments for provisions represent in 2025 the amount of -14,614 thousand lei.

✓ SHAREHOLDERS' EQUITIES

The equity on 31.12.2025 is 309,193 thousand lei and shows an increase by 15.74 % compared to 2024.

The evolution of the economic-financial results of the company between 2021-2025 is as follows:

	2021	2022	2023	2024	2025
Net profit (lei)	23,488,292	14,198,145	24,069,830	31,544,924	47,681,660



At the end of 2025, societatea IAR SA the company IAR SA no longer met the legal conditions for establishing the legally deductible reserve from profit, taking into account the provisions of **Order no. 2844/2016, of Law 31/1990 and of Law 227/2015 with subsequent amendments and completions.**

THE ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

A. Current liquidity ratio:

$$\frac{\text{Current assets}}{\text{Current debts}} = \frac{573,036,821}{30,257,338} = 18.94\%$$

B. Liquidity coverage ratio:

$$\frac{\text{Current assets-stocks}}{\text{Current debts}} = \frac{142,674,208}{30,257,338} = 4.72\%$$

C. Efficiency indicators:

1. The financial rate of return

$$\frac{\text{Net profit}}{\text{Equity}} \times 100 = \frac{47,681,660}{309,193,459} = 15.43\%$$

2. The rate of return on advanced capital

$$\frac{\text{Current result}}{\text{Fixed assets+current assets}} = \frac{52,422,990}{694,809,430} = 7.55\%$$

3. The profit rate

$$\frac{\text{Gross profit}}{\text{Turnover}} = \frac{52,422,990}{440,852,011} = 11.90 \%$$

4. The rotation speed of debits-customers

$$\frac{\text{Med.balance of customers} \times 365}{\text{Turnover}} = \frac{41,688,574 \times 365}{440,852,011} = 34.52 \text{ days}$$

5. The rotation speed of fixed assets

$$\frac{\text{Turnover}}{\text{Total assets}} = \frac{440,852,011}{121,772,609} = 3.62 \text{ times}$$

6. The rotation speed of total assets

$$\frac{\text{Turnover}}{\text{Total assets}} = \frac{440,852,011}{694,903,585} = 0.64 \text{ times}$$

7. The total amount invested in 2025 was 11.128 thousands lei.

The financial-accounting statement complies with the documents attached to this annual report: the financial statements of 31.12.2025 and the financial auditor's report for the financial year 2025.

4. **ANEXE:** lista societăților la care Societatea IAR S.A. deține participații.

THE CHAIRPERSON of the BOARD of DIRECTORS

Bogdan COSTAȘ

GENERAL MANAGER

Marian-Iulian RASALIU

ANNEX TO THE ANNUAL REPORT 2025

List of companies in which IAR S.A. owns participations

1. On 31.12.2025, IAR S.A. held shares in **AIRBUS HELICOPTERS ROMÂNIA S.A.** as follows:

Company name	Trade Registry registration number.	Object of activity	% of the share capital owned by IAR S.A. in this company	Total value of the shares owned by IAR SA in this company (RON)	Partner in the joint venture
AIRBUS HELICOPTERS ROMÂNIA S.A.	J08/53/ 23.01.2002	Aircraft manufacturing and repair	40	5,389,997	AIRBUS HELICOPTERS S.A.S.

The value of the participation is recorded in the accounting files at the nominal value per share of 0.10lei.

AIRBUS HELICOPTERS ROMÂNIA SA is a closed company, its shares not being traded on the share market.

Its social headquarters is: 40 1 A, Hermann Oberth Street, Ghimbav, county of Braşov 507075, tel. 0268303000.

2. IAR S.A. holds shares in **SC AERODROM "IOSIF ŞILIMON" SA** as follows:

- shares in SC Aerodrom "Iosif Şilimon" SA: 39 thousand lei.

SC Aerodromul "Iosif SILIMON" SA has not had any activity since 2014 and its liquidation is in progress as per the resolution of the shareholders.

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
Drawn up in accordance with:
Order of the Public Finance Ministry no. 2844 /2016 and
subsequent additions provided for in point 1.1 of Annex 3 to Order of the
Minister of Finance no. 4268/2022

BALANCE 2025 (RON)

<u>Row</u>	<u>Note</u>	<u>31 December 2024</u>	<u>31 December</u> <u>2025</u>
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A. NON-CURRENT ASSETS**I. Intangible Assets**

1. Formation expenses	1		
2. Development expenses	2		
3. Concessions rights, patents, licenses, trade marks and other similar rights and other intangible assets	3	18,105	127,432
4. Goodwill	4		
5. Advances and intangible assets in progress	5		

TOTAL	6	1(a)	18,105	127,432
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II. Tangible Assets

1. Land and buildings	7	51,057,860	49,453,378
2. Technical equipment and machinery	8	8,235,987	11,596,423
3. Other equipment & furniture	9	229,037	316,554
4. Tangible assets in progress	10	46,646,977	54,849,825
5. Advances (acc. 4093)	10a	3,710,009	0

TOTAL	11	1(b)	109,879,870	116,216,180
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III. Rights Touse Leasing Assets

0

IV. Financial assets

1. Shares held in affiliated entities	12		
2. Loans to affiliated entities	13		
3. Participating interests	14		
4. Loans granted to entities with participating interests	15		
5. Investments held as fixed assets	16	5,428,997	5,428,997
6. Other loans	17		

TOTAL	18	1(c)	5,428,997	5,428,997
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Non-current assets - Total	19		115,326,972	121,772,609
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b. Current assets**I. Inventories**

1. Raw materials and consumables	20	128,598,919	115,785,616
2. Work in progress	21	122,691,683	111,016,097
3. Finished goods and merchandise	22	24,360,087	48,726,525
4. Advances for stock purchases	23	213,584,173	154,837,375

TOTAL:	24	489,234,862	430,362,613
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II. Receivables

1. Trade receivables	25	12	96,477,934	839,320
2. Advances paid	26		73,876,676	75,124,732
3. Receivables from participating interests	27			
4. Other receivables	28	13	13,094,799	5,961,621
5. Share capital called up but not paid up	29			

TOTAL	30		183,449,409	81,925,673
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III. Short-term financial investments

1. Shares held in affiliated entities	31			
2. Other short-term financial investments	32		14,827,812	58,356,913

TOTAL	33		14,827,812	58,356,913
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IV. Petty cash and bank accounts	34	11	5,032,468	2,391,622
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Current Assets – Total	35		692,544,551	573,036,821
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C. Prepayments	36		101,027	94,155
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D. Amounts payable in a period of one year

1. Debenture loans given separately from convertible bond	37			
2. Bank loans	38		0	0

3. Advance payments from customers	39		1,477	3,715,589
4. Trade suppliers	40	14	25,622,835	18,867,701
5. Trade notes payable	41			
6. Payables to affiliated entities	42			
7. Amounts due to entities with participating interests	43			
8. Other payables, including debts to the state budget and social security budget	44	15	8,063,252	7,674,048
TOTAL	45		33,687,564	30,257,338
e. . Current assets, respectively net current liabilities				
	46		658,120,301	542,840,587
f. Total assets minus current liabilities				
	47		773,548,080	664,645,390
g. Liabilities: amounts payable in a period above one year				
1. Loans from bond issues	48			
2. Bank loans	49			
3. Advance payments from customers	50		399,158,895	262,642,664
4. Trade debts	51			
5. Trade notes payable	52			
6. Amounts owed to affiliated entities	53			
7. Amounts owed to entities with participating interests	54			
8. Other debts, including tax debts and social insurance debts	55		4,312,747	4,312,747
TOTAL	56		403,471,642	266,955,411
h. Provisions for risks and expenses				
		2		
1. Provisions for retirement benefits and other similar obligation	57		6,188,695	5,454,898
2. Provisions for employees benefits	58		3,265,912	4,700,000
3. Other Provisions	59		93,497,471	78,341,622
TOTAL PROVISIONS	60		102,952,078	88,496,520
i. Deferred Income				
- Investment subsidies	61		736,049	0
- Deferred income	62		857	857
Total	63		736,906	857
j. Capital And Reserves				
I. Capital				
from which				
- Paid in capital	64		47,197,132	47,197,132
- Un-paid capital	65			
- The patrimony of the directorate	66			
TOTAL	67		47,197,132	47,197,132
II. Share Premium				
	68			
III. Revaluation Reserve				
	69		22,966,867	22,384,798
IV. Rezerves				
1. Legal reserves	70		9,439,426	9,439,426
2. Statutory or contractual reserves	71			
3. Reserves representing the surplus made from revaluation reserves	72			
4. Other reserves	73		155,927,971	184,200,243
TOTAL	74		165,367,397	193,639,669
Own shares	75		6,708,000	6,708,000
Gains related to own shares instruments	76			
Losses related to own shares instruments	77			
V. Profit or loss carried forward				
Credit balance	78		8,057,472	8,327,847

Debit Balance	79		
VI. The result of the financial year			
Credit balance	80	31,544,924	47,681,660
Debit Balance	81		
Profit appropriation	82	3	1,301,432
			3,329,647
Total equity	83	267,124,360	309,193,459
Public patrimony	84		
TOTAL CAPITAL	85	267,124,360	309,193,459

**GENERAL MANAGER,
Marian-Iulian RASALIU**

**ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU**

					(RON)	
		Row	Note	31 Dec. 2024	31 Dec. 2025	
1. Net turnover		1		381,619,358	440,852,011	
Balance production		2		285,809,842	412,331,691	
Income from sale of goods		3		95,809,516	28,520,320	
Income from interests registered by entities whose main activity is the leasing		4				
Income from operating subsidiaries related to net turnover		5				
2. Changes in inventories of finished goods and the production in progress		6				
Balance C				28,583,055	-	
Balance D		7			10,468,439	
3. The production made by the entity for its own purposes and capitalized		8				
4. Other operating and sub-operating revenues		9		1,742,371	1,751,318	
Operating income - Total		10		411,944,784	432,134,890	
5. a) Row materials and consumables		11		209,717,325	268,548,818	
Other material expenses		12		702,558	791,146	
b) Other external expenses (with energy and water)		13		3,128,913	3,807,306	
c) Merchandise expenses		14		72,338,366	21,277,088	
Commercial discounts received				331	31,069	
6. Personnel expenses		15		73,758,316	79,762,620	
a) Salaries		16		70,553,377	76,517,185	
b) Social security costs		17		3,204,939	3,245,435	
7. a) Value adjustments related to tangible and intangible assets		18		3,702,724	3,992,618	
a.1) Expenses		19		3,702,724	3,992,618	
a.2) Income		20				
7. b) Adjustment on the value of circulating assets		21				
b.1) Expenses		22				
b.2) Income		23				
8. Other operating expenses		24		<u>23,372,323</u>	<u>21,551,425</u>	
8.1 Expenses regarding external services		25		21,252,128	16,611,425	
8.2 Expenses with other taxes, duties and assimilated payments		26		1,362,131	1,383,964	
8.3 Expenses on compensations, donations and disposed assets, environment expenses, other operating expenses, revaluation of tangible assets expenses		27		758,064	3,556,036	
Expenses on refinancing interests registered by the entities whose main activity is represented by the leasing		28				
Adjustments regarding provisions for risks and expenses				-5,736,824	-14,614,345-	
Expenses		29				
Income		30		27,492,560	11,976,289	
Income		31		33,229,384	26,590,634	
Operating expenses - total		32		380,983,370	385,085,607	
Operating result						
- Profit		33	4	<u>30,961,414</u>	<u>47,049,283</u>	
- Loss		34				

9. Income from participating interests	35	<u>568,780</u>	<u>1,226,866</u>
- out of which, income from subsidiaries	36	568,780	1,226,866
10. Income from other investments and loans which are a part of the non-current assets	37		
- of which within the group	38		
11. Interest income	39	<u>2,839,893</u>	<u>1,528,493</u>
- of which within the group	40		
Other financial income	41	<u>4,589,492</u>	<u>6,712,001</u>
Financial income - total	42	<u>7,998,165</u>	<u>9,467,360</u>
12. Adjustment of the value of financial assets and financial investments held as current assets	43		
Expenses	44		
Income	45		
13. Expenses on interest	46	1,296,898	137,059
- of which within the group	47		
Other financial expenses	48	2,049,977	3,956,594
Financial expenses - total	49	<u>3,346,875</u>	<u>4,093,653</u>
Financial result		4,651,290	5,373,707
- Profit	50		
- Loss	51		
14. Current result			
- Profit	52	<u>35,612,704</u>	<u>52,422,990</u>
- Loss	53		
15. Extraordinary revenues	54		
16. Extraordinary expenses	55		
17. Extraordinary result			
- Profit	56		
- Loss	57		
Total income	58		<u>441,602,250</u>
Total expenses	59	<u>419,942,949</u>	<u>389,179,260</u>
Gross result			
- Profit	60	<u>35,612,704</u>	<u>52,422,990</u>
- Loss	61		
18. Income tax	62	4,067,780	4,741,330
19. Other expenses on taxes not presented among the above items	63		
20. Net result of the financial year			
- Profit	64	<u>31,544,924</u>	<u>47,681,660</u>
- Loss	65		

All the Company's activities are continuous.

Signed on behalf of the Board of Directors

GENERAL MANAGER,
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU

SITUATION OF CHANGES IN OWN CAPITAL FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2025 (RON)

Equity element	Balance on 01.01.2025	Increase		Decreases		Balance on 31.12.2025
		out of which:	by transfer	out of which:	by transfer	
A	1	2	3	4	5	6
Subscribed capital	47,197,132					47,197,132
Share Capital adjustments						
The patrimony of the directorate						
Share premium						
Revaluation reserve	22,966,866			582,068		22,384,798
Legal reserves	9,439,426					9,439,426
Statutory or contractual reserves						
Reserves representing the surplus obtained from revaluation reserves						
Other reserves	155,927,971	28,272,272				184,200,243
Own shares	6,708,000					6,708,000
Gains related to own shares instruments						
Losses related to own shares instruments						
Reported result representing the undistributed profit or the uncovered loss	Balance C					
	Balance D					
The carried forward result from the adoption for the first time of IAS 29	Balance C					
	Balance D					
Reported result arising from the first adoption of IAS, except for IAS 29	Balance C	7,625,315	582,068			8,207,383
	Balance D					
Reported result from the correction of accounting errors	Balance C	432,157			311,693	120,464
	Balance D					
Reported result from the application of the Accounting regulations compliant with Directive IV of the E.E.C.	Balance C					
	Balance D					
The profit or loss of the financial year	Balance C	31,544,924	47,681,660		31,544,924	47,681,660
	Balance D					
Profit appropriation	1,301,432	3,329,647		1,301,432		3,329,647
TOTAL EQUITY	267,124,359	73,206,353		31,137,253		309,193,459

**GENERAL MANAGER,
Marian-Iulian RASALIU**

**ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU**

TREASURY CASH FLOWS STATEMENT 2025 (RON)

Item denomination	Financial year	
	2024	2025
Operational activities:		
Net profit after taxation	31,544,924	47,681,660
Adjustments for the reconciliation of net result to net cash used in operational activities	14,647,050	8,628,744
<i>Depreciation and other provisions for fixed assets</i>	3,702,724	3,992,618
<i>Provisions for current assets</i>	5,736,824	-14,614,345
<i>Profit from the sale of tangible assets</i>	10,060	12,880
Cash from operations before changes to current capital	49,904,758	45,701,557
Changes in current capital (Note 18)	-200,032,365	113,256,660
<i>Paid interests</i>	-1,296,897	-137,059
<i>Interest received</i>	2,839,894	1,528,493
<i>Paid income tax</i>	-18,654,087	-1,078,491
Cash generated from / (used in) operational activities	-167,238,697	159,271,160
Investment activity:		
Acquisition of fixed assets	-10,669,472	-17,992,995
Proceeds from the sale of fixed assets	10,060	12,880
Receivables from the sale of fixed assets	568,780	1,226,866
Net cash used for investments	-10,090,632	-16,753,249
Financing activity:		
Net (decrease)/increase of credits and long-term payables	136,362,673	-136,516,231
The net increase (decrease) in short-term loans	42,541,191	-3,430,226
Paid dividends	-12,344,006	-5,212,300
Amounts paid in respect to employees' participation to profit	-2,325,939	-3,024,350
Net cash (used)/generated by financing activity	164,233,919	-145,158,757
Changes in cash and cash equivalents		
	-13,095,410	-2,640,846
Balance at the beginning of the year	18,127,878	5,032,468
Increase/(decrease) in cash and cash equivalents	-13,095,410	-2,640,846
Balance at the end of the year	5,032,468	2,391,622

GENERAL MANAGER
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU

NOTES TO THE FINANCIAL STATEMENTS

1 NON-CURRENT ASSETS

a) Intangible assets

(RON)

Non-current assets	no. rd	Gross value				Depreciation (amortization and provisions)				
		Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year	Depreciation relating to write-offs	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				total	Out of which: Decommissioni ng					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
INTANGIBLES										
Formation costs and development costs	01									
Other intangibles	02	2,388,506	117,156			2,505,662	2,370,401	7,829		2,378,230
Advances and intangible assets in progress	03									
TOTAL (rd. 01 la 03)	04	2,388,506	117,156			2,505,662	2,370,401	7,829		2,378,230

b) Tangible assets

(RON)

Non-current assets	Row No	Gross value				Depreciation (amortization and provisions)				
		Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Depreciation during the year (and provisions)	Depreciation related to written-off assets and cancellation of provisions	Accumulated depreciation in the closing balance (col 9 = 6+7-8)
				total	Out of which: Decommissioning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
TANGIBLE ASSETS										
Lands	05	27,660,386				27,660,386				
Buildings	06	44,065,419	23,950			44,089,369	20,667,945	1,628,432		22,296,377
Technical equipment and machinery	07	24,950,221	5,666,267			30,616,488	16,714,234	2,305,831		19,020,065
Other equipment & furniture	08	945,337	138,043			1,083,380	716,300	50,526		766,826
Tangible assets in progress	09	46,646,977	14,857,188	6,654,340		54,849,825				
Advance payments for tangible assets	10	3,710,009	-3,710,009			0				
TOTAL (rd. 05 - 10)	11	147,978,349	16,975,439	6,654,340		158,299,448	38,098,479	3,984,789		42,083,268

c)

(RON)

Rights to use assets in leasing	12	0					0			
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d) Financial investments ****

(RON)

Non-current assets	Ra w No	Gross value				Depreciation (amortization and provisions)				
		Opening balance	Increase	Decreases		Closing balance (col. 5 = 1+2-3)	Opening balance	Provisions established during the financial year, deprec.	Provisions charged to income,	Closing balance (col.13 = 10+11-12)
				total	Out of which: Decommissio ning					
A	B	1(1)	2(2)	3(3)	4(4)	5(5)	6(1)	7(2)	8(3)	9(4)
TANGIBLE ASSETS	13	5,428,997				5,428,997				
TOTAL (rd. 13)	14	5,428,997				5,428,997				
NON-CURRENT ASSETS - TOTAL (rd.04+11+12+ 14)	15	155,795,852	17,092,595	6,654,340		166,234,107	40,468,880	3,992,618		44,461,498

List of companies which IAR S.A. holds participations in

Name of the company	Registration number with the Trade Registry	Object of activity	% of the share capital owned by IAR S.A. to this company	The total value of the shares held by IAR SA in this company (RON)	The joint venture partner
AIRBUS HELICOPTERS ROMÂNIA S.A.	J08/53/23.01.2002	Aircraft construction and repair	40	5,389,997	AIRBUS HELICOPTERS S.A.S.
AERODROM "IOSIF ŞILIMON" SA	J08/793/2011	Aerodrome construction and operation		39,000	The Townhall of Brasov Other shareholders

HELICOPTERS ROMÂNIA SA is a closed company, its shares are not traded on the capital market.

SC Aerodromul "Iosif SILIMON" SA has not been active since 2014 and is in the process of being dissolved according to the decision of the shareholders.

GENERAL MANAGER
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

2. PROVISIONS FOR RISKS AND EXPENSES (RON)

Denomination of the provision*)	Balance at the start of the financial year	Transfers**)		Balance at the end of the financial year
		into the account	out of the account	
0	1	2	3	4 = 1+2-3
Provisions for receivables and payables	187,183			187,183
Provisions for risks and expenses	741,779			741,779
Provisions for inventories	14,822,770		158,788	14,663,982
Provision for retirement premiums	6,188,695	359,964	1,093,761	5,454,898
Provisions for receivables and payables	3,265,912	4,700,000	3,265,912	4,700,000
Provision for anticipated expenses	0	6,916,325	6,916,325	0
Provision related to 2022 contracts	28,810,200		14,405,100	14,405,100
Provision related to 2023 contracts	43,568,800		750,748	42,818,052
Provision related to 2024 contracts	21,118,471			21,118,471
TOTAL	118,703,810	11,976,289	26,590,634	104,089,465

3. PROFIT APPROPRIATION (RON)

Destination	31.12.2024	31.12.2025
Net profit to be appropriated:	31,544,924	47,681,660
- Legal reserve	0	0
- Reinvested profit	1,301,432	3,329,647
- Shares buy-back		
- Unappropriated profit	30,243,492	44,352,013
Out of which:		
- Offsetting the accounting loss from previous years		
- Shareholders' current dividends	5,300,867	
- Own financing source	24,942,625	

The above appropriations were made according to official regulations on the appropriation of profit performed by the company in accordance with the law no. 31/1990 on commercial companies and law no. 232/2016 on the national defense industry.

4. ANALYSIS OF THE OPERATING INCOME (RON)

Crt. No.	Indicatorul	Fiscal year Prior year	Fiscal year Current year
1	Net turnover	381,619,358	440,852,011
2	Cost of sold goods and services rendered (3+4+5)	343,093,446	338,107,038
3	Main activities expenses	309,321,833	300,223,333
4	Auxiliary activities expenses	7,551,072	7,888,268
5	Production overheads	26,220,541	29,995,437
6	Gross result corresponding to the net turnover (1-2)	38,525,912	102,744,973
7	Selling expenses	1,713,960	21,702,592
8	General administration expenses (with acc.658)	30,439,140	34,606,054
9	Other expenses / operating income	24,588,602	612,956
10	Operating result (6-7-8+9)	30,961,414	47,049,283

5. SITUATION OF RECEIVABLES AND PAYABLES

A. SITUATION OF RECEIVABLES (RON)

	Balance on 31/12/2025	term of liquidity	
		Under a year	Over a year
1. Trade receivables	839,320	839,320	
2. Paid advances	75,124,732	21,268,656	53856,076
3. Other receivables	5,961,621	5,961,621	
4. Investment held as fixed assets			
5. Other fixed receivables			
TOTAL :	81,925,673	28,069,597	53,856,076

B. SITUATION OF PAYABLES (RON)

	Balance on 31/12/2025	maturity for balance		
		Under 1 year	Between 1 and 5 years	Over 5 years
1. Trade payables	18,867,701	18,867,701		
2. Other payables	11,986,795	7,674,048		4,312,747
3. Payables to credit institutions				
4. Advance payments from customers	266,358,253	3,715,589	262,642,664	
TOTAL :	297,212,749	30,257,338	262,642,664	4,312,747

GENERAL MANAGER
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

6 ACCOUNTING PRINCIPLES, POLITICS AND METHODS

The main accounting policies adopted in preparing these financial statements are summarized below.

General information

These financial statements have been prepared in accordance with the Accounting Regulations in conformity with the Directive IV of the European Economic Community and with International Accounting Standards, approved by the Romanian Public Finance Ministry's Order No. 2844/2016 for the approval of Accounting Regulations in accordance with the European directives. This order requires these financial statements to be prepared in accordance with:

- The Accounting Law no. 82/1991 (republished);
- The disclosure requirements contained in the FMO 2844/2016

These specific provisions stipulate that the annual financial statements are compiled based on the trial balance resulting after applying the IAS.

These financial statements have been prepared based on the historical cost convention, with the exceptions set out in the accounting policies.

Basis of accounting

The Company keeps the accounting records in lei ("RON") and prepares the financial statements in accordance with the Accounting and reporting Standards issued by the Ministry of Finance.

The statements are based on the company's accounting records, drawn up on an going concern principle and history of costs basis and modified to their current form which is in conformity with Order no. 2844/2016. The financial statements ensure the comparability with the financial statements for the previous period.

Use of estimates

The preparation of financial statements in accordance with PMFO 2844/2016 requires the management of the Company to make estimates and hypotheses that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statement preparation date and the expenses reported for that period.

Going concern

The nature of the company's main activity and the uncertainty existing in Romania regarding the outcome of current economic policies implemented in real operational conditions, enable the emergence of considerable unpredictable variations regarding future cash inflows. However, the directors believe that the Company will be able to continue its activity using the going concern principle in the near future and therefore, the financial statements have been prepared on the basis of this principle.

Conversion of transactions in foreign

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date: the gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities in foreign currencies, are specified in the profit and loss account. Such balances are converted in lei at the exchange rates established by the end of the year.

On December 31. 2025, the exchange rate used was 1 euro= 5.0985 lei , 1 usd = 4.3417 lei,

Trade receivables

The trade receivables are registered at anticipated attainable value, which is the amount originally invoiced except for a provision for doubtful receivables. For the doubtful receivables an estimation is made based on a review of all outstanding amounts at the end of the year.

Cash and cash equivalents

These are registered in the balance sheet under cost. For the treasury flow statement, these include cash in hand, sight deposits and other short-term investments with high liquidity.

Tangible assets

(i) Cost

The cost of purchase of the fixed assets is the value of the element taken into consideration when purchasing the assets and other directly attributable costs that are incurred when bringing the assets at the present location and the necessary condition provided for their use.

The costs incurred with the maintenance and repair of fixed assets are included in the profit and loss account, as they were executed. The improvements that significantly increase the life of the assets or their technical performance are capitalized.

The fixed assets elements that are written off or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period.

Profit or loss resulting from such an operation is determined as a difference between the amount obtained and the net accounting value and are included in the operating profit for that period. Fixed assets registered as inventory objects, including equipment and tools, are registered as expenses when put into use and are not included in the accounting value of fixed assets.

(ii) Depreciation

Depreciation is determined by linear method, in order to distribute the cost of the recorded asset during the estimated lifespan, as follows:

Asset	Depreciation method
Buildings	40-50 years, using the linear method
Other equipment and furniture	8-10 years, using the linear method
Technical equipment	5-10 years, using the linear method
Transportation means	5 years, using the linear method

(iii) Land

Land is registered at the value given by the measurement. Land is not depreciated as it is deemed to have an indefinite lifespan.

Intangible assets

Development expenses for IT programs

Expenses which increase and extend the benefits of IT programs beyond their description and initial lifespan are recorded as improvements and added to the original cost of the IT program. IT programs development costs recognized as assets are depreciated on a linear method basis over their lifespan, which does not exceed 3 years.

Financial assets

Our company owns financial assets not intended for trading, necessarily valued at fair value by means of profit or loss.

These assets were also valued before the application of IFRS 9 at fair value according to IFRS 39.

As a consequence, the application of IFRS 9 did not bring a value impact in the financial statements of the company, nor did the reclassification of the financial instruments held generate an impact considering that the company owns financial instruments valued as performing exposures and recognized the gains in the profit and loss account loss.

Other intangible assets

Intangible assets are not re-evaluated.

Inventories

Raw materials' inventories, materials, inventory objects are recorded at the purchase price. The cost of finished goods and of production in progress includes materials, labour force and related production costs. The storage and picking method is FIFO.

Inventories are recorded at the lowest value between the cost and net realizable value. The cost is generally determined on the basis of the weighted average cost. The cost of finished goods and work in progress includes materials, labor force and related production overheads. Where necessary, provisions are made for slow moving or defective inventories. The net realizable value is the normal selling price, except for costs of completion and selling expenses.

Taxation

The company records the current income tax based on the net profit in the Romanian financial statements, under Romanian law on income tax.

The differences between the International Accounting Standards and the Romanian Accounting and Taxation Principles do not lead to the emergence of differences between the accounting basis of certain assets and liabilities, namely income and expenses in connection with their tax basis.

Income recognition

Income from sales is recorded when the goods are delivered to the customer at an amount that does not include commercial rebates or discounts offered.

Turnover

Turnover, excluding VAT, represents the amounts invoiced to third parties.

Turnover totaling 440,852,011 lei, is obtained as a result of activity in the field: repair and maintenance of aircraft and spacecraft (NACE code 3032).

Cost of debt

Cost for interest on all loans are registered on expenses when they are made. Interest on loans obtained for financing of construction of fixed assets are capitalized only until commissioning. Future interests are registered on costs.

Pensions and other post retirement benefits

In the normal course of business, the Company makes payments to the Romanian state in its employees' account. All employees of the Company are included in the state pension system. The company does not operate any other pension scheme or post retirement benefits and, consequently, has no other obligations related to pensions. Furthermore, the Company is not required to provide additional benefits to employees.

Liabilities

Liabilities are recorded at nominal value.

In 2025, the Company established provisions for risks and expenses. Rate exchanges related to obligations were recorded under costs.

Provisions are recognized when the Company has a legal or implicit obligation arising from past events, when in order to settle the obligation an outflow of resources is necessary, encompassing economic benefits, and when a reliable estimate can be made regarding the value of the obligation.

Provisions

In 2025, the following provisions were established:

- ❖ **Tax deductible, amounting to 11,976,289, as follows:**
 - Provision for employees' participation to profit amounting to 4,700,000 lei;
 - Provision for the pension premium amounting to 359,964 lei;
 - Provision for anticipated expenses in the amount of 6,916,325 lei,

Also, provisions in the amount of 26,590,634 lei were canceled as follows:

- Provision for internal customer contracts, in the amount of 15,155,848 lei;
- Provision for employee profit participation in the amount of 3,265,912 lei;
- Provision for first retirement, in the amount of 1,093,761 lei;
- Provision for updating the unfinished production stock, in the amount of 158,788 lei;
- Provision for anticipated expenses in the amount of 6,916,325 lei,

Warranties

The company has no recorded definite liability for the repair and replacement of products under warranty at the balance sheet date.

7 SHARES AND BONDS

a) Shares

shareholding structure is as follows:

ACTIONARI SHAREHOLDERS	NUMBER OF SHARES 2024	HELD PERCENT ANGE	NUMBER OF SHARES 2025	HELD PERCENT ANGE
TOTAL OF SHARES	18,878,853	100%	18,878,853	100%
THE ROMANIAN STATE THROUGH THE MINISTRY OF ECONOMY, ENTREPRENEURSHIP AND TOURISM	12,250,488	64.89%	12,250,488	64.89%
LEGAL PERSONS	2,916,874	15.4505%	2,939,115	15.57%
NATURAL PERSONS	3,711,491	19.6595%	3,689,250	19.54%

All shares are ranked pari passu (have equal voting rights) and have a nominal value of 2.5 RON / share.

8 INFORMATION REGARDING EMPLOYEES, ADMINISTRATORS AND DIRECTORS

a) Remuneration of directors and administrators

	Fiscal year	Fiscal year
	2024	2025
SALARIES PAID TO DIRECTORS (RON)		
ANASTASOF LAURIAN	932,203	200,847
RASALIU MARIAN		461,628
TOTAL	932,203	662,475

BOARD OF DIRECTORS (RON)

	2024	2025
Horatiu Catalin BARBU	47,977	
Liviu COCOS	14,632	
Mihai Aurel DONTU	47,977	
Cristian MARISTEANU	14,632	
Ioan Lucian RUS	36,029	
Catalina PREDA	33,345	
Simona ONESCU	24,362	
Constantin ALEXIE-COTAN-BODOLAN	2,588	49,246
Cristina Gabriela DRAGOMIR	2,588	54,508
Alexandra Cristiana VASILE	2,588	54,508
Bogdan COSTAS	2,588	54,508
Tudor Alexandru DUȚU	2,588	54,508
TOTAL	231,894	267,278

b) Employees

In the fiscal year ended on the 31st December, 2025, the company had an average of 366 employees (in the fiscal year in 2024 = 372 employees).

In the normal course of business, the company makes payments to Romanian state institutions for the pensions of its employees. All employees of the company are members of the Romanian state pension plan. The company does not operate any other pension or post-retirement benefit plan and, therefore, has no other pension obligations. The company is not obliged to provide additional benefits to employees after retirement.

9 ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS**9.1. Liquidity indicators**

Denomination	Calculation formula	(A) year 2024	(B) year 2025	(B - A) Variation	Observations
Rapid ratio (acid test)	current assets- inventories current liabilities	6.03	4.72	-1.31	must be >1
Current ratio	current assets current liabilities	20,55	18.94	-1.61	must be ~ 2

9.2. Risk indicators**a) Gearing ratio**

Denomination	Calculation formula	(A) year 2024	(B) 2025	(B - A) Variation	Observations
Gearing ratio	$\frac{\text{total liabilities}}{\text{total assets}}$	1.64	0.43	-1.21	must be <35%
Leverage ratio	$\frac{\text{borrowed capital}}{\text{employed capital}}$	0%	0%	0%	must be <35%
Rata de acoperire a dobyazilor	$\frac{\text{gross profit} + \text{interest}}{\text{expenses}}$ interest expenses	28.46%	383.49%	355	must not be <2

9.3. Profitability indicators

Denomination	Calculation formula	(A) year 2024	(B) year 2025	(B - A) Variation	Observation
Profit ratio	$\frac{\text{net profit}}{\text{sales figure}}$	8.27	10.82	2.55	must be > de 1,8
Return on investment	$\frac{\text{net profit}}{\text{total assets}}$	3.90	6.87	2.97	must be more > 13%
Financial return	$\frac{\text{net profit}}{\text{total equity}}$	11.81	15.43	3.62	must be >5%

9.4. Activity indicators (management indicators)

Denomination	Calculation formula	(A) year 2024	(B) year 2025	(B - A) Variation	Observation
Inventory turnover ratio	$\frac{\text{sales figure}}{\text{inventories value}}$	0.78	1.03	0.25	inventory turnover ratio has increased
Number of storage days	$\frac{\text{average inventory} * 365}{\text{sales figure}}$	374.76	383.25	8.49	
Average cash collection of clients (IN DAYS)	$\frac{\text{clients}}{\text{daily sales}}$	78.79	34.52	-44.27	should be 30-45 days
Days payable outstanding	$\frac{\text{average balance supplier} * 365}{\text{goods purchases}}$	60.59	30.20	-30.39	
Use ratio of fixed assets	$\frac{\text{sales figure}}{\text{net value of fixed assets}}$	3.28	3.62	0.34	must be > than 1

9.5. Indicators regarding the result per share

Result per share

The result per share is calculated by dividing the net profit attributable to the shareholders by the average number of ordinary shares outstanding during the year, except for the shares repurchased by the Company during the year. There were no dilutive potential ordinary shares during the year

	2024	2025
Net profit attributable to Shareholders - lei	31,544,924	47,681,660
Weighed average ordinary shares outstanding during the year	18,278,853	18,278,853
Gross profit per share	1.7257 lei/ share	2.6086 lei / share

10 OTHER INFORMATION

a) Informații cu privire la prezentarea societății

- The Company is headquartered in Brasov, 34 Hermann Oberth Street, and is constituted as a joint stock company, being founded in Romania.
- The company's main activity is the construction and repair of aircraft.
- The shares issued by IAR SA were traded on the Bucharest Stock Exchange, the Equity Sector - Standard Class actions.

b) The method used to express in the national currency the assets, revenues and expenses which are outlined in a foreign currency

The company's transactions in foreign currencies are registered at the exchange rates from the transaction date. The gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and liabilities in foreign currencies, are recognized in the profit and loss account. Such balances are converted in lei at the exchange rates established at the end of the year, communicated by the National Bank of Romania.

c) Information on the income tax

Note: The reconciliation of the fiscal year result and the fiscal result, as shown in the tax declaration.

	31.12.2025
1. Gross accounting profit according to declaration 101	47,681,660
2. Legal reserves	0
3. Non-taxable income	27,817,500
3.1 Other deductions	3,722,242
4. Tax non-deductible expenses	21,018,198
5 Income taxable before the tax loss	0
6. Prior tax loss	0
7. Tax loss (5-4)	0
8. Taxable profit	37,160,116

d) Fees paid to auditors

The company signed audit contracts worth 67,190 lei in 2025, as follows:

- Contract No. 191/ 11.01.2019 and AA No. 1/20.12.2022 in the amount of 13,500 EUR

e) THERE ARE NO PLEDGED/MORTGAGED FIXED ASSETS IN 2025

11 CASA ȘI CONTURI LA BANCI (RON)

	31 Dec.2024	31 Dec.2025
Bank deposits in lei	4,758,240	1,371,071
Bank deposits in foreign currency	246,797	995,445
Other values	27,387	25,106
Cash in lei	44	0
Cash in foreign currency		
Other short-term financial investments	14,827,812	58,356,913
Interests receivable	151,398	9,698
TOTAL	20,011,678	60,758,233

In order to present the cash flow statements, the cash and the cash equivalents comprise the following elements (RON):

	31 Dec.2024	31 Dec.2025
Cash, bank accounts, other values	5,032,468	2,391,622
Interests receivable	151,398	9,698
Other short-term financial investments	14,827,812	58,356,913
TOTAL	20,011,678	60,758,233

12 TRADE RECEIVABLES (RON)

	2024	2025
External trade receivables	808,135	20,252
Internal trade receivables	81,568,309	980,453
Advances to internal suppliers	37,710,512	21,268,657
Advances to external suppliers	36,166,164	53,856,075
Deposit for the SGB real estate receivable	14,288,674	25,800
Provisions for doubtful customers	-187,184	-187,184
T O T A L:	170,354,610	75,964,052

13 OTHER RECEIVABLES (RON)

	2024	2025
Personnel receivables	0	1,527
VAT to be recovered	4,178,868	615,563
Other taxes (excise and customs duties + CCI)	867,984	971,678
Various debtors	102,892	104,426
Income tax	7,792,788	4,113,149
Receivable interest	151,398	9,698
Settlements from operations under clarification	0	143,663
Other receivables – VAT not due	872	1,917
TOTAL:	13,094,799	5,961,621

14 A. TRADE PAYABLES (RON)

	2024	2025
Suppliers, of which	25,280,068	18,713,223
Internal	7,985,794	3,526,076
External	17,294,274	15,187,147
Fixed assets suppliers, of which	342,768	154,478
Internal	342,768	154,478
External	0	
Advance payments from customers	399,160,371	266,358,253
T O T A L:	424,783,207	285,225,954

B. OTHER PAYABLES. INCLUDING FISCAL PAYABLES AND SOCIAL SECURITY PAYABLES (RON)

	2024	2025
State budget, TOTAL, of which:	553,592	549,471
- Tax on salaries and other incomes	553,592	549,471
-Income tax	0	0
- TVA de plata	0	0
Social Security Budget	3,108,973	2,912,919
Social security, health insurance, social insurance, labor insurance and non-employment of disabled people	3,108,973	2,912,919
VAT not due		246
Various creditors	4,349,287	4,357,808
Payables related to personnel	1,475,671	1,189,308
Dividends	2,888,476	2,977,043
Other debts, operational leasing	0	0
T O T A L:	12,375,999	11,986,795

C. AMOUNTS DUE TO SHORT-TERM CREDIT INSTITUTIONS (RON)= 0 LEI

15. INCOME TAX

The Company recorded income tax payable for the year ended in the amount of 4,741,330 lei. The gross accounting profit was adjusted according to tax principles, determining the taxable profit. The differences applied in the preparation of these financial statements between the regulations issued by the Romanian Ministry of Finance and the accounting rules do not give rise to significant differences between the accounting value of certain assets and liabilities on the one hand, and their value, established for tax purposes, on the other hand,

16. EXPENSES WITH PERSONNEL (RON)

	2024	2025
Salaries and indemnities	70,553,377	76,517,185
Expenses with social security and other personnel expenses	3,204,939	3,245,435
Total	73,758,316	79,762,620

The average number of employees during the year was as follows:

TOTAL **366**

17. INTEREST EXPENSES AND OTHER SIMILAR EXPENSES (RON)

	2024	2025
Losses from foreign exchange differences	2,049,977	3,956,594
Interests	1,296,898	137,059
Expenditure on discounts granted	0	0
Other financial expenses	0	0
financial leasing	0	0
TOTAL	3,346,875	4,093,653

18. CHANGES IN CURRENT ASSETS ELEMENTS (RON)

	<u>31 decembrie 2024</u>	<u>31 decembrie 2025</u>
Receivables	183,449,409	81,925,673
Inventories	489,235,862	430,362,613
Trade payables and other payables(-)	(33,687,567)	(30,257,338)
TOTAL	638,996,707	482,030,948

19. FINANCIAL RISKS

(i) Market risk

The assets and monetary payables expressed in lei are analysed below:

	<u>31 decembrie 2024</u>	<u>31 decembrie 2025</u>
Asset	(RON)	(RON)
Monetary assets in lei	19,764,881	59,727,984
Monetary assets in foreign currency	246,797	995,445

(ii) Interest rate risk

The interest rate risk means the risk that the value of a financial instrument will fluctuate due to variations of interest rates on the market,

The company did not sign foreign currency loan agreements at variable interest rates,

(iii) Credit risk

The credit risk means the risk that one of the parties who participate to a financial instrument shall fail to fulfill an obligation, which will cause the other party to record a financial loss, In the given situation the management of the company argues that there may not be situations with significant influence,

(iv) Liquidity risk

The company's policy concerning liquidity is to maintain sufficient liquidity so that it can pay its obligations on maturities' dates, The assets and liabilities are analyzed according to the period remaining until the contractual maturities,

(v) Fair values

The accounting amounts of financial assets and liabilities with maturity under one year approximates their fair value, On 31 December 2025, the fair value of short-term debts, estimated by updating future cash flows with current interest rate for similar instruments on the market, does not differ significantly, according Company's management, from the value to which these financial instruments are registered,

20. CONTINGENT LIABILITIES

Litigations and other disputes

On the date of the balance sheet, various legal actions, proceedings and investigations were open against the company, Based on the professional advice received from the legal advisors of the Company, the Company's management believes that the Company is unlikely to register any significant material obligation, arising from legal proceedings against the Company,

Onerous contracts,

The company had no concluded onerous contracts on December 31, 2025,

Other aspects concerning the contingent liabilities

Environmental regulations are under development in Romania, and the Company has not registered any obligations as of December 31, 2025 for any anticipated costs, including legal and consulting fees, site studies, design and implementation of remedial plans, regarding environmental elements, The Company's management does not consider the expenses associated with possible environmental problems as being significant,

GENERAL MANAGER
Marian-Iulian RASALIU

ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU

I. Data on Result	Row No.	No. of units	Amounts (RON)	
A	B	1	2	
Units with profit	01	1	47,681,660	
Units with loss	02			
		Col total 2+3	Out of which	
II. Data on outstanding payments	Nr, rând		For the current activity	For investments
A	B	1	2	3
Outstanding payments- total (row 04+08+14 to 18 +22), out of which:	03	0	0	
Outstanding suppliers – total (row 05 to 07) out of which:	04	0		
- over 30 days	05	0		
- over 90 days	06	0		
- over 1 year	07	0		
Outstanding liabilities to the social security budget – total (row 09 o 13) out of which	08	0		
- Contributions to state social security due by employers, employees and other related persons	09	0		
- contributions to the health fund	10	0		
- contributions to the supplementary pension fund	11	0		
- contributions to the unemployment fund	12	0		
- other social liabilities	13	0		
Outstanding liabilities to special funds budget	14	0		
outstanding liabilities to other creditors	15	0		
outstanding taxes to the state busget not paid at due term	16	0		
outstanding taxes to the local budget not paid at due term	17	0		
bank loans not repaid at due time – total (row 19 to 21) out of which	18	0		
- outstanding above 30 days	19	0		
- outstanding above 90 days	20	0		
- outstanding above 1 year	21	0		
Outstanding interests	22	0		

I. Average number of employees		Previous year	Current year
A	B	1	2
Average number of employees	01	372	366
Actual number of employees at the end of the fiscal year, namely on 31 December	02	377	361

**GENERAL MANAGER,
Marian-Iulian RASALIU**

**ECONOMIC AND COMMERCIAL DIRECTOR
Ion DUMITRESCU**

Data on intangible assets	Gross values (RON)					
	Row No,	Opening balance	Increases	Decreases		Final balance
Total				Out of which decommissioning	(col,5 = 1+2-3)	
A	B	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)
Intangible assets						
Set up and development expenses	01					
Other intangibles	02	2,388,506	117,156			2,505,662
Advances for intangible assets in progress	03					
TOTAL (rd, 01 la 03)	04	2,388,506	117,156			2,505,662
Tangible assets						
Land	05	27,660,386				27,660,386
Buildings	06	44,065,419	23,950			44,089,369
Technical equipment and machinery	07	24,950,221	5,666,267			30,616,488
Other equipment and furniture	08	945,337	138,043			1,083,380
Tangible assets in progress	09	46,646,977	14,857,188	6,654,340		54,849,825
Advances for intangible assets	10	3,710,009	-3,710,009			0
TOTAL (rd, 05 la 10)	11	147,978,349	16,975,439	6,654,340		158,299,448
Rights to use the leased assets	12	0				
Long term financial investments	13	5,428,997				5,428,997
NON-CURRENT ASSETS (row, 04+11+12+13)	14	155,795,852	17,092,595	6,654,340		166,234,107

Depreciations

(RON)

Fixed assets	Row No.	Opening balance	Depreciation and provisions during the year	Depreciation corresponding to fixed assets written off, adjustments charged to income	Amortizare la sfârșitul anului (column 9=6+7-8)
A	B	6 (1)	7 (2)	8 (3)	9 (4)
Intangible assets					
Set up and development expenses	15				
Other intangibles	16	2,370,401	7,829		2,378,230
TOTAL (RD, 15+16)	17	2,370,401	7,829		2,378,230
Tangible assets					
Land	18				
Buildings	19	20,667,945	1,628,432		22,296,377
Technical equipment and machinery	20	16,714,234	2,305,831		19,020,065
Other equipment and furniture	21	716,300	50,526		766,826
TOTAL (row 18 la 21)	22	38,098,479	3,984,789		42,083,268
Rights to use the leased assets	23	0			
DEPRECIATIONS - TOTAL (row 17+22+23)	24	40,468,880	3,992,618		44,461,498

**GENERAL MANAGER,
Marian-Iulian RASALIU**

**ECONOMIC AND COMMERCIAL DIRECTOR,
Ion DUMITRESCU**

STATEMENT

The undersigned Marian-Iulian RASALIU – General Manager of IAR S.A. having delegated the duties of General Manager of the Company, declare on my own responsibility, under the sanction provided for by art. 326 of the Criminal Code, regarding false statements, that I assume responsibility for the preparation of the financial statements and confirm that, to the best of my knowledge:

- the annual financial and accounting statement 2025 was prepared in accordance with OMF 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards (IFRS).
- the financial and accounting statement as of 31.12.2025 provides a correct and true picture of the assets, liabilities, financial position, profit and loss account, financial performance and other information regarding the activity carried out by IAR S.A., with headquarters in the city, Ghimbav, str. Hermann Oberth, no. 34, county, Braşov, registered at the Braşov Trade Register Office under no. J1991000004086, C.U.I. – 1132930, fiscal attribute R,
- the 2025 annual report, prepared in accordance with OMF 2844/2016 and ASF Regulation no. 5/2018, correctly and completely presents the information about the Company IAR SA.

Marian-Iulian RASALIU

.....,

GENERAL MANAGER

STATEMENT

The undersigned **Ion DUMITRESCU – Economic and Commercial Director of IAR S.A.**, declare on my own responsibility, under the penalty provided for by art. 326 of the Criminal Code, regarding false statements, that I assume responsibility for the preparation of the financial statements and confirm that:

- the annual financial and accounting statement 2025 was prepared in accordance with OMF 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards (IFRS).
- the financial and accounting statement as of 31.12.2025 provides a correct and true picture of the assets, liabilities, financial position, profit and loss account, financial performance and other information regarding the activity carried out by IAR S.A., with headquarters in Ghimbav, Hermann Oberth Street, No. 34, Brasov County, registered with the Brasov Trade Register Office under no. J1991000004086, C.U.I. – 1132930, fiscal attribute R.
- the annual report 2025, prepared in accordance with OMF 2844/2016 and ASF Regulation no. 5/2018, correctly and completely presents the information about the Company IAR SA.

Ion DUMITRESCU

.....,

ECONOMIC AND COMMERCIAL DIRECTOR

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Shareholders of S.C. I.A.R. S.A. BRAȘOV

Opinion

We have audited the financial statements of the company I.A.R. S.A. Brasov (the "Company"), headquartered in 34, Hermann Oberth Street, Sole Identification Code RO1123930, for the financial year closed on 31st December. 2025 and the status of the global result, the status of company capitals changes and the status of the treasury flows corresponding to the financial year closed on the afore-mentioned date, and the notes to the financial statements, including a summary of the significant accounting policies set up in accordance with the Public Finance Ministry Order No. 2844 / 2016 on the approval of accounting regulations compliant with the International Financial Regulations Standards (IFRS) with subsequent modifications and supplements, provided by entry 1,1 in Annex 3 to the MoF Order No. 2036/2025.

The financial statements herein referred to concern:

-Total assets	= 694,903,585 lei
-Total equity	= 309,193,459 lei
-Financial year result-profit	= 47,681,660 lei

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company on December 31. 2025, its financial performance and treasury cash flows for the year ended on the mentioned date in accordance with the MF Ordinance no. 2844/2016 on the approval of the accounting regulations as per the International Financial Reporting Standards (IFRS).

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA").

EU Regulation no, 537 of the European Parliament and Board (hereinafter named "The Regulation") and Law no, 162 / 2017 on the statutory audit of the financial statements and of the consolidated yearly financial statements.

Our responsibility based on these standards are explained in detail in the section *The Auditor's Responsibilities in Auditing the Financial Statements* in our report.

We are independent of the company, according to the *Code of Ethics for Professional Accountants (the IESBA Code)* issued by the Board for International Standards of Ethics for Accountants in conjunction with the relevant ethical requirements to the audit of financial statements in Romania and we met all other ethical responsibility, in compliance with these requirements and the IESBA Code.

We believe that the audit evidence that we have obtained are sufficient and appropriate to provide a basis for our opinion.

The key aspects of the audit

The key aspects of the audit are those issues that, in our professional reasoning, had the greatest importance to audit the financial statements of the current period. These issues were addressed in the context of the overall financial statement audit and in forming our opinion on them and we do not provide a separate opinion on these aspects.

Revenue recognition

Risk: due to the nature of the company activity, production of long-term qualifying assets manufacturing, there is a risk that the income be acquired on delivery and not pro rata with its implementation as stipulated in IAS 11 - long-term contracts.

Our response: We have identified and tested the verifications that appear on customers-incomes financial flows and found that they are operational and present no deviations. We made additional detailed tests to ensure that the revenue is recognized in the correct financial period in accordance with the IFRSs.

Our audit procedures to address the risk of significant material misstatement related to the revenue recognition, which was considered a significant risk included:

- tests of verifications, the delivery terms, the sales prices of its production;
- comparing these data on terms and prices with contracts
- a detailed analysis of the income and its recognition period based on shipping documents and expected results of our knowledge related to the branch of activity following the movements and comparing them with our expectations.

Provisions for risks and charges

Risk: Due to the specific sales activity dependent on a small number of customers and to the long-term contractual agreements there are risks independent of the activity itself of the Company to delay or cancel orders.

Our response: During the he audit, we addressed the adequacy and recognition in the selected period of the costs and provisions in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and found that the assumptions and criteria used by the management to determine the provisions for risks and charges recognized in the financial statements are adequate.

We have identified the criteria for recognition as detailed in the calculation of the Company's management regarding future risks in the performance of contracts concluded during the audited period. The recognition criteria are logical and prudent approaches of the company's management on the risks inherent in the conditions of an economy insufficiently stabilized and taking into account possible changes in the implementation of the budget in future years.

The components audit team performed extensive audit procedures regarding the recognition and measurement of provisions for risk related to the respective components.

The audit team identified the completeness and accuracy of provisions for risks and charges as a significant risk in the audit, reviewed the audit procedures performed by teams on the components and discussed with the company management on the criteria for recognition.

Assessment of the production in progress

Risk: due to the nature of the company activity, the production of long-term qualifying assets manufacturing, there is a risk to over or undervalue and the reporting of the production in progress influence the current financial result of the company's activity and thus its business continuity.

Our response: During the audit, we approached the recognition in the selected period of the achieving production costs and checked the criteria used by the management to evaluate and recognize it in its financial statements (IAS -2) noting that they were appropriate.

We checked the criteria for recognition as detailed in the calculus on production orders in progress, by the company management, we reviewed the procedures and found that they may not have significant deviations. The assessment of the production in progress was carried out at the cost of production, which is lower than the net achievable value under normal conditions of operation of the company.

Other information – The Board of Directors' Report

The members of the Board of Directors are responsible for preparing and presenting other information, The respective other information contain also the Board of Directors' Report but they do not contain the financial statements and the auditor's report with regard to the former and nor do they contain the non-financial statement, as the latter is presented separately.

Our opinion with regard to the financial statements does not cover such other information and, except for the case when it is mentioned explicitly in our report, we do not formulate any conclusion ensuring such information.

In the audit of financial statements for the year ended December 31. 2025, our responsibility is to read the respective information and, in doing so, to assess whether the respective information is significantly divergent from the financial statements or from the information we acquired during the audit, or whether they seem to be significantly flawed.

With regard to the Board of Directors' Report, we have read and report if this was set up in all its significant aspects, as per the Ministry of Finances Ordinance no. 2844/2016, paragraphs 15-18 of the Accounting Regulations compliant with the International Financial Reporting Standards (IFRS).

Based on the work carried out, during the auditing of the financial statements, we report that:

- a) the information presented in the Board of Directors' Report for the year the financial statements have been made for are in compliance with the financial statements in all its significant aspects;
- b) the Board of Directors' Report was set up, in all material respects, as per the MF Ordinance no. 2844/2016, paragraphs 15-18 of the Accounting Regulations on annual financial statements in accordance with International Financial Reporting Standards (IFRS).

In addition, based on our knowledge and understanding with regard to the Company and its environment, acquired during the audit of financial statements for the year ended on December 31, 2025, we have not identified significant distortions in the Board of Directors' Report. There is nothing for us to report on this matter.

The responsibilities of management and of the people in charge with the governance of the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs and for such internal verification that the management deems necessary to enable the preparation of the financial statements free of significant material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the company's ability to continue its operation, showing, if the case, aspects of business continuity and using the accounts based on continuing the activity, unless the management either intends to liquidate the company or to downsize its operations, or has no realistic alternative beyond.

The people in charge with governance are responsible for reviewing the Company's financial reporting process.

The auditor's responsibilities in an audit of financial statements

Our goals are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISAs will always detect a significant material misstatement, if any. Distortions can be caused either by fraud or error and are considered significant if it can be expected, reasonably, that they, individually or in aggregate, will influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exert the professional judgment and maintain the professional skepticism throughout the audit, Also:

We identify and assess risks of significant material misstatement of the financial statements, due either to fraud or error, and execute audit procedures in response to such risks and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The non-detection risk of that a significant material misstatement due to fraud is higher than the non-detection of a significant material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations and avoiding internal control.

- We understand the internal control relevant to the audit, in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- We draw a conclusion on the appropriateness of the use by the management of the accounting on a going concern basis and determine, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that may cast significant doubt on the ability of company to continue in operation. If we conclude that there is a significant uncertainty, we must note in the auditor's report the presentations related to the financial statements or, if these disclosures are inadequate, to change our opinion. Our conclusions are based on the audit evidence

obtained until the auditor's report date, However, future events or conditions may cause the Company to no longer operate under the going concern principle.

- We assess the presentation, structure and general content of the financial statements, including disclosures, and whether the financial statements reflect main transactions and events in a manner that achieves a fair presentation.
- We communicate to the people responsible for governance, among other things, the planned scope and timing of the audit and the main audit findings, including any significant deficiencies in the internal control that we identified during the audit.
- We also provide the people responsible for governance a statement that we complied with the ethical requirements relevant to independence and that we communicated all relationships and other matters which might be assumed, reasonably, to affect our independence and, where appropriate, the related safety measures.
- The matters communicated between us and those charged with governance determine which are the most important aspects to audit the financial statements of the current period and are therefore key audit issues. We describe these issues in the auditor's report, unless laws or regulations prohibit public disclosure of their appearance or where, in extremely rare circumstances, we determine that they should not be communicated in our report as envisaged reasonably that the public interest overcome the negative consequences of this communication,

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders on 16th December 2022 to audit the financial statements of IAR S.A, BRASOV, The uninterrupted total duration of our commitment is 4 years, covering the financial years ended December 31. 2022 – 2025.

We confirm that:

In conducting our audit, we have maintained our independence from the audited entity,

We have not provided the Company with the forbidden non-audit services referred to in Article 5 para, (1) of the EU Regulation No.537 / 2014.

Report on compliance with the Delegated Regulation (EU) 2018/815 of the Commission (Regulatory Technical Standard on the European Single Electronic Reporting Format or ESEF)

We carried out a reasonable assurance mission on compliance with the Delegated Regulation (EU) 2018/815 of the Commission applicable to the financial statements included in the annual financial report of IAR S.A. BRASOV (the Company) as presented in the digital files.

The responsibility of the management and persons responsible for governance for the Digital Files prepared in accordance with ESEF

The management of the Company is responsible for the preparation of the Digital Files in accordance with the ESEF, This responsibility includes:

- designing, implementing and maintaining relevant internal control for the application of ESEF;
- ensuring compliance between the Digital Files and the financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.

Those in charge with governance are responsible for overseeing the preparation of Digital Files in accordance with the ESEF.

The Auditor's Responsibility for Auditing Digital Files

We have the responsibility to express a conclusion on the extent to which the financial statements included in the annual financial report are in accordance with the ESEF, in all material respects, based on the evidence obtained.

Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF, The nature, timing, and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the provisions of the ESEF, whether due to fraud or error.

A reasonable assurance engagement includes:

- obtaining an understanding of the Digital File preparation process in accordance with ESEF, including the relevant internal controls;
- reconciliation of the Digital Files with the Company's audited financial statements that will be published in accordance with Order no. 2844/2016 with subsequent amendments.
- evaluating whether all financial statements that are included in the yearly financial report are drawn up in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion, In our opinion, the financial statements for the financial year ended 31 December 2025 included in the annual financial report and presented in the Digital Files comply, in all material respects, with the requirements of the ESEF.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on the financial statements. Our audit opinion on the financial statements of the Company for the financial year ended 31 December 2025 is included in the Report on financial statements section above.

Brasov 12.03.2026

On behalf of the auditing company:

MACAVEIU CONSULT SRL located in BRASOV, 66, Grivitei Street, Block of flats 4, ap,1,
Registered with the Auditing Companies' Electronic Public Registry under no. 211/2001.

Ioan Macaveiu

Financial Auditor

Registered with the Financial Auditors' Electronic Public Registry under no. 276/2001.