



**2025**

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025**

**PREPARED IN ACCORDANCE WITH  
MINISTER OF FINANCE ORDER NO. 2844/2016,  
FOR THE APPROVAL OF ACCOUNTING REGULATIONS IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS,  
with subsequent amendments and clarifications**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025**  
*(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)*

	<u>Note</u>	<u>December 31, 2025</u> <i>RON</i>	<u>December 31, 2024</u> <i>RON</i>
Revenues from contracts with clients	4	133,019,734	139,985,852
Changes in inventories of finished goods and work in progress		5,975,697	21,936,210
Raw materials, consumables and utilities	5	(40,423,006)	(48,692,696)
Employee benefits and salaries	6	(66,047,749)	(63,132,796)
Depreciation and amortization expenses	11, 12	(13,127,448)	(11,719,922)
Other operating expenses	7	(11,453,957)	(11,619,499)
Other operating income	7	1,501,103	1,101,953
Financial expenses	8	(3,964,721)	(3,521,397)
Finance income	8	1,112,674	1,085,866
Other gains and losses, net	9	(2,436,601)	(4,638,655)
<b>Profit before taxation</b>		<u><b>4,155,726</b></u>	<u><b>20,784,916</b></u>
Income tax	10	(1,256,305)	(4,626,285)
<b>Profit for the year</b>		<u><b>2,899,421</b></u>	<u><b>16,158,631</b></u>
<b>Other comprehensive income, net of taxation:</b>			
Actuarial gain/ (loss) on defined benefits plan, net of tax	22	(45,098)	(700,030)
<b>Other comprehensive income for the year</b>		<u><b>(45,098)</b></u>	<u><b>(700,030)</b></u>
<b>Total comprehensive income</b>		<u><u><b>2,854,323</b></u></u>	<u><u><b>15,458,601</b></u></u>
<b>Result per share:</b> (RON / share)	27	0.0078	0.0437

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2026.

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**CLAUDIA ANGHEL,**  
Economic & Commercial Director

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**GHEORGHE MAN,**  
Board of Directors

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025**  
**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025**  
*(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)*

	Note	December 31, 2025 RON	December 31, 2024 RON
<b>ASSETS</b>			
<b>Long-term assets:</b>			
Property, plant and equipment	11	90,075,723	92,747,057
Intangible assets	12	729,893	1,358,776
Other assets		6,000	6,000
<b>Total long-term assets</b>		<b>90,811,616</b>	<b>94,111,833</b>
<b>Current assets:</b>			
Inventories	13	89,952,104	99,918,514
Trade receivables	15	11,777,263	11,732,347
Contract assets	14	27,676,559	22,903,501
Other receivables	16	1,545,631	1,274,625
Other current assets*	17	815,879	2,898,353
Term deposits	18	-	22,000,000
Cash and cash equivalents	18	9,469,144	3,451,958
<b>Total current assets</b>		<b>141,236,580</b>	<b>164,179,298</b>
<b>Total assets</b>		<b>232,048,196</b>	<b>258,291,131</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves:</b>			
Issued capital	19	36,944,248	36,944,248
Reserves	20	83,013,954	83,652,595
Retained earnings		26,373,374	32,479,818
Losses related to the free disposal of equity instruments		-	(599,408)
<b>Total equity</b>		<b>146,331,576</b>	<b>152,477,253</b>
<b>Long-term liabilities:</b>			
Loans and lease liabilities	21	16,762,300	9,921,058
Deferred tax liabilities	10	4,162,394	4,900,287
Provisions	22	910,430	856,666
Other financial liabilities	21	-	4,371,367
<b>Total long-term liabilities</b>		<b>21,835,124</b>	<b>20,049,378</b>
<b>Current liabilities:</b>			
Trade and other liabilities	23	3,512,305	7,568,121
Contract liabilities	14	17,834,040	31,209,570
Loans and lease liabilities	21	28,537,276	31,930,103
Current income tax		752,719	1,369,210
Provisions	22	5,142,512	4,502,845
Other current liabilities	24	8,102,644	9,184,651
<b>Total current liabilities</b>		<b>63,881,496</b>	<b>85,764,500</b>
<b>Total liabilities</b>		<b>85,716,620</b>	<b>105,813,878</b>
<b>Total equity and liabilities</b>		<b>232,048,196</b>	<b>258,291,131</b>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2026.

**CLAUDIA ANGHEL,**  
Economic & Commercial Director

**GHEORGHE MAN,**  
Board of Directors

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025**  
*(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)*

	Note	December 31, 2025	December 31, 2024
		<i>RON</i>	<i>RON</i>
<b>Cash flow from operations:</b>			
<b>Net profit of the year</b>		<b>2,899,421</b>	<b>16,158,631</b>
<i>Adjustments for:</i>			
Income tax	10	1,256,305	4,626,285
Depreciation and amortization expenses	11, 12	13,124,609	11,719,975
Charge/(Reversal) of provision for receivables	15	7,674	(139,963)
Charge of provision for inventories and onerous contracts	13	1,954,772	3,972,366
Movements in other provisions	22	639,743	(80,127)
(Net (gain)/loss on the disposal of tangible assets	11, 12	(7,575)	1,105,235
Financial expenses	8	3,964,721	3,521,397
Financial income	8	(1,112,674)	(1,085,866)
Net gains / loss from exchange rate differences		154,100	151,797
<b>Changes in working capital:</b>		<b>22,881,096</b>	<b>39,949,730</b>
(Increase) / decrease in trade and other receivables		1,758,878	19,022,196
(Increase) / decrease in contract assets		(4,773,058)	(11,206,394)
Increase / (decrease) in contract liabilities		(13,375,528)	(1,486,169)
(Increase)/ decrease of inventories		8,011,638	(23,140,575)
Increase / (Decrease) in trade and other liabilities		(4,890,963)	(3,757,994)
<b>Net cash generated from operating activities</b>		<b>9,612,063</b>	<b>19,380,794</b>
Income tax paid		(2,602,098)	(5,912,246)
Interest received		1,112,674	1,085,865
Interest paid	26	(3,735,937)	(3,140,906)
<b>Net cash generated from operating activities</b>		<b>4,386,702</b>	<b>11,413,507</b>
<b>Cash flows from investment activities</b>			
Purchase of tangible assets, including advances for tangible assets		(5,702,324)	(3,265,026)
Purchase of intangible assets		(1,147,072)	(1,230,892)
Revenues from the sale of tangible assets		191,138	
Variation in term deposits		22,000,000	(4,000,000)
<b>Generated net cash generated from/ (used in) investment activities</b>		<b>15,341,742</b>	<b>(8,495,918)</b>
<b>Net cash from financing activities:</b>			
Net movement of borrowings	26	50,376	9,084,661
Payments related to lease obligations	26	(4,616,604)	(4,222,846)
Collections from other financial institutions	26	-	3,283,896
Dividends paid	26	(9,145,030)	(8,394,256)
<b>Net cash generated from / (used in) financing activities</b>		<b>(13,711,258)</b>	<b>(248,545)</b>
<b>Net increase / (decrease) of cash and cash equivalents</b>		<b>6,017,186</b>	<b>2,669,044</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18</b>	<b>3,451,958</b>	<b>782,914</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18</b>	<b>9,469,144</b>	<b>3,451,958</b>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2026.

**CLAUDIA ANGHEL,**  
**Economic & Commercial Director**

**GHEORGHE MAN,**  
**Board of Directors**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025**  
*(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated*

	<u>Share capital</u>	<u>Reserves</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Losses related to the free disposal of equity instruments</u>	<u>Total</u>
<b>Balance on January 1, 2025</b>	<b>36,944,248</b>	<b>21,483,811</b>	<b>62,168,784</b>	<b>32,479,818</b>	<b>(599,408)</b>	<b>152,477,253</b>
Profit of the year	-	-	-	2,899,421	-	2,899,421
<b>Other comprehensive income:</b>						
Actuarial loss related to the determined benefits plan, net of deferred tax (Note 22)	-	-	-	(45,098)	-	(45,098)
Total Other comprehensive income, net of tax	-	-	-	(45,098)	-	(45,098)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,854,323</b>	<b>-</b>	<b>2,854,323</b>
Dividend distribution in year (Note 27)	-	-	-	(9,000,000)	-	(9,000,000)
Covering losses from the disposal free of charge of own equity instruments	-	-	-	(599,408)	599,408	-
Realized revaluation reserves	-	-	(638,641)	638,641	-	-
<b>Balance on December 31, 2025</b>	<b>36,944,248</b>	<b>21,483,811</b>	<b>61,530,143</b>	<b>26,373,374</b>	<b>-</b>	<b>146,331,576</b>

	<u>Share capital</u>	<u>Reserves</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Losses related to the free disposal of equity instruments</u>	<u>Total</u>
<b>Balance on January 1, 2024</b>	<b>36,944,248</b>	<b>21,483,811</b>	<b>67,118,186</b>	<b>21,071,816</b>	<b>(599,408)</b>	<b>146,018,653</b>
Profit of the year	-	-	-	16,158,631	-	16,158,631
<b>Other comprehensive income:</b>						
Actuarial loss related to the determined benefits plan, net of deferred tax (Note 22)	-	-	-	(700,030)	-	(700,030)
Total Other comprehensive income, net of tax	-	-	-	(700,030)	-	(700,030)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,458,601</b>	<b>-</b>	<b>16,158,631</b>
Dividend distribution in year (Note 27)	-	-	-	(9,000,000)	-	(9,000,000)
Realized revaluation reserves	-	-	(4,949,400)	4,949,400	-	-
<b>Balance on December 31, 2024</b>	<b>36,944,248</b>	<b>21,483,811</b>	<b>62,168,784</b>	<b>32,479,818</b>	<b>(599,408)</b>	<b>152,477,253</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2026.

**CLAUDIA ANGHEL,**  
Economic & Commercial Director

**GHEORGHE MAN,**  
Board of Directors

## 1. GENERAL INFORMATION

TURBOMECHANICA SA ("Turbomecanica" or the "Company") is a joint-stock company, incorporated in 1975, with the main activity the manufacturing of engines, mechanical assemblies and equipment for aircraft. It is a privately owned company whose shares are listed on the Bucharest Stock Exchange.

The main shareholders as of December 31, 2025 are as follows:

- Viehmann Radu - shareholding of 25.92%
- Ciorapciu Dana Maria – shareholding of 15.16%
- Romanian State through the Authority for the Administration of State Assets - 150 shares, shareholding of 0.00004%
- Other shareholders – shareholding of 58.92%.

The evolution of the Company is as follows: 1975 – 1977 – Fabrica de motoare Bucuresti; 1978 - 1990 – Intreprinderea Turbomecanica Bucuresti; from 20.11.1990, through GD no. 1213, the joint stock company "Societatea Comerciala Turbomecanica SA" was incorporated. After 1991, Turbomecanica SA split into two trading companies: Aeroteh SA and Micron-Turboteh SA.

The company has the following revenue streams:

- MRO services for engines and mechanical assemblies for aircrafts and helicopters.** The main products serviced by the Company are: Turbo engines, Viper engines, modernization of Puma helicopters, spare parts for Viper, and Turbo engines, spare parts and engines for Rolls-Royce. Turbomecanica is the only producer and approved MRO service provider of gas turbine engines and mechanical assemblies for aircrafts on the Romanian market.
- Revenues from the manufacturing of components for engines (civil/military aviation)** – the entity produces components under the licenses mentioned above either for sale or for use in maintenance activities. It also manufactures, based on technical documentation received from clients, components for various engines/mechanical assemblies or for the energy sector.
- Income from the sale of materials** - the sale of materials that the Company has in stock.

For more details on revenue recognition policies, see **Note 3**.

The main clients of the Company on the domestic market are – the Ministry of Defense and IAR Brasov, but the Company also has transactions with clients located in Europe.

The average number of employees is as follows:

	<u>2025</u>	<u>2024</u>
Average number of employees	445	475

## **2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### **2.1 Changes in accounting policies and adoption of revised/amended IFRS accounting standards**

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS accounting standard which has been adopted by the Company as of January 1, 2025:

- **IAS 21** – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The newly adopted IFRS accounting standard did not have a material impact on the Company's accounting policies.

### **2.2 Standards issued, but not yet effective and not early adopted**

**The standards/amendments that are not yet effective, but have been endorsed by the European Union:**

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**. In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**. In December 2024, the IASB issued targeted amendments for a better disclosure of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Management has assessed that these amendments will not have a material impact.
- **Annual Improvements to IFRS Accounting Standards – Volume 11**. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall adopt these amendments for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted. Management has assessed that these amendments will not have a material impact.
- **IFRS 18 Presentation and Disclosure in Financial Statements (issued on April 9, 2024)**. The standard will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 was issued to improve reporting of financial performance and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes. IFRS 18 will replace IAS 1 with many of the other existing principles in IAS 1 being retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss. In addition, there are consequential amendments to other accounting standards. Management expects that the adoption of IFRS 18 will have an impact on the financial statements, mainly in the form of improved disclosures and revised presentation formats. Although the overall financial position and operating results will not change, the increased level of detail and transparency will provide users with more comprehensive and useful information.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted.

## **2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

The standards/amendments that are not yet effective and have not yet been endorsed by the European Union:

**IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).** In May 2024, the IASB issued the IFRS 19 Subsidiaries without Public Accountability: Disclosures, which becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact on the Company's financial statements.

**IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).** In November 2025, the IASB issued amendments regarding the translation to a hyperinflationary presentation currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management has assessed that these amendments will not have a material impact on the Company's financial statements.

**Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures:** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015, the IASB postponed indefinitely the effective date of this amendment pending the outcome of its research project on the equity method of accounting.

## **3. MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in preparing these financial statements are presented below. These policies have been applied consistently throughout all the years disclosed, unless otherwise presented.

### ***Statement of compliance***

The individual financial statements have been prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, with the subsequent modifications and clarifications.

Minister of Finance no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS accounting standards) adopted by the European Union, with the exception of IAS 21 The effects of the variation of exchange rates regarding the functional currency, the provisions of IAS 20 Accounting for government subsidies regarding to the recognition of revenues from green certificates, with the exception of IFRS 15 Revenues from contracts with customers regarding revenues from connection fees to the distribution network and except for IAS 12 Income Taxes regarding the treatment of the minimum turnover tax as an income tax expense.

These exceptions have no impact on the financial statements of the Company.

### ***Basis of preparation***

The individual financial statements have been prepared on the historical cost basis, except for tangible assets, which are measured at revalued amount, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The financial statements are presented in Romanian lei ("RON") and all values are rounded to the nearest RON, unless otherwise indicated

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Going concern**

The Company's financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue its operations in the foreseeable future.

The year 2025 was dominated by the ongoing conflict between Russia and Ukraine, as well as economic uncertainties and political changes at both global and local levels. The Company was not directly affected but was impacted indirectly due to increases in the prices of raw materials, supplies, energy, and gas. In 2025, the Company's results were below budget, recording a net profit of RON 2,899,421 (2024: RON 16,158,631). The major event that impacted the 2025 results was the unplanned change in the production schedule, which led to the postponement of the delivery of two complete helicopter engine sets to IAR Braşov until 2026.

The Company is currently dependent on services provided for the maintenance of the national helicopter fleet through two main local customers. The turnover with these customers in 2025 represents 77.2% of the Company's total turnover (2024: 71.09%). Nevertheless, the Company's management considers that this does not constitute an impediment in the foreseeable future, given the specialized nature of the services provided, the necessity of these services, as well as the existence of contracts concluded with these partners for upcoming periods, which ensure sufficient revenues. Additionally, to address the risk generated by the concentration of activity, the Company has approved the development of activities in the civil aviation sector and is considering a series of investments in the coming periods.

To assess the applicability of the going concern principle, the Company's management analyzed the cash flow forecasts resulting from the translation of existing and future commercial relationships. Based on this analysis, which took into account the current economic context, existing and anticipated contracts for 2026, as well as planned measures to improve profitability, such as renegotiating prices for the contracts with external customers and optimizing the Company's costs (see Note 31 Subsequent Events after the balance sheet date), management considers that the Company will be able to continue its operations under normal conditions in the foreseeable future and, therefore, the application of the going concern principle in the preparation of the financial statements is justified.

#### **Fair value measurement**

The Company measures and recognizes at fair value certain non-financial assets such land, buildings, other types of buildings, technical machinery, equipment, vehicles (including right of use for these assets) and furniture, office equipment and protection equipment. Also, fair values of financial instruments measured at amortized cost are estimated for disclosure purposes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the sale transaction of the asset or the transfer of the liability occurs either:

- on the main market for the asset or liability, or
- in the absence of a main market, on the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants are acting in their own economic self-interest. A fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset in its best use or by selling it to another market participant who would use the asset in its best use.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

All assets and liabilities for which fair value is measured or presented in the financial statements are classified within the fair value hierarchy, described as follows, based on the lowest input level that is significant to the fair value measurement as a whole:

- Level 1: market prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted market prices included in level 1, which are observable for the asset or liability, directly or indirectly.
- Level 3: inputs are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the input data from the lowest level that is significant to the fair value assessment as whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as land, buildings, and equipment, and non-recurring measurement.

External valuers are involved in the valuation of significant assets such as land, buildings and equipment. The involvement of external evaluators is decided annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management analyses movements in the values of assets and liabilities that need to be revalued according to the Company's policies, verifying the main inputs applied in the most recent valuation and evaluating changes from the previous valuation.

For the purpose of fair value disclosure, the Company has established classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### ***Revenue recognition***

In accordance with IFRS 15 "Revenue from contracts with customers", the Company recognizes revenue when the customer acquires control of the goods or services provided, at an amount that reflects the price it expects to receive in exchange for those goods or services.

The information regarding the reasoning, estimates and significant accounting assumptions regarding the revenues from the contracts with clients are presented in the section Reasoning, estimates and significant accounting assumptions at the end of this note.

The Company has the following revenue streams:

**a. The manufacture of parts, components and assemblies for planes and helicopters.** The main products produced by the Company are: Turmo engines, Viper engines, modernization of Puma helicopters, spare parts for Turmo and Viper engines, parts and engines for Rolls-Royce. Turbomecanica is the only manufacturer of gas turbine engines and mechanical assemblies for aircraft in the Romanian industry.

Revenue is recorded on the basis of an agreed contract between the parties, the parties being committed to fulfill their respective obligations. The rights and payment terms of each party can be easily identified. Payment terms are from 10 days after the delivery of the goods. Contracts have commercial substance and it is likely that the entity will collect the consideration to which it is entitled in exchange for the goods or services transferred to the customer.

Performance obligations refer to distinct performance obligations represented by the manufacturing of engines and mechanical assemblies for aircrafts and helicopters, fulfilled as the services are provided.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Revenue recognition (continued)**

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for the transfer of promised goods to a customer, excluding those amounts collected on behalf of third parties (for example, some sales taxes). These include fixed amounts as agreed between the parties. Both the terms of the order and the entity's usual business practices must be considered in determining the transaction price. The contracts clearly mention the price for each delivered equipment. It is also assumed that the goods will be transferred to the customer as promised under the sales order.

IFRS 15 requires that the transaction price be allocated to each performance obligation identified in the order on the relative basis of the stand-alone selling price. There is no difficulty in allocating the price as it is clearly attributable and negotiated at the conclusion of the contract.

For contracts with a fixed price, the Company recognizes revenues as production is completed, evaluating the completion stage of the projects. The Company transfers control of a good or service over time and therefore fulfils a performance obligation and recognizes revenue over time because the Company's performance creates or improves an asset that the customer controls as the asset is created or improved. The stage of completion is determined, using the method based on input, depending on the contractual costs incurred until the end of the reporting period, in the form of a percentage of the estimated total cost for each contract.

In case the outcome of a contract cannot be estimated reliably, the revenue of the contract is recognized only in line with the costs of the contract that are likely to be recoverable. When the result of a services contract can be reliably estimated and it is likely that the said contract will be profitable, the predicted profit is recorded proportionally to the degree of execution during the duration of the contract. If it is likely that the total costs of the contract will exceed the total revenues of the contract, the estimated loss is recorded as an expense, in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

The Company presents as contractual assets the gross amounts owed by customers, related to ongoing contracts, for which the costs incurred and recognized profits (minus recognized losses) exceed the total invoiced value of the respective contract. If the invoices issued exceed the costs incurred plus the recognized profits (less the recognized losses), the gross amounts owed to the customers are presented as liabilities related to the contracts.

#### **b. Revenues from MRO services of engines and mechanical assemblies for aircrafts and helicopters** - the entity provides MRO services sold to Ministry of Defense

Revenue is recorded on the basis of an agreed contract between the parties, the parties being committed to fulfill their respective obligations. The rights and payment terms of each party can be easily identified. Payment terms are from 10 days after the delivery of the goods. Contracts have commercial substance and it is likely that the entity will collect the consideration to which it is entitled in exchange for the goods or services transferred to the customer.

The performance obligations relate to distinct performance obligations represented by MRO services provided over time.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for the provision of repair services. This includes fixed amounts as agreed between the parties. Both the terms of the contract and the entity's usual business practices must be considered in determining the transaction price. The contracts clearly mention the price for each repair. It is also assumed that the goods will be transferred to the customer as promised under the sales contract.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Revenue recognition (continued)**

IFRS 15 requires the transaction price to be allocated to each performance obligation identified in the contract on a relative stand-alone selling price basis. There are no difficulties in allocating the price as they are clearly attributable and negotiated at the contract conclusion.

For fixed price contracts, the Company recognizes the revenues as the services are provided, evaluating the completion stage of the projects. The Company transfers control over a good or service over time and, therefore, fulfils an obligation to execute and recognizes revenue over time, as the Company's execution creates or improves an asset that the client controls as the asset is created or improved. The completion stage is determined using the input method, based on the contractual costs incurred up to the end of the reporting period, as a percentage of the total estimated cost for each contract.

If the outcome of a contract cannot be estimated reliably, the revenue of the contract is recognized only in line with the costs of the contract which are likely to be recoverable. When the result of a service contract can be estimated reliably and the contract is likely to be profitable, the expected profit is recorded in proportion to the degree of performance over the term of the contract. If the total costs of the contract are likely to exceed the total revenues of the contract, the estimated loss is recorded as an expense, in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

The Company presents as contractual assets the gross amounts owed by customers, related to the ongoing contracts, for which the costs incurred, and the recognized profits (minus the recognized losses) exceed the total invoiced value of the respective contract. If the invoices issued exceed the costs incurred plus the recognized profits (less the recognized losses), the gross amounts due to customers are presented as debts related to contracts.

#### **c. Revenues from the sale of materials, merchandise, residual products and other services provided**

Revenue is recorded on the basis of an agreed contract between the parties, the parties being committed to fulfil their respective obligations. The rights and payment terms of each party can be easily identified. Payment terms are from 10 days after the delivery of the goods. Contracts have commercial substance and it is likely that the entity will collect the consideration to which it is entitled in exchange for the goods or services transferred to the customer.

The performance obligations relate to distinct performance obligations represented by sales of materials and are satisfied when the delivery takes place.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for the transfer of the goods promised to the customer, except for those amounts collected in the name of third parties (for example, certain sales taxes). They include fixed amounts, as agreed between the parties. Both the terms of the contract and the entity's customary business practices need to be considered in order to determine the transaction price. The Company has distinct transaction price for each material sold. It is also assumed that the materials will be transferred to the customer as promised in accordance with the sale contract.

IFRS 15 requires that the transaction price be allocated to each performance obligation identified in the contract on the basis of the relative independent selling price. There are no difficulties in allocating the price, as these are clearly attributable and negotiated at the conclusion of the contract. The entity recognizes revenue in accordance with the arrangements established at the time of delivery.

For the activities performed, mentioned above in points a and b, the Company grants to its clients guarantees of good execution for a period that varies between 12 and 18 months. These fall within the scope of IAS 37 as:

- a. the guarantees according to the contract offer the customer the assurance that the product will work;
- b. the guarantees do not provide additional services other than the assurance that the good will work according to the agreed specifications;
- c. customers do not have the option to purchase the warranty separately.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Revenue recognition (continued)**

Therefore, these guarantees do not constitute separate performance obligations but should be recognized as provisions in accordance with IAS 37.

#### **Trade receivables**

Trade receivables are recognized at the transaction price determined in accordance with IFRS 15. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. The Company assesses at each balance-sheet date the requirement for an allowance for impairment in trade receivables. When measuring expected credit loss (hereinafter "ECL"), the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

#### **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Company as a lessee*

##### **i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are presented in the statement of financial position at fair value at revaluation date, less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right of use of assets relates to rented cars which are depreciated over 3 years, as well as leased equipment amortized over a period between 3 and 20 years.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in *Note 3 Depreciation of tangible and intangible fixed assets, other than goodwill*.

##### **ii) Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company's exercising the option to terminate.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Leases (continued)***

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

#### ***Foreign currency transactions***

##### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in RON, which is functional currency of Turbomecanica SA and also the presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other net foreign exchange losses/(gains).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The exchange rates used are EUR 1 = RON 5.0985 and USD 1 = RON 4.3417, the 2025 average rate is EUR 1 = 4.0415 RON (2024: EUR 1 = RON 4.9741 and USD 1 = 4.7768, the average rate is EUR 1 = 4.9746).

#### ***Borrowing costs***

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Borrowing costs (continued)***

extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### **Employee benefits**

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees, for pensions, health and unemployment fund. The cost of these payments is charged to the income statement in the same period as the related salary cost.

All employees of the Company are members of the Romanian State pension plan.

The Company rewards its employees with retirement benefits according to the collective labor contract. For such pension plan, the cost of benefits is determined using the projected unit credit method, and actuarial assessments are performed on each balance sheet date. The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, the expected inflation rate and the expected rate of salary increase. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

#### ***Benefits for termination of employment contract***

Benefits for termination of the employment contract may be paid when the Company terminates the employment contract prior to the normal retirement date or any time the employee accepts voluntary redundancy in exchange for such benefits. The Company recognizes the benefits for termination of employment contract either when it clearly undertakes either to terminate the current employees' employment contracts according to an official plan without the realistic possibility to avoid it; or to offer benefits for terminating the employment contract further to an offer submitted to encourage voluntary redundancy. Benefits owed within more than 12 months from the reporting period are discounted on the reporting date.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Taxation***

Income tax expenses consist of all current taxes payable, and deferred income taxes.

#### ***Current tax***

The tax currently payable is based on the taxable income for the year. Taxable income differs from the income reported in the statement of comprehensive income due to items of revenues or expenses that are taxable or deductible in other years, and due to items that are never taxable or deductible. The Company's current income tax liability is determined by using the taxation rates enacted or substantively enacted by the end of the reporting period.

#### ***Deferred tax***

Deferred tax is recognized based on temporary differences between the carrying value of assets and liabilities in the financial statements and the corresponding fiscal base used in calculating taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax receivables are generally recognized for all taxable temporary differences if the taxable profits against which the deferred tax receivable can be used are available.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the level of the taxes assumed to apply during the period set for the recovery of the debt or realization of the asset, considering the level of taxes (and tax laws) that are or will be in force until the end of the reporting period. The measurement of deferred assets and liabilities reflect the tax consequences that would arise from the manner in which the Company estimates, at the end of the reporting period, to recover or settle the carrying value of its assets and liabilities.

#### ***Current and deferred annual tax***

Current and deferred tax are recognized in the profit or loss account, unless they refer to elements that are recognized in other comprehensive income or directly in equity, in which case current and deferred tax are also recognized in other comprehensive income, respectively, equity.

The income tax for the year ended December 31, 2025 was 16% (December 31, 2024: 16%).

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, demand deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value, as well as bank overdraft. The overdraft is presented under loans as short-term liabilities in the statement of financial position.

#### ***Property, plant and equipment***

Tangible assets used in production or to supply goods or services, or for administrative purposes, are presented in the statement of financial position at fair value at the date of revaluation less depreciation and any impairment, subsequently accumulated. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. The accumulated depreciation at the revaluation date is eliminated with the gross accounting value of the asset, and the net value of the asset is replaced by its revalued value.

Any revaluation surplus is recorded in other comprehensive income and is therefore credited to the reserve from the revaluation of equity assets, except to the extent that it includes a reduction in the revaluation of the same asset previously recognized in profit or loss and, in this case, the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, unless it offsets an existing surplus for the same asset, recognized in the asset revaluation reserve.

The revaluation surplus is transferred to retained earnings as the assets are written off / sold.

Tangible assets in progress that will be used in production or in administration are stated at cost less any impairment. Costs include professional fees and, in case of qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policies. Such assets are classified under such categories of tangible assets when completed or ready for use for the purpose they were intended. The depreciation of such assets, on the same basis as other owned assets, commences when the assets are ready for use as intended by the management.

The depreciation periods for tangible assets are:

Buildings	10 - 50 years
Installations and technological equipment	3 - 20 years
Furniture and other office equipment	3 - 15 years

Land is not depreciated.

Depreciation is charged so as to systematically allocate the cost of the asset less the residual value over its estimated useful life, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is no longer recognized further to its assignment or when no future economic benefits are expected from the continued use of the asset. Any gain or loss resulting from the assignment or disposal of an item of property, plant and equipment is determined as the difference between proceeds from sales and the carrying value of the asset and is recognized in the Company's profit or loss.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Intangible assets***

##### *Intangible assets acquired separately*

Intangible assets with determined useful lives and which are acquired separately are reported at cost less any subsequent accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with undetermined useful lives and which are acquired separately, are reported at cost less accumulated impairment losses.

The depreciation periods for intangible assets are:

Other intangible assets	1 - 10 years
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##### *De-recognition of intangible assets*

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gains or losses from the de-recognition of an intangible asset, measured as difference between net proceeds from sale and the asset's carrying value are recognized in profit and loss when the asset is derecognized.

##### ***Impairment of tangible and intangible assets other than goodwill***

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that that such assets have impaired. Should such indication exist, the Company estimates the recoverable value of the asset to determine the extent of the impairment (if any). Where the recoverable value of a particular asset cannot be estimated, the Company estimates the recoverable value of the cash generating unit to which the asset belongs. Where there can be identified a reasonable and consistent basis of allocation, corporate assets will also be allocated to individual cash generating units or, if not, to the smallest company of cash generating units for which a reasonable and consistent basis of allocation can be identified.

Intangible assets with undetermined useful lives and intangible assets not yet available for use are tested at least annually for impairment or anytime there is an indication that the asset might be impaired.

The recoverable value means the highest of fair value minus sale costs and its value in use. When measuring the value in use, estimated future cash flows are discounted at their current value by using a discount rate determined prior to taxation, which reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates related to future cash flows have not been adjusted.

If the recoverable value of an asset (or cash-generating unit) is estimated to be lower than its carrying value, then the carrying value of the asset (or the cash-generating unit) is reduced to the level of the recoverable value. Impairment is recognized immediately in profit or loss, if the relevant asset is not registered at a re-measured value, in which case the impairment is treated as reduction of re-measurement.

Where the impairment is reversed, the carrying value of the asset (or the cash-generating unit) is increased at the level of its new estimated recoverable value, only that the increased carrying value must not exceed the carrying value that would have been established should the impairment for the asset (cash-generating unit) had not been recognized in previous years. A reversal of impairment is immediately recognized in profit or loss, except where the asset is accounted at revalued amount, in which case the reversal of the impairment is treated as increase of the revaluation.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### ***Inventories***

Inventories, which include raw materials, finished products, semi-finished products, work in progress, are valued at the lowest of cost and net realizable value.

The cost of inventories includes all the costs related to the acquisition and processing, as well as other costs incurred to bring the stocks in the form and in the place where they are found. The cost of finished products and production in progress includes the direct expenses related to production, namely: direct materials, energy consumed, direct labor and other direct production expenses, as well as the share of indirect production expenses rationally allocated as being related to manufacturing them.

Raw material inventory costs are determined using the weighted average cost method. The net realizable value represents the estimated sale price during the normal course of the activity, minus the estimated costs for completion and the estimated costs necessary to carry out the sale.

#### ***Provisions***

Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of a past event, and it is probable that an outflow of resources incorporating economic benefits will be required to settle that obligation and a reliable estimate of the value of the obligation may be made.

The value recognized as provision is the best estimate of the counter value required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties related to the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, the carrying value thereof is the present value of such cash flows (if the effect of the time value of money is material).

When expected that some or all the economic benefits required to settle a provision will be recovered from third parties, then the receivable is recognized as asset if it is almost certain that the repayment will be collected and the value of the receivable can be reliably assessed.

#### ***Onerous contracts***

Present obligations generated under onerous contracts are recognized and measured as provisions. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it.

#### ***Guarantees***

Provisions for estimated costs of guarantee obligations according to local legislation concerning the sale of goods are recognized on the date when the relevant products are sold, at the best estimate made by the management as regards the expenses required to settle the Company's obligation.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. In this category are also included non-trade liabilities such as VAT and social securities recognized at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Financial assets and liabilities**

Financial assets and financial liabilities are recognized when the Company becomes a party in the contractual provisions of the instrument.

#### Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through the OCI, it must give rise to cash flows that are "excluding principal and interest payments (SPPIs)" of the outstanding principal amount. This assessment is called the SPPI test and is performed at the instrument level. Non-SPPI cash-flow financial assets are classified and measured at fair value through profit or loss, regardless of business model.

##### *Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period.

The Company's financial assets at amortized cost includes trade receivables, other receivables and contractual receivables, as well as other financial assets (State securities).

The Company does not hold any financial assets at fair value through OCI or profit or loss.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### *Impairment*

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company performed an assessment at year end and no material difference arise in applying ELC model and current accounting which sets allowances for receivables older than 270 days.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

In making the depreciation assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as the consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Irrespective of the above analysis, the Company considers that there is limited probability of default for the existing clients, as mentioned above there is a high concentration of three state owned clients, the average number of collection days is 22 days, no default occurred in the last years and few chances to occur as the clients are stated owned acting in defense industry.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### *De-recognition of financial assets*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss within other gains or losses line.

#### *Financial liabilities*

##### *Initial recognition and measurement*

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including short term bank loans and loans from shareholders, as well as liabilities related to leases.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in the category of financial liabilities at amortized cost (loans and borrowings).

##### *Financial liabilities at amortized cost (loans and borrowings)*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

#### *De-recognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

#### **Segment reporting**

A segment is a part of the Company that is involved in activity segments from which it can obtain revenues and register expenses (including revenues and expenses corresponding to transactions with other parts of the same entity), whose operating results are regularly followed by the Company's management in order to make decisions on the resources to be allocated to the segment and assess its performances and for which separate financial information is available. Segment information is disclosed regarding the Company's activity segments and are established based on the Company's management and internal reporting structure.

Settlement prices among segments are set objectively.

The results, assets and liabilities related to a segment include elements that may be allocated directly to one segment, and elements that may be allocated on a reasonable basis.

Capital expenses related to a segment represent the total costs registered over the period for purchasing tangible and intangible assets.

#### ***Critical accounting judgements, estimates and assumptions***

In order to draw up the Company's financial statements, its management must use reasoning, estimates that influence the reported value of revenues, expenses, assets and liabilities, as well as the value of the amounts reported in the Notes to the financial statements and the presentation of contingent liabilities. The related uncertainty of these assumptions and estimates may lead to significant adjustments of the accounting value of assets and liabilities in future periods.

Other information regarding the Group's exposure to risks and uncertainties is included in:

- Risk management policies (Note 26);
- Information on sensitivity analyzes (Note 26).

The following are the critical judgments that management made in the process of applying the Company's accounting policies and that have a significant effect on the accounting values recognized in the financial statements.

**3. MATERIAL ACCOUNTING POLICIES (continued)**

i) Recognition of contract revenues

As presented above, in the Revenue Recognition section, IFRS 15 has introduced a comprehensive model for revenue recognition and measurement, which requires critical judgments, as well as significant estimates. The critical judgments made by the Company's management are:

- on the one hand, related to the determination of the method of income recognition for the activities carried out.

Following a comprehensive analysis, the Company determined that the revenues related to the main activities consisting in the manufacture and repair services of engines and mechanical assemblies are recognized as the assumed obligations, is performed, and for the other activities recognition at the time of delivery of the obligation. The reasoning applied is presented in the section Revenue recognition IFRS 15. Also, as part of this analysis, the Company's management determined that the use of the input-based method in determining the degree of satisfaction of the assumed obligations is adequate, taking into account the specific activities.

- on the other hand, related to the identification of contracts that meet the criteria for recognizing IFRS 15.

Thus, based on the analysis performed, it was established that collaboration protocols and framework contracts concluded with the main clients do not meet, individually, the criteria and definitions of a contract according to IFRS 15, but only together with other subsequent agreements. The Company also analyzed the accounting treatment applied to the activities carried out in anticipation of future contracts and the costs incurred with the manufacture or repair of mechanical assemblies until the contractual agreements meet the criteria established by IFRS 15. Based on this analysis, it was determined that these costs falls within the scope of the IAS 2 Inventories standard and, therefore, the eligible costs mentioned in the Inventories section are capitalized in the production in progress until the beginning of the contract. At the beginning of the contract, these costs are recognized in income on a cumulative basis, thus reflecting the work already performed.

The following describes significant estimates and assumptions about future events and other sources of uncertainty at the reporting date, which present a major risk of leading to significant adjustments to the carrying amount of assets or liabilities during the next financial year. The Company bases its estimates and assumptions on the parameters available at the date of preparation of the financial statements. However, existing circumstances and assumptions regarding future periods may be subject to change in the context of changes in market conditions or other factors beyond the Company's control. Such changes are reflected in the assumptions as they occur. The basic estimates and assumptions are constantly reviewed. Revisions to accounting estimates are recognized prospectively.

### **3. MATERIAL ACCOUNTING POLICIES (continued)**

In the process of applying the Company's accounting policies, the management used the following significant estimates and assumptions:

ii) Revenue recognition - the degree of fulfilment of the obligations undertaken in the contracts with the clients

The Company recognizes the revenues from manufacturing and repair services depending on the degree of fulfilment of the obligations undertaken through the individual contracts. The degree of fulfilment of the undertaken obligations is determined by comparing the cost incurred until the end of the reporting period on each individual execution obligation to the estimated total cost of the project. Management's estimate of total budgeted costs is based primarily on pre-calculations performed by the technical department at the beginning of the project and subsequently revised, as appropriate, to the effect of significant changes indicated by the project managers. Given the nature of the activities carried out, the date on which the contractual activity begins and the date on which the activity is completed are usually within different accounting periods.

Starting with 2021, the Company periodically analyses and revises the estimation of contractual revenues and costs, both in the calculation prepared for each individual contract, as the contract progresses. In 2025, the Company recognized in revenue RON 8,297,863 (2024: RON 6,576,230) in correspondence with the contractual assets, including the net margin related to the contracts in progress on December 31, 2025, calculated based on the degree of fulfilment of the assumed obligations, as well as provisions for onerous contracts in the amount of RON 1,326,837 (2024: RON 736,899).

iii) Useful life of tangible and intangible fixed assets

The Company reviews the estimated useful lives of tangible and intangible assets at the end of each annual reporting period. The useful lives are shown below in the related Notes. In 2025, there were no changes in the useful lives of tangible and intangible assets.

iv) The fair value of property, plant and equipment

The Company reflects the land, buildings and equipment held at fair value. It is reviewed with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value of those assets. The valuation of tangible assets is usually performed with the help of independent experts, the last valuation taking place on December 31, 2023.

The fair value is determined using the market value method for real estate and movable property for which there is a market on which they can be traded, and the net replacement cost method for specialized assets for which there is no market on which they can be capitalized.

For specialized real estate, two methods were considered, the determination of the new cost, adjusted with the related wear and tear, as well as the income approach. When applying the income approach, the value of the asset in question is determined by discounting the cash flows that could reasonably be obtained from the operation.

**3. MATERIAL ACCOUNTING POLICIES (continued)**

v) Inventory provisions

At the end of each reporting period, the Company considers whether the provisions for slow-moving stocks are sufficient. The policy for the provision of slow-moving stocks is detailed in Note 13. The assumptions and depreciation rates applied were determined by the Company's management based on analyzes performed by the Company's technicians and engineers. Note 13 shows the movements in the value of provisions for inventories during the year.

vi) Obligations related to pensions

The present value of pension obligations depends on a number of factors established on an actuarial basis using a number of assumptions. Any modification of these assumptions, presented in detail in Note 22, will influence the book value of the pension obligations. Obligations related to pensions on December 31, 2025 amount to RON 1,848,523 (December 31, 2024: RON 1,483,504). The value was determined both on December 31, 2025 and on December 31, 2024 by Gelid Actuarial Company SRL based on the consultancy and actuarial services contract concluded with it.

vii) Profit tax and deferred tax

The Company is subject to corporate income tax in one jurisdiction (Romania). There are many transactions and calculations for which the final determination of the tax is uncertain. The Company records provisions, if any, for possible future consequences of tax inspections. If the final fiscal result of these matters is different from the amounts initially registered, the respective differences will have an impact on the receivables and debts regarding the current and deferred profit tax in the period in which the respective difference appears.

The Company also calculates deferred tax, as set out in Note 10. The Company has not recorded deferred tax in connection with value adjustments on inventories, considering, based on the analysis performed, that they do not generate a temporary difference, according to the standard. The Company has old stocks of components, specific for helicopters and airplanes. These include special materials, whose scrapping / sale requires the observance of very strict procedures; these are difficult to acquire from the market, and considering the specific activity of the Company, the management does not intend to capitalize on them by selling / scrapping and may need them in future works.

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**4. INCOME FROM CONTRACTS WITH CLIENTS**

Below, an analysis of the Company's income for the financial year:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<i>Recognized over the time</i>		
Income from the sale of finished products	22,160,556	22,971,644
Incomes from rendering of repair services	108,632,857	114,429,028
<i>Recognized at delivery</i>		
Income from the sale of merchandise	1,147,291	744,059
Income from services provided	810,779	1,447,295
Income from other activities	1,499	1,513
Income from the sale of residual products	266,752	392,313
<b>Total</b>	<b>133,019,734</b>	<b>139,985,852</b>

The price allocated to the unfinished execution obligations (unsatisfied or partially unsatisfied) related to the revenues from the manufacturing and repair contracts at the end of the reporting period is RON 61,525,575 (2024: RON 73,447,933). The remaining performance obligation in respect of the provision of services is expected to be recognized within one year of the end of the reporting period.

**5. RAW MATERIALS, CONSUMABLES AND UTILITIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Expenses with raw materials	26,903,011	35,433,389
Expenses with utilities	5,099,063	4,524,744
Expenses with auxiliary materials	4,906,205	5,311,937
Other material expenses	2,656,487	2,726,978
Packaging expenses	100,564	154,112
Cost of goods sold	757,676	541,536
<b>Total</b>	<b>40,423,006</b>	<b>48,692,696</b>

**6. EMPLOYEE BENEFITS AND SALARIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Salaries	63,206,845	60,352,688
Social security contributions	2,529,573	2,552,784
Movements in provisions for employee benefits (Note 22)	311,331	227,324
<b>Total</b>	<b>66,047,749</b>	<b>63,132,796</b>

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
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**7. OTHER OPERATING EXPENSES AND INCOME, NET**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Services provided by third parties	4,189,167	4,033,886
Other operating expenses	1,601,077	2,500,347
Duties and taxes	1,000,285	906,352
Repairs	1,628,416	1,269,647
Advertising, publicity and protocol	1,277,643	1,273,599
Insurance premiums	614,922	331,383
Secondment	226,632	241,771
Rental expenses	107,210	88,421
Employee training	50,878	246,797
Transport expenses	757,727	727,296
<b>Other operating expenses</b>	<b>11,453,957</b>	<b>11,619,499</b>
Other operating income	(1,501,103)	(1,101,953)
<b>Other operating income</b>	<b>(1,501,103)</b>	<b>(1,101,953)</b>
<b>Total, net</b>	<b>9,952,854</b>	<b>10,517,546</b>

Other operating incomes include income from utilities (water and energy) invoiced to neighboring companies that are not connected separately.

**8. NET FINANCIAL EXPENSES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Interest expense related to loans	2,509,386	2,193,381
Interest expenses related to leases	1,226,551	947,525
Bank commissions	222,613	313,468
Other financial expenses	6,171	67,022
<b>Financial expenses</b>	<b>3,964,721</b>	<b>3,521,396</b>
Interest income	(1,112,674)	(1,085,865)
<b>Financial income</b>	<b>(1,112,674)</b>	<b>(1,085,865)</b>
<b>Total, net</b>	<b>2,852,047</b>	<b>2,435,531</b>

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
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**9. OTHER GAINS AND (LOSSES), NET**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Net gain/(loss) on foreign exchange	(154,100)	(151,797)
Movement of provisions, for current assets, employee benefits, and other provisions (Notes 13, 15)	(1,700,920)	(3,832,404)
Movements in provisions for guarantees and onerous contracts (Note 22)	(589,938)	307,451
Other gains	782	143,329
Gain/(Loss) from disposal of tangible assets (Note 11)	7,575	(1,105,235)
<b>Total</b>	<b>(2,436,601)</b>	<b>(4,638,656)</b>

**10. INCOME TAX**

In 2025 and 2024, the income tax rate was 16%.

The income tax recognized in profit or loss:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Current income tax	1,985,608	5,407,738
Deferred income tax	(729,320)	(781,453)
<b>Total</b>	<b>1,256,305</b>	<b>4,626,285</b>

Reconciliation of income tax:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Profit before taxation</b>	<b>4,155,726</b>	<b>20,784,916</b>
<b>Income tax (16%)</b>	<b>664,916</b>	<b>3,325,587</b>
Non-deductible expenses/ Non-taxable income	907,137	2,359,027
Tax deductions	(315,748)	(1,058,329)
<b>Income tax expense</b>	<b>1,256,305</b>	<b>4,626,285</b>
<b>Effective tax rate</b>	<b>30.23%</b>	<b>22.26%</b>

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**10. INCOME TAX (continued)**

Movements in the deferred income tax in 2025 and 2024 are as follows:

	<u>Balance as at January 1, 2024</u>	<u>Recognized through profit and loss</u>	<u>Recognized through other comprehensive income</u>	<u>Balance as at December 31, 2024</u>	<u>Recognized through profit and loss</u>	<u>Recognized through other comprehen- sive income</u>	<u>Balance as at December 31, 2025</u>
Tangible assets	(6,579,581)	816,667	-	(5,762,914)	626,944	-	(5,135,970)
Provisions, including obligations related to employee benefits	<u>764,502</u>	<u>(35,214)</u>	<u>133,339</u>	<u>862,627</u>	<u>102,359</u>	<u>8,590</u>	<u>973,576</u>
<b>Net tax asset/(liability)</b>	<b><u>(5,815,079)</u></b>	<b><u>781,453</u></b>	<b><u>133,339</u></b>	<b><u>(4,900,287)</u></b>	<b><u>729,302</u></b>	<b><u>8,590</u></b>	<b><u>(4,162,394)</u></b>

In 2025 and 2024, respectively, the Company recorded a deferred tax related to the earnings from pension provisions recorded through the comprehensive result and a deferred tax income related to the provisions for bonuses, unused vacations, guarantees and value assistance of clients. The deferred tax recognized in relation to tangible assets is related to temporary differences and is reduced as they are amortized. No deferred tax was recognized for stock provisions, based on the rationale presented in Note 3.

Deferred tax consists of:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>31-Dec-25</u>	<u>31-Dec-24</u>	<u>31-Dec-25</u>	<u>31-Dec-24</u>	<u>31-Dec-25</u>	<u>31-Dec-24</u>
Tangible assets	-	-	(5,135,970)	(5,762,914)	(5,135,970)	(5,762,914)
Provisions, including obligations related to employee benefits	<u>973,576</u>	<u>862,627</u>	<u>-</u>	<u>-</u>	<u>973,576</u>	<u>862,627</u>
<b>Net tax (asset)/liability</b>	<b><u>973,576</u></b>	<b><u>862,627</u></b>	<b><u>(5,135,970)</u></b>	<b><u>(5,762,914)</u></b>	<b><u>(4,162,394)</u></b>	<b><u>(4,900,287)</u></b>

Net deferred tax liability is expected to be recovered over a period longer than 12 months from the end of the financial year on December 31, 2025 and December 31, 2024 respectively.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
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**11. PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Buildings and other constructions</u>	<u>Technical machinery, equipment and vehicles</u>	<u>Furniture, equipment, office supplies, protective equipment</u>	<u>Tangible assets in progress</u>	<u>Advances for fixed assets</u>	<u>Total</u>
<b>COST</b>							
<b>January 1, 2024</b>	<b>27,130,722</b>	<b>13,698,774</b>	<b>45,287,345</b>	<b>302,005</b>	<b>4,195,045</b>	<b>8,533,591</b>	<b>99,147,482</b>
Additions	-	-	-	-	2,272,664	3,505,674*	5,778,338
Transfers	-	171,667	7,400,068	507,387	(2,813,992)	(5,265,130)	-
Disposals	-	-	(1,437,247)	-	-	-	(139,781)
<b>December 31, 2024</b>	<b>27,130,722</b>	<b>13,870,441</b>	<b>51,250,166</b>	<b>809,392</b>	<b>3,653,717</b>	<b>6,774,135</b>	<b>103,488,572</b>
Additions	-	-	-	-	8,860,884	-	8,860,884
Transfers	-	-	14,854,502	74,099	(8,192,424)***	(5,736,178)**	-
Disposals	-	-	(1,074,633)	-	-	-	(1,074,633)
<b>December 31, 2025</b>	<b>27,130,722</b>	<b>13,870,441</b>	<b>64,030,035</b>	<b>883,491</b>	<b>4,322,177</b>	<b>1,037,957</b>	<b>111,274,823</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>January 1, 2024</b>	-	-	-	-	-	-	-
Depreciation for the year	-	628,950	10,311,378	133,500	-	-	11,073,528
Cancellation of depreciation relating to disposals	-	-	(332,013)	-	-	-	(332,013)
<b>December 31, 2024</b>	-	<b>628,950</b>	<b>9,976,065</b>	<b>133,500</b>	-	-	<b>10,741,515</b>
Depreciation for the year	-	634,494	10,589,783	124,378	-	-	11,348,655
Cancellation of depreciation relating to disposals	-	-	(891,070)	-	-	-	(891,070)
<b>December 31, 2025</b>	-	<b>1,263,444</b>	<b>19,677,778</b>	<b>257,878</b>	-	-	<b>21,199,100</b>
<b>NET BOOK VALUE</b>							
<b>December 31, 2024</b>	<b>27,130,722</b>	<b>13,241,491</b>	<b>41,271,101</b>	<b>675,892</b>	<b>3,653,717</b>	<b>6,774,135</b>	<b>92,747,058</b>
<b>December 31, 2025</b>	<b>27,130,722</b>	<b>12,606,997</b>	<b>44,352,257</b>	<b>625,613</b>	<b>4,322,177</b>	<b>1,037,957</b>	<b>90,075,723</b>

\* As at December 31, 2024, the Company has advances paid to suppliers for equipment, of which RON 3,283,896 has been received from other financial institutions during the current year and RON 1,087,471 in 2023, respectively. This financing is disclosed under Other long-term financial liabilities; for further details see Note 21.

\*\*During 2025, the Company received this equipment for which financing was received during 2024 amounting to RON 4,371,367 in the form of an advance payment for a sale and lease back contract that was completed during the year - for further details see Note 21.

\*\*\* During 2025, the Company purchased and received equipment amounting to RON 3,158,560, for which there was a lease contract concluded on December 31, 2024, but for which a payment in amount of RON 311,674 has been made – see Note 17.

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

### Fair value measurement of the Company's tangible assets

The Company's freehold land; buildings and other constructions; technical machinery, equipment, vehicles (including right of use for these assets); and furniture, office equipment and protection equipment are valued at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As at December 31, 2023, a revaluation of these assets at fair value was performed by Neoconsult Valuation, independent valuation consultant not related to the Company. Neoconsult Valuation is a member of the Institute of Valuers of Romania, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation complies with the International Valuation Standards and, for land and buildings, it was based on recent market transactions on arm's length terms for similar properties.

The valuation report was prepared for the land, buildings, plant, equipment, vehicles, furniture and human and material protection equipment located in the same place. The valuation techniques used were market approach and, for specialized properties where the market information available was insufficient, the Company used the net replacement cost method. To determine the final value, the valuer also used the cost and income approach.

The categorization per level of fair value as per IFRS 13 is as follows:

- Level 1 – no asset can be included in this category, as there is no active market (transactions) for identical assets where unadjusted prices can be used and accessed by the entity and the appraiser at the valuation date;
- Level 2 – not used, as any inputs other than quoted market prices included within Level 1 that are observable for the asset or liability could be determined, either directly or indirectly.
- Level 3 – land, buildings and equipment were valued using the market, income and cost approaches.

Details of the Company's freehold land and buildings and information about the fair value hierarchy as at the end of the reporting period are as follows:

	<b>Level 3</b>	<b>Fair value as at 12/31/2025</b>
• Land	27,130,722	27,130,722
• Buildings	12,606,997	12,606,997
• Technical installations and equipment, vehicles	44,352,257	44,352,257
• Furniture, equipment, office supplies, protective equipment	625,613	625,613

### Pledged or mortgaged assets

As of December 31, 2025, the Company has pledged or mortgaged depreciable tangible assets in the net book value of RON 9,716,109 (December 31, 2024: RON 11,394,131) and land amounting to RON 16,477,721 (December 31, 2024: RON 16,477,721).

### The right to use certain assets

Included in the tangible assets presented above there are also assets representing the right to use certain equipment amounting to a net sum of RON 23,549,545 (December 31, 2024: RON 18,425,035); the depreciation expense in 2025 was of RON 5,358,373 (2024: RON 2,246,704). During 2025, additions amounted to RON 8,545,573 (2024: RON 6,494,112), out of which RON 4,174,206 was transferred from Tangible assets in progress, and RON 4,371,367 are additions for which an advance payment was made during 2024 and for which there was a financing in counterparty from a lease company.

See Note 26 for movements in lease liabilities.

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**12. INTANGIBLE ASSETS**

	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>COST</b>			
<b>As at December 31, 2023</b>	<b>23,595,009</b>	-	<b>23,595,009</b>
Additions	-	1,230,892	1,230,892
Disposals	-	-	-
Transfers	1,173,825	(1,173,825)	-
<b>As at December 31, 2024</b>	<b>24,768,834</b>	<b>57,067</b>	<b>24,825,901</b>
Additions	542,181	604,891	1,147,072
Disposals	-	-	-
Transfers	661,958	(661,958)	-
<b>As at December 31, 2025</b>	<b>25,972,973</b>	-	<b>25,972,973</b>
<b>ACCUMULATED AMORTIZATION</b>			
<b>As at December 31, 2023</b>	<b>22,086,812</b>	-	<b>22,086,812</b>
Amortization for the year	646,447	-	646,447
Amortization related to disposals	-	-	-
<b>As at December 31, 2024</b>	<b>23,467,125</b>	-	<b>23,467,125</b>
Amortization for the year	1,775,954	-	1,775,954
Amortization related to disposals	-	-	-
<b>As at December 31, 2025</b>	<b>25,243,080</b>	-	<b>25,243,080</b>
<b>NET BOOK VALUE</b>			
<b>As at December 31, 2024</b>	<b>1,301,709</b>	<b>57,067</b>	<b>1,358,776</b>
<b>As at December 31, 2025</b>	<b>729,803</b>	-	<b>729,803</b>

Intangible assets are mainly represented by:

1. SAP- ERP software. The amortization period for this software is 3 years. The net book value of ERP as of December 31, 2025 is of RON 181,023 (December 31, 2024: RON 567,005).
2. IT licenses, remaining value as of December 31, 2025: RON 548,780 (December 31, 2024: RON 734,704) with useful lives between 12 and 36 months.

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**13. INVENTORIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Raw materials	61,628,508	72,531,040
Consumables	4,471,849	3,756,506
Packaging	55,584	48,938
Finished goods	2,554,553	8,828,315
Work in progress	23,397,810	19,972,965
Semi-finished goods	23,264,030	18,155,078
Residual products	127,390	218,521
Inventory allowances	<u>(25,547,620)</u>	<u>(23,592,849)</u>
<b>Total</b>	<b><u>89,952,104</u></b>	<b><u>99,918,514</u></b>

Stocks without movement were adjusted as follows: by 100% those without movement in the last 5 years (or more), by 70% those without movement in the last 4 years and by 50% those without movement in the last 3 years. Stocks without movement in the last 2 years were not adjusted because most manufactured products have a long cycle of use.

For the adjustments related to slow-moving stocks, only those materials that had disposals in 2025 were taken into account, and the stocks as of December 31, 2025 and December 31, 2024 that were different from zero. A rate was calculated as a ratio between the average stocks (as of December 31, 2025 and December 31, 2024) and the disposals from 2025. The adjustments were calculated according to the size of the rate: 30% for a rate equal to 3, 70% for a rate equal to 4 and 100% for a rate equal to 5 (and higher).

Stocks of raw materials and materials from DPPV management – VIPER finished parts; DPRP – Repaired parts; DPMP - hazardous materials, intended exclusively for the manufacture of aircraft parts and the repair of VIPER 632-41 engines, were 100% provisioned.

The movement of allowances for inventory impairment (excluding production in progress) is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Balance at the beginning of the year</b>	<u>(18,367,887)</u>	<u>(15,317,631)</u>
Increase in provision recognized in profit and loss	(975,467)	(3,050,256)
<b>Balance at the end of the year</b>	<b><u>(19,343,351)</u></b>	<b><u>(18,367,887)</u></b>

The increase in allowance per types of inventories can be presented as follows for 2025 and 2024, respectively:

<b>Inventory type</b>	<b>Variation in allowance 2025</b>	<b>Variation in allowance 2024</b>
Raw materials	(772,786)	(3,162,507)
Consumables and chemicals	(168,236)	(241)
Finished goods and residuals products	<u>(84,442)</u>	112,492
<b>Total</b>	<b><u>(975,464)</u></b>	<b><u>(3,050,256)</u></b>

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**13. INVENTORIES (continued)**

Movements within adjustments for the depreciation of stocks related to production in progress is the following:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Balance at the beginning of the year</b>	<b>(5,224,961)</b>	<b>(4,302,851)</b>
Increase in provision recognized in profit and loss	(979,309)	(922,110)
<b>Balance at the end of the year</b>	<b>(6,204,270)</b>	<b>(5,224,961)</b>

**14. CONTRACT ASSETS AND LIABILITIES**

	<b>December 31, 2025</b>	<b>December 31, 2025</b>
Repairs and production contracts	27,676,559	22,903,501
<b>Total</b>	<b>27,676,559</b>	<b>22,903,501</b>
Non-current	-	-
Current	27,676,559	22,903,501

Amounts relating to contract assets are balances due from customers under repair or production contracts concluded for which the performance obligation is not fulfilled. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer

The payment for performance obligations not yet carried out is not due from the customer until the services are complete and therefore a contract asset is recognized over the period in which the repairs services are performed to represent the entity's right to consideration for the services transferred to date

The loss allowance related to contract assets is recognized at an amount equal to lifetime ECL, simplified approach, taking into account the historical default experience.

Based on historical experience, taking into account the specialized nature of the services offered, the limited number of clients and the fact that the main clients are state companies or multinationals with good reputation, the related credit risk is very low, therefore the related impairment is considered insignificant. Following the analysis performed by the Company's management, there was no impairment of these contractual receivables both on December 31, 2025 and on December 31, 2024.

As at December 31, 2025, the Company had contract liabilities amounting to RON 17,834,040 (2024: RON 31,209,570) representing advance payments from IAR SA for the current contracts in progress.

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**15. TRADE RECEIVABLES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade receivables	11,691,656	11,631,179
Clients - invoices to be issued	125,188	133,075
Allowance for doubtful debts	(39,581)	(31,907)
<b>Total</b>	<b>11,777,263</b>	<b>11,732,347</b>

The changes of allowances for the impairment of trade receivables is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Balance at the beginning of the year</b>	<b>31,907</b>	<b>171,869</b>
Increase/(decrease) in provision recognized in profit and loss	7,674	(139,962)
<b>Balance at the end of the year</b>	<b>39,581</b>	<b>31,907</b>

The Company set provisions in proportion of 100% the receivables which exceed 270 days because the historical experience indicated that these receivables are generally not recoverable.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The Company operates in the defense industry, where the main customers are state-owned companies that do not have problems with payments, The remaining balances are in relation with multinational with solid reputation, which did not presented delays for payments. The increase in the balance of receivables at the end of the year is due to the completion of a large number of orders towards the end of the year that were invoiced in the last month.

**16. OTHER RECEIVABLES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Other receivables	1,545,631	1,274,625
<b>Total</b>	<b>1,545,631</b>	<b>1,274,625</b>

Other receivables include mainly contributions for medical leave and other short-term receivables.

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**17. OTHER CURRENT ASSETS**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Prepaid expenses	707,604	416,467
Prepayments - leases	-	311,674
Advances to suppliers	108,275	2,170,212
<b>Total</b>	<b>815,879</b>	<b>2,898,353</b>

On December 31, 2024, the Company paid the advance for one financial lease for a piece of equipment for the production capacity (e.g. a multifunctional piece of equipment with numerical command OKUMA MULTUS U3000). The equipment was delivered during 2025.

**18. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS**

**CASH AND CASH EQUIVALENTS**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash at banks	6,443,667	3,403,713
Deposits	3,010,400	-
Petty cash	15,077	12,746
Other cash available	-	35,499
<b>Total</b>	<b>9,469,144</b>	<b>3,451,958</b>

As of December 31, 2025, a term bank deposit was set for RON 3,010,400. The deposit was set on December 8, 2025 for 30 days, with an interest rate of 5.20% p.a.

**TERM DEPOSITS**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Bank deposits</b>	-	22,000,000

As of December 31, 2024, the Company had set time bank deposits in the following amounts:

- RON 6,000,000, from September 2, 2024 for 180 days' term, for an interest of 5.05% p.a. through BRD,
- RON 3,000,000, from November 28, 2024 for 90 days' term, for an interest of 5.15% p.a. through BRD,
- RON 7,000,000, from December 10, 2024 for 90 days' term, for an interest of 5.20% p.a. through BRD,
- RON 3,000,000, from December 18, 2024 for 90 days' term, for an interest of 5.10% p.a. through BRD,
- RON 3,000,000, from December 20, 2024 for 180 days' term, for an interest of 5.15% p.a. through BRD.

These deposits were disclosed separately from cash and cash equivalents considering the period for which they were set and that they are not held for the purpose of meeting short-term cash commitments. As of December 2025, the Company had no such bank deposits.

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**19. SHARE CAPITAL**

	<u>No. of shares</u>	<u>Share capital</u> RON
Share capital paid in as at January 1, 2024	369,442,475	36,944,248
Share capital as at December 31, 2024	369,442,475	36,944,248
Share capital as at December 31, 2025	369,442,475	36,944,248

In 2025 and 2024, respectively, the Company recorded no changes in share capital.

**20. RESERVES**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Legal reserves	7,388,850	7,388,850
Revaluation reserves	61,530,143	62,168,786
Other reserves	14,094,961	14,094,961
<b>Total</b>	<b><u>83,013,954</u></b>	<b><u>83,652,596</u></b>

In 2025 and 2024, respectively, the Company did not set an additional legal reserve, since it was already set in 2017 in the amount of 20% of the share capital in accordance with the minimum threshold as stipulated in the Trading Companies Law no. 31/1990 with its subsequent amendments.

The change in revaluation reserves as at December 31, 2025 and December 31, 2024, respectively, is detailed below:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<b>Balance at the beginning of the financial year</b>	<b><u>62,168,786</u></b>	<b><u>67,118,186</u></b>
Realized revaluation reserve during the year	(638,641)	(4,949,400)
<b>Balance at the end of the financial year</b>	<b><u>61,530,145</u></b>	<b><u>62,168,786</u></b>

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
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**21. LOANS, LEASE LIABILITIES AND OTHER FINANCIAL LIABILITIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>a) Short-term debts to shareholders</b>	<b>4,880,000</b>	<b>4,880,000</b>
Loans from shareholders (Note 28)	4,880,000	4,880,000
<b>b) Loans from banking institutions, lease entities and other financial liabilities</b>		
<b>Secured loans</b>		
Short-term bank loans	23,248,855	23,198,478
Short-term lease liabilities	5,288,421	3,851,625
Long-term lease liabilities	11,882,299	9,921,058
Other long-term financial liabilities	-	4,371,367
<b>Total loans from banking institutions, lease entities and other secured financial liabilities</b>	<b>40,419,575</b>	<b>41,342,528</b>
<b>Total loans, lease liabilities and other financial liabilities (a + b)</b>	<b>45,299,575</b>	<b>46,222,528</b>
Of which:		
Short-term loans and lease liabilities	<b>28.537.276</b>	<b>31.930.103</b>

**a) Amounts owed to shareholders**

At the end of March 2009, the Company concluded loan contracts with shareholders to finance its operating activity as follows:

- Viehmann Radu: RON 4,580,000 of which RON 4,500,000 according to Contract 178/2009 and the subsequent addenda and RON 80,000 according to short-term contract no. 538/2011, non-interest bearing.
- Ciorapciu Dana Maria: RON 300,000 according to Contract 867/2012 and the subsequent addenda.

These are extended annually, through addenda, and the interest related to these contracts is paid during the year.

In February 2025, the two loan contracts with the shareholders were extended and addenda were concluded as follows: AA 17 /31.01.2025 to contract 178/2009 and AA 13 / 31.01.2025 to contract 867/2012, respectively; these addenda did not change the interest rate of 8.8%/year, which includes the percentage related to the investment income tax, which currently, according to the Fiscal Code, is 10%.

**b) Amounts owed to credit institutions**

<b>Contract</b>	<b>Balance at December 31, 2025</b>	<b>Balance at December 31, 2024</b>
(A) BRD – Credit facility no. 103 BIS/28.04.2006	13,893,892	13,891,023
(D) Banca Transilvania – Loan Contract no. 186/24.06.2009	9,354,963	9,307,455
	<b>23,248,855</b>	<b>23,198,478</b>

**21. LOANS, LEASE LIABILITIES AND OTHER FINANCIAL LIABILITIES (continued)**

**(A) BRD – Credit facility no. 103 BIS/28.04.2006**

The Company has a credit line and a SGB issuance facility and the opening of letters of credit with BRD which has been extended over time through addendums.

Addendum no. 66/ 27.08.2024 extended the validity period of the global financing ceiling of facility A, multi-options, non-binding, until August 31, 2025, and for facility B, the SGB value cannot exceed 12 months from issue/opening. The contract provides a series of special fees (SGB amendment commission, SGB analysis commission, L\C (letter of credit) issuing commission, letter of credit modification commission, letter of credit non-utilization/cancellation commission). The interest for the used amounts is floating, the rate is ROBOR 3M + 2.5% margin p.a. On December 31, 2024, the loan balance is RON 13,891,023.

Addendum no. A01/28.08.2025 extended the validity period of the global financing ceiling of facility A, multi-options, non-binding, until August 30, 2026, and for facility B, the SGB value cannot exceed 12 months from issue/opening. The contract provides a series of special fees (SGB amendment commission, SGB analysis commission, L\C (letter of credit) issuing commission, letter of credit modification commission, letter of credit non-utilization/cancellation commission). The parties agreed to increase the ceiling from RON 19,365,000 to RON 35,000,000. The interest for the amount used is floating, the rate is ROBOR 3M + 2.1% margin p.a. On December 31, 2025, the loan balance is RON 13,893,892.

**Guarantees:**

As of December 31, 2025, the Company has pledged or mortgaged depreciable tangible fixed assets with a net book value of RON 9,716,109 (December 31, 2024: RON 11,394,131).

The value of the Bank Letters of Guarantee issued through the loan ceiling and valid on December 31, 2024 is RON 1,748,698, as follows: on November 20, 2024, a Bank Letter of Guarantee was issued in favor of the client, the Executive Unit for the Financing of Higher Education, Research and Innovation (UEFISCDI) in the amount of RON 283,668 with maturity date 25.01.2024. On 22.12.2023 a Performance Bank Letter of Guarantee was issued in favor of the client UM01836 in the amount of RON 1,648,198 with maturity date 20.12.2024.

The value of the Bank Letters of Guarantee issued through the loan ceiling and valid on 31.12.2024 is RON 1,748,698, as follows: a Bank Letter of Guarantee was issued in favor of client UM01836 in the amount RON 1,648,198 with maturity date February 28, 2025. On December 31, 2024, a Performance Bank Letter of Guarantee was issued in favor of client UM01836 in the amount RON 100,500 with maturity date March 31, 2025.

On December 31, 2024, the approved limit is RON 19,365,000, of which RON 13,891,023 was used through the credit line and RON 1,748,698 through Bank Letters of Guarantee issue, the available limit being RON 3,725,279.

On December 31, 2025, the approved limit is RON 35,000,000, of which RON 13,893,892 was used through the credit line and RON 715,578 through Bank Letters of Guarantee issue, the available limit being RON 20,390,530.

**(B) Banca Transilvania – Loan contract no. 186/24.06.2009**

On May 14, 2024, Addendum no. 35/186 was concluded, the purpose of which is to modify the following conditions: credit facility extension until May 16, 2024; the amount of the loan RON 9,400,000; Multiple drawings. Credit use until May 14, 2025. The annual interest rate is floating and it consists of the ROBOR 6M index to be computed in the last business day of the prior calendar trimester, to which the bank 2.3% margin is added. The use until May 14, 2025. Credit balance as at December 31, 2024 is RON 9,307,455.

## **21. LOANS, LEASE LIABILITIES AND OTHER FINANCIAL LIABILITIES (continued)**

On May 9, 2025, Addendum no. 36/186 was concluded, the purpose of which is to modify the following conditions: credit facility extension until May 10, 2026; the amount of the loan RON 9,400,000; Multiple drawings. Credit use

until May 10, 2026. The annual interest rate is floating and it consists of the ROBOR 6M index to be computed in the last business day of the prior calendar trimester, to which the bank 2.3% margin is added. The use until May 14, 2025. Credit balance as at December 31, 2025 is RON 9,354,963.

Guarantees:

- real estate mortgage over: 3,349 sqm of land inside the built-up area, 583 sqm of unfenced land, 684 sqm of free land located inside the built-up area, 167 sqm of land inside the built-up area, 1,322 sqm of land inside the built-up area and movable collateral on the receipts and on the balance of the current account and of the sub-accounts opened with BT, under no. 186 / CES / 02 / 06.06.2012, amended and supplemented by AA 01/186 / CES / 02 / 21.05.2019.

According to the standard contractual clauses, the client undertakes to submit to the bank for analysis all the documents necessary to extend the credit facility at least 45 days before the maturity of the facility.

Turbomecanica has the obligation to perform a turnover through BT of min. 33% of the turnover achieved. The turnover condition was met. The special terms of the facility are maintained and remain unchanged.

### **c) Amounts owed to lease institutions and other financial liabilities**

In 2024, the Company concluded a new lease with BT Leasing, for the purchase of equipment to increase the production capacity, i.e., a multifunctional piece of equipment with numerical command OKUMA MULTUS U3000, which was received during 2025. The total contract value is RON 3,084,252 (the equivalent of EUR 620,000, of which, EUR 62,000 is the advance payment related to the lease contract). As at December 31, 2024, the lease liability and the asset are commitments not recorded on the balance sheet as of that date, and the Company had only made the advance payment of RON 311,674, (see the details in Note 17) in relation to this agreement.

During 2025, the Company received this equipment with of RON 3,158,560— for more details, see Notes 11 and Note 26 e).

As of December 31, 2025, the Company has financial leases in progress for equipment, which were concluded in previous years, the balance of which is RON 17.170.721 (2024: the Company had financial leases in progress for equipment, which were concluded in previous years, the balance of which was RON 13,772,683).

The assets related to these leases are presented in Note 11. All lease liabilities are due within 5 years.

As of December 31, 2024, the Company had concluded a sale and leaseback contract for the Gleason gear cutting or gear grinding correction equipment with a financed value EUR 990,000, with an estimated receipt date during the first half of 2025. As of December 31, 2024, the Company had paid advances in the amount RON 4,371,367 to equipment suppliers, out of which, RON 3,283,896 was paid in 2024, as disclosed in Note 11. In relation to these advances paid, financing was obtained from the lease company and disclosed on the other financial liabilities line as of December 31, 2024. According to the contractual terms, this asset was received during 2025. Starting with the receipt date, the Company acquired a right of use and, in relation to it, a financial lease liability, based on the concluded contracts. For details, see the details in Note 11 and Note 26 e), respectively.

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**22. PROVISIONS**

	<b>Provisions for post- employment benefits</b>	<b>Other provisions related to personnel</b>	<b>Provisions for guarantees</b>	<b>Provisions for onerous contracts</b>	<b>Total</b>
<b>Balance as of January 1, 2025</b>	<b>1,483,504</b>	<b>2,409,474</b>	<b>729,634</b>	<b>736,899</b>	<b>5,359,511</b>
Additions	628,131	2,147,948	-	1,326,837	4,102,916
Used	(128,128)	-	-	(736,899)	(865,027)
Reversal through profit and loss	(188,672)	(2,409,474)	-	-	(2,598,146)
Actuarial loss – other comprehensive income	53,688	-	-	-	53,688
<b>Balance as of December 31, 2025</b>	<b>1,848,523</b>	<b>2,147,948</b>	<b>729,634</b>	<b>1,326,837</b>	<b>6,052,942</b>

As at December 31, 2025, all provisions except the provision "Provisions for post-employment benefits" are presented as current provisions. From the total "Provision for post-employment benefits", the amount RON 938,093 is disclosed as a short-term provision, while the difference of RON 910,430 is presented as a long-term provision (2024: the amount of RON 626,838 is disclosed as a short-term provision, while the difference of RON 856,666 is presented as a long-term provision).

*Other personnel-related provisions*

The following are included in "Other personnel-related provisions": provision for performance bonuses for the current year that will be paid in the following year, and a provision for vacations not taken at the end of year. The expenditure with these contributions registered in the current year is disclosed in Note 6 together with the reversal of the related provision. The amounts presented as additions mainly comprise the provision for performance bonuses for 2025, and those presented for use, consist in the reversal of the provision for performance bonuses together with the granting of these bonuses.

*Post-employment benefit provisions*

The Company provides the following benefits to its employees:

- a) Retirement benefits in the amount of two basic salaries in the month preceding retirement;
- b) Assistance in case of death of the employee: 5 minimum salaries per Company plus 25% of this amount of each dependent child;
- c) Upon termination of the activity from the Company's initiative as a result of the restriction of its activity, compensatory payments of up to 6 individual salaries, representing 20% of the individual salary of the month preceding the termination of the collaboration, for each year worked in the Company, but not less than one salary, in addition to the rights due to the day, without affecting the salary rights of the remaining staff.

The most recent actuarial valuation of the provision for post-employment benefits was performed on December 31, 2025, by GELID ACTUARIAL COMPANY. The present value of the benefit obligation determined the costs related to the current services and the cost of the past service, were measured using the Projected Credit Factor Method (MFCP). These benefits will be paid in large in the next 5-15 years.

## 22. PROVISIONS (continued)

The main assumptions used for the purposes of the actuarial valuations were as follows:

- a. Demographic assumptions on the future characteristics of employees eligible for receiving benefits:
- Mortality of employees and their family members, Rate of employee turnover
- In 2025, the employee turnover rate was 11.1%. For this exercise, the average of the last three years was considered to be 11.9% p.a. Based on the age structure of the staff, the staff turnover rate model takes into account the number of years remaining until retirement and results in a number of employees who would leave and be replaced equal to 11.9% of the total number of employees. The employee turnover rate is:
- 31.2% p.a. for employees who have more than 35 years until retirement
  - On a linear basis - decreasing to 0% for employees with a number of years until retirement between 35 and 5 years;
- For the last 5 years until retirement, we considered that employees are no longer looking to change jobs and that they have gained enough experience not to be replaced for disciplinary reasons.
- Rate of dismissals
- Company management has announced a personnel redundancy plan involving 81 employees, as a result of the activity decrease.
- b. Financial assumptions
- Discount rate
- As regards the discount rate, the Company took into account the yields of bonds on the active market at the end of December 2024. The available residual terms until maturity were 1 - 11 years and 13 years. For the other terms, the Company estimated the discount rate using the Smith-Wilson method. The long-term assumptions were:
- Estimated long-term inflation rate 2% p.a.
  - Estimated long-term real yield of government bonds 1.3% p.a.
  - Liquidity premium for Romania 0%.
- Thus, a balancing forward rate of 3.30% pa was considered, The method ensures compatibility between the discount rate and inflation rate, The weighted average discount rate is 6.3% p.a.
- Inflation rate
- Based on the statistics issued by INSSE and the autumn forecast for 2024 – 2028, the inflation rate was estimated as follows:
- 7.3% in 2025
  - 6.5% in 2026
  - 3.2% in 2027
  - 3.0% in 228
  - 2.8% in 2029
  - 2.5% in 2030 - 2031 following a declining trend in the following years.
- The weighted average rate of inflation is 2.8% p.a.
- Wage growth rate
- The Company communicated having estimated an average growth of maximum 4.0% in 2026. For 2028 and the following years, the wages were considered to increase on average with the annual inflation rate. The weighted average rate of salary increases is 2.8% pa.

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**22. PROVISIONS (continued)**

The components of defined benefit costs recognized in profit or loss are as follows:

<b>Change the present value of the obligation:</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of obligation at the beginning of the year	1,483,504	879,870
Interest cost	77,446	49,360
Cost of current service	116,634	139,312
Payments from provisions during year	(316,800)	(418,407)
Actuarial (Gain)/Loss of the year	53,688	833,369
Past service costs	434,051	-
<b>Present value of the obligation – December 31</b>	<b>1,848,523</b>	<b>1,483,504</b>
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Calculation of the expense for the year:</b>		
Interest cost	77,446	49,360
Current service cost	116,634	139,312
Past service cost	434,051	-
<b>Total expenses for the period, charged to the profit and loss account</b>	<b>628,131</b>	<b>188,672</b>

**Other comprehensive income \***

Amount of actuarial (gain)/loss during the reporting period RON 53,688 (2024: RON 833,369)

*\* in the Statement of Comprehensive Income, the amount is presented net of the deferred tax impact*

<b>Change in provision</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Opening trial balance – January 1	<b>1,483,504</b>	<b>879,870</b>
Movement related to the period	681,820	1,022,042
Payments	(316,800)	(418,407)
<b>Total provision</b>	<b>1,848,524</b>	<b>1,483,504</b>

Significant actuarial assumptions for determining the defined obligation are the following: discount rate, projected salary increases and mortality,

<b>Maturity of obligations with defined benefits</b>	<b>Benefit Payment Maturity Analysis (RON)</b>			<b>Total obligations with defined benefits</b>
	<b>Retirement benefits</b>	<b>Employee death benefits</b>	<b>Restructuring compensation benefits</b>	
			623,415	
Below 1 year	267,997	46,671		938,083
1 – 2 years	31,324	47,491		78,815
2 – 5 years	319,489	136,324		455,813
5 – 10 years	1,009,234	143,308		1,152,542
Above 10 years	790,328	111,124		901,452

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**22. PROVISIONS (continued)**

**Sensitivity analysis 2024**

<b>Hypotheses</b>	<b>December 31, 2024</b> Post-employment benefits	<b>December 31, 2023</b> Post-employment benefits
PVDBO at December 31, 2025 (RON)	1,848,524	1,483,504
Discount rate + 1%	1,783,646	1,421,448
Discount rate - 1%	1,919,818	1,551,424
Wage growth rate + 1%	1,921,898	1,553,399
Wage growth rate - 1%	1,790,737	1,418,682
Increased longevity by 1 year	1,837,631	1,475,134

*Warranty provisions*

As mentioned in Note 3, in contract revenues, the Company offers its customers a warranty between 12-18 months. The Company management makes an analysis of the historical costs with the repairs under warranty and, based on this analysis, a warranty provision is recorded. In 2025, the warranty provision amounts to RON 729,634 (2024: RON 729,634).

*Provisions for onerous contracts*

For the concluded fabrication contracts, where the Company estimates losses, a provision for onerous contracts was recorded.

**23. TRADE AND OTHER LIABILITIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Trade liabilities	2,136,779	6,397,568
Liabilities on invoices to be received	1,375,526	1,170,553
<b>Total</b>	<b>3,512,305</b>	<b>7,568,121</b>

**24. OTHER CURRENT LIABILITIES**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Salaries	2,122,970	2,218,398
Salary taxes	3,157,092	3,241,542
VAT payable	560,526	1,362,339
Other creditors	83,461	56,955
Other taxes	316,956	298,748
Dividends payable	1,861,639	2,006,669
<b>Total</b>	<b>8,102,644</b>	<b>9,184,651</b>

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**25. SEGMENT REPORTING**

Operating segments of the Company are driven by the main products and services delivered, as it is shown below: manufacturing of aircraft parts, repairs of engines and other.

Also, the geographical segmentation of the operations derives from the country of origin for the main customers of the Company.

The Company management does not monitor the business at the level of these segments, only the registered revenues, Owned assets serve all segments presented.

Therefore, the Company cannot present profitability and CAPEX at the individual segment level.

**Segment revenues**

<b>Segment</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Manufacturing of aircraft parts	29,612,997	31,431,591
Repairs of engines	97,998,482	99,557,689
Other revenues	5,408,255	8,996,572
<b>Total</b>	<b>133,019,734</b>	<b>139,985,852</b>

**Geographic information**

The Company revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets by geographical location are detailed below:

<b>Location</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>EUROPE</b>	131,831,698	139,920,479
- out of which: in Romania	111,009,304	115,757,100
<b>USA</b>	592,141	-
<b>ASIA</b>	613,895	65,373
<b>TOTAL</b>	<b>133,019,734</b>	<b>139,985,852</b>

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**26. FINANCIAL INSTRUMENTS**

**a) Capital risk management**

The Company manages its capital so as to make sure that it will continue its business along time with the maximization of the shareholders' wealth, by optimizing the balance of liabilities and equity.

The Company's capital consists of debts, which include the borrowings disclosed in Note 21, cash and cash equivalents and term bank deposits, presented in Note 18, as well as equity.

Own equity comprises share capital, reserves and retained earnings, as disclosed in Notes 19 and 20.

The Company monitors capital based on the gearing ratio. Such ratio is calculated as ratio between the net debt and total capital. The net debt is calculated as total borrowings (including both long and short-term loans) less cash and cash equivalents.

The total capital is calculated as "capital and reserves" as reported in the balance sheet.

The gearing ratio as at December 31, 2025 and December 31, 2024 is as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Total borrowings and lease liabilities	45,299,575	41,851,161
Cash and cash equivalents and term deposits	<u>(9,469,144)</u>	<u>(25,451,958)</u>
<b>Net debt</b>	<b><u>35,830,431</u></b>	<b><u>16,399,203</u></b>
<b>Total capital and reserves</b>	<b>146,331,576</b>	<b>152,477,253</b>
Gearing ratio	24%	11%

**b) Credit risk management**

The Company is subject to a credit risk due to its trade receivables and other types of receivables. The Company has policies designed to ensure that sales are made to customers with appropriate references regarding their creditworthiness.

The maturity date of the debts is closely monitored and the amounts due after the deadline are promptly tracked. Trade receivables (customers) are presented net of adjustments for impairment of uncertain receivables.

The Company develops policies that limit the value of credit exposure to any financial institution.

The Company does not request collateral deposits but in some limited cases, it requires advances from customers.

The concentration of trade receivables and revenue from contracts is as follows:

	<b>Trade receivables as of December 31, 2025</b>	<b>Contractual assets as of December 31, 2025</b>	<b>Revenue from contracts with customers 2025</b>	<b>Trade receivables as of December 31, 2024</b>	<b>Contractual assets as of December 31, 2024</b>	<b>Revenue from contracts with customers 2024</b>
Top 3 clients	1,304,271	24,434,267	110,438,255	3,361,523	19,829,373	117,196,803
Other	10,472,992	3,342,292	22,581,479	8,370,824	3,074,128	22,789,049
<b>Total</b>	<b><u>11,777,263</u></b>	<b><u>27,676,559</u></b>	<b><u>133,019,734</u></b>	<b><u>11,732,347</u></b>	<b><u>22,903,501</u></b>	<b><u>139,985,852</u></b>

The top 3 clients according to sales fall into a low-risk category.

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**26. FINANCIAL INSTRUMENTS (continued)**

Cash, including term deposits, is held in financial institutions that are valued at minimal risk of default. These are BRD and Banca Transilvania.

The book values present the maximum exposure of the Company to the credit risk related to the existing receivables.

On this basis, the provision for loss on December 31, 2025, December 31, 2024 was determined by the provision of receivables older than 270 days.

**c) Foreign currency risk management**

The Company is exposed to foreign currency fluctuations in commercial and financing transactions. Foreign currency risk arises from recognized trade assets and liabilities, borrowings inclusively, expressed in foreign currency. Due to high associated costs, the Company's policy is not to use financial derivatives to mitigate such risk.

The carrying amounts of the Company's currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2025	EUR	USD	GBP	CHF	RON	TOTAL
	EUR 1 = RON 5.0985	USD 1 = RON 4.3417	GBP 1 = RON 5.8335	CHF 1 = RON 5.4743	RON 1 = RON 1	December 31, 2025
	RON	RON	RON	RON	RON	RON
<b>ASSETS</b>						
Cash and cash equivalents	5,524,116	33,653	67,059	5,761	3,838,555	9,469,144
Trade receivables	10,173,271	90,203	-	-	1,513,789	11,777,263
Contract assets	3,205,427	136,865	-	-	24,334,267	27,676,559
<b>LIABILITIES</b>						
Trade and other liabilities	640,833	102,731	62,015	-	2,706,726	3,512,305
Short and long-term loans and leases	17,170,721	-	-	-	28,128,855	45,299,575
Contract liabilities	-	-	-	-	17,834,040	17,834,040
<b>Net balance exposure (assets - liabilities)</b>	<b>1,091,261</b>	<b>157,989</b>	<b>5,044</b>	<b>5,761</b>	<b>(18,983,010)</b>	<b>(17,722,954)</b>

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**26. FINANCIAL INSTRUMENTS (continued)**

2024	EUR	USD	GBP	CHF	RON	TOTAL
	EUR 1 = RON 4.9741 RON	USD 1 = RON 4.7768 RON	GBP 1 = RON 5.9951 RON	CHF 1 = RON 5.2806 RON	RON 1 = RON 1 RON	December 31, 2024 RON
<b>ASSETS</b>						
Cash and cash equivalents	2,880,048	65,871	9,230	7,940	488,869	3,451,958
Financial investments	-	-	-	-	22,000,000	22,000,000
Trade receivables	8,106,215	44,842	-	-	3,581,290	11,732,347
Contract assets					22,903,501	22,903,501
<b>LIABILITIES</b>						
Trade and other liabilities	2,426,416	2,575,947	88,775	34,139	2,442,844	7,568,121
Short and long-term loans and leases	13,772,683	-	-	-	28,078,478	41,851,161
Other financial liabilities	-	-	-	-	31,209,570	31,209,570
	4,371,367	-	-	-	-	4,371,367
<b>Net balance exposure (assets - liabilities)</b>	<b>(9,584,203)</b>	<b>(2,465,233)</b>	<b>(79,546)</b>	<b>(26,199)</b>	<b>(12,757,232)</b>	<b>(24,912,413)</b>

**26. FINANCIAL INSTRUMENTS (continued)**

**c) Foreign currency risk management (continued)**

**Sensitivity analysis**

The Company is mainly exposed in respect of the exchange rate of the EUR vs. RON. The following table details the Company's sensitivity to a 10% increase in the main currencies the Company has monetary items. 10% is the sensitivity rate used when reporting foreign currency risk internally to senior management and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A negative number below indicates a decrease in profit, when there is a 10% weakening of the RON. For a 10% strengthening of RON against the currencies the Company has the monetary items denominated there would be an equal and opposite impact on the profit and equity, and the balance would be positive.

	<b>10% strengthening of RON against EUR - impact on the result as at:</b>	
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
EUR	109,126	(958,420)
USD	15,799	(7,955)
GBP	504	(2,620)
CHF	576	(246,523)

**d) Liquidity and interest risk management**

A prudent liquidity risk management requires maintaining sufficient cash and available credit lines, by continually monitoring the estimated and actual cash flow and by correlating the maturities of financial assets and liabilities.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash flows are impacted mainly by the changes in interest rates, due to the borrowings with variable interest rates contracted from internal credit institutions.

The Company has significant borrowings with variable interest rates that expose the Company to significant cash flow risk. The Company is on an ongoing negotiation process with the bank to renegotiate repayment terms and interest.

**Sensitivity analysis – interest**

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

Part of interest the Company pays to lease companies where the interest is fixed, thus no impact on fluctuations of interest rates.

For short-term loans, the interest has a variable component (ROBOR) and is about 8-9% per month.

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**26. FINANCIAL INSTRUMENTS (continued)**

Assuming a 2% increase, which historically is an increase in ROBOR rates, the impact on the profit and loss account will be insignificant.

**d) Liquidity and interest risk management (continued)**

2025	Interest rate	Less than 1 month	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>Trade and other liabilities</b>		<b>3,430,090</b>	<b>82,215</b>	-	-	<b>3,512,305</b>
<b>Long and short-term borrowings (of which):</b>		-	<b>36,223,417</b>	<b>11,882,299</b>	-	<b>48,105,716</b>
Short term loans in RON - BRD	ROBOR 3M + 2.1%	-	13,893,892	-	-	13,893,892
Loan interest		-	1,361,603	-	-	1,361,603
RON credit limit from Banca Transilvania	ROBOR 6M + 2.3%	-	9,354,962	-	-	9,354,962
Loan interest		-	1,025,304	-	-	1,025,304
Lease BTRL		-	5,288,421	11,882,299	-	17,170,720
Shareholder loans		-	4,880,000	-	-	4,880,000
Loan interest	8.8%	-	527,040	-	-	527,040
Other long-term financial liabilities		-	-	-	-	-
<b>Total liabilities</b>		<b>3,430,090</b>	<b>36,413,436</b>	<b>11,882,299</b>	-	<b>51,725,825</b>

2024	Interest rate	Less than 1 month	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>Trade and other liabilities</b>		<b>1,412,332</b>	<b>6,155,789</b>	-	-	<b>7,568,121</b>
<b>Long and short-term borrowings (of which):</b>		-	<b>34,468,899</b>	<b>9,921,058</b>	-	<b>44,389,957</b>
Short term loans in RON - BRD	ROBOR 3M + 2.5%	-	13,891,023	-	-	13,891,023
Loan interest		-	1,225,188	-	-	1,225,188
RON credit limit from Banca Transilvania	ROBOR 6M + 2.3%	-	9,307,455	-	-	9,307,455
Loan interest		-	884,208	-	-	884,208
Lease BTRL		-	3,851,625	9,921,058	-	13,772,683
Shareholder loans		-	4,880,000	-	-	4,880,000
Loan interest	8.8%	-	429,400	-	-	429,400
Other long-term financial liabilities		-	-	4,371,367	-	4,371,367
<b>Total liabilities</b>		<b>1,412,332</b>	<b>40,624,688</b>	<b>14,292,425</b>	-	<b>56,329,445</b>

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**26. FINANCIAL INSTRUMENTS (continued)**

**e) Changes in liabilities arising from financing activities**

	1 Jan 2025	Collections /New contracts	Payments	Transfers*	Interest during the year	Interest paid	Dividends granted	Foreign exchange movement	31 Dec 2025
Borrowings	28,078,478	181,109,932	(181,059,556)	-	2,509,386	(2,509,386)	-	-	28,128,855
Leases	13,772,683	3,158,560**	(4,616,604)	4,371,367	1,226,551	(1,226,551)	-	484,715	17,170,720
Other financial liabilities	4,371,367	-	-	(4,371,367)	-	-	-	-	-
Dividends	2,006,669	-	(9,145,030)	-	-	-	9,000,000	-	1,861,639
<b>Total financial liabilities</b>	<b>48,229,196</b>	<b>184,268,492</b>	<b>(194,821,190)</b>	<b>-</b>	<b>3,735,937</b>	<b>(3,735,937)</b>	<b>9,000,000</b>	<b>484,715</b>	<b>47,161,214</b>

\*transfers represent advances paid for a sale and lease back contract that was completed during 2025 and transferred as a finance lease liability.

\*\* equipment acquired during 2025 and for which the lease was signed on December 31, 2024.

	1 Jan 2024	Collections /New contracts	Payments	Transfers*	Interest during the year	Interest paid	Dividends granted	Foreign exchange movement	31 Dec 2024
Borrowings	18,993,817	9,084,661	-	-	2,193,381	(2,193,381)	-	-	28,078,478
Leases	11,913,465	2,513,312	(4,222,846)	3,568,752	947,525	(947,525)	-	-	13,772,683
Other financial liabilities	4,656,223	3,283,896	-	(3,568,752)	-	-	-	-	4,371,367
Dividends	1,400,924	-	(8,394,256)	-	-	-	9,000,000	-	2,006,668
<b>Total financial liabilities</b>	<b>36,964,429</b>	<b>14,881,870</b>	<b>(12,617,102)</b>	<b>-</b>	<b>3,140,906</b>	<b>(3,140,906)</b>	<b>9,000,000</b>	<b>-</b>	<b>48,229,196</b>

\*transfers represent advances paid for a sale and lease back contract that was completed during 2024 and transferred as a finance lease liability.

**f) Fair value of financial instruments**

**1. Financial assets and liabilities carried at fair value**

As at December 31, 2023 and December 31, 2024, the Company does not hold any financial instruments carried at fair value.

**2. Non-financial assets carried at fair value**

The table below analyses the Company's assets and liabilities carried at fair value, by valuation method. As of December 31, 2025, December 31, 2024, there have been no transfers between fair value levels.

**26. FINANCIAL INSTRUMENTS (continued)**

The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

<b>December 31, 2025</b>			
<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3 (Note 11)</b>
Land	-	-	27,130,722
Buildings	-	-	12,606,997
Equipment	-	-	41,946,993

<b>December 31, 2024</b>			
<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3 (Note 11)</b>
Land	-	-	24,130,722
Buildings	-	-	13,241,491
Equipment	-	-	44,977,870

**3. Assets and liabilities not carried at fair value but for which fair value is disclosed**

The assets and liabilities of the Company are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

Trade receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Trade and other payables and borrowings represent contract amounts and obligations due by the Company.

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**27. EARNINGS PER SHARE**

*(a) Basic*

The basic result per share is calculated by dividing the shareholders' profit to the weighted average number of ordinary shares issued during the year, except for ordinary shares purchased by the Company and kept as treasury shares (own shares).

	<u>2025</u>	<u>2024</u>
Company shareholders result	2,899,421	16,158,631
Weighted average number of ordinary shares issued	369,442,475	369,442,475
Basic earnings per share	0.0078	0.0437

*(b) Diluted*

The diluted result per share is calculated by adjusting the weighted average of existing shares to take into account the translation of all potentially diluted shares, The Company did not register convertible debts or share issuance options which may be converted to ordinary shares that may adjust the weighted average number of shares.

During 2025, based on the OGSM Decision no. 1 of April 29, 2025, it was decided to distribute dividends in an amount RON 9,000,000 from the profit related to the financial year ended on December 31, 2024 in an amount RON 16,158,631, the difference amounting to RON 6,559,223 representing the profit not appropriated on other destinations representing own source for financing of investments, while RON 599,408 was used to cover the losses from the free disposal of equity instruments.

As of December 31, 2025, the Company has dividends payable amounting to RON 1,861,639, of which RON 667,381 relates to the year 2024, RON 624,093 relate to the year 2023, and RON 570,166 relate to the year 2022. (as of December 31, 2024, the Company had dividends payable amounting to RON 2,006,669, of which RON 684,556 related to the year 2023, RON 604,629 related to the year 2022, and RON 717,183 related to the year 2021).

## 28. RELATED PARTIES

The Company has loans received from related parties as per below illustration:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>Total</b>	<b>4,880,000</b>	<b>4,880,000</b>
Radu Viehmann	4,580,000	4,580,000
Maria Ciorapciu	300,000	300,000

### **Terms and conditions of transactions with related parties:**

The terms and conditions related to the loans presented above are described in Note 21. No guarantees were provided for the loans with the affiliated entities. There have been no guarantees provided or received for any related party loans.

### **Key management employees**

Please see below for an overview of the benefits granted to members of management. In the years ended December 31, 2025 and December 31, 2024 there were no transactions concluded between the company and key management members.

During 2025 and respectively 2024, the Company paid benefits to the key management members consisting of the members of the Board of Directors ("C.A.") of Turbomecanica SA and the CEO, as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Board of Directors and CEO	2,366,078	2,249,682

As of December 31, 2025 and December 31, 2024, the Company has granted advances for settlement to the directors / members of the board of directors.

At 2025 and 2024 year end, there were no guarantees or future obligations assumed by the Company on behalf of the directors.

## **29. COMMITMENTS AND CONTINGENCIES**

### **Commitments**

The Company has commitments in the amount RON 17,558,478 related to the purchase of tangible or intangible assets on December 31, 2025 (December 31, 2024: RON 11,943,629).

The Company issued letters of bank guarantee in favor of business partners on December 31, 2025 in an amount RON 715,578 (December 31, 2024: RON 1,748,698) (Note 21).

Commitments related to leasing liabilities are presented in Note 21.

### **Contingencies**

#### **Taxation**

Taxation system in Romania is still developing trying to consolidate and harmonize with the European legislation. In this respect, there still are various interpretations of the tax laws. In certain cases, tax authorities may treat differently certain aspects and calculate supplementary taxes and levies and related interests and penalties.

In 2025, the interest value is 0.02% for each day of delay; the delay penalties are 0.01% for each day of delay.

In Romania, the fiscal year stays open for verifications for 5 years. In the last 5 years there have been no tax inspections on the profit tax. The management estimates that the tax liabilities included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the tax regime of items of equity which have not been subject to income tax as at their accounting registration, due to their nature, should the Company change the destination of revaluation reserves (by covering losses or allocation to shareholders), it will incur additional income tax liabilities.

#### **Environmental matters**

Environmental regulations are developing in Romania, and the Company did not register any liabilities as at December 31, 2025 or December 31, 2024 for any estimated costs, including legal and consulting fees, site surveys, the design and implementation of recovery plans as regards the environment. The Company's management believes that provisions regarding environmental obligations are not necessary.

#### **Mitigating climate change by improving environmental performance and preventing pollution**

The Company is constantly concerned with protecting the environment, being focused on optimizing the performance of resource allocation and consumption processes and is engaged in identifying solutions to reduce the impact on the environment, by replacing some hazardous substances, increasing air quality and last but not least, recycling.

Through the monitoring and measurement program of the environmental management system, all existing pollution installations on the site are monitored weekly and checked periodically through the predictive preventive maintenance program for technological equipment, regarding their functionality under normal conditions.

## **29. COMMITMENTS AND CONTINGENCIES (continued)**

The Company is in the process of modernizing the production sections, replacing old and unproductive machine tools with the latest generation industrial centers, with the aim of reducing the amount of hazardous waste. Thus, in 2022, the filter system was installed to capture the emissions of heavy metals and powders on the Copper, Cadmium and Chromation lines, which led to a reduction in the concentration of heavy metals and powders. In addition, the Company decided to purchase and install a system of filters with the efficiency of capturing heavy metal emissions (Phosphating, Pickling, Viper Pickling) and dusts removed in special processes.

The Company, through the prism of the activity carried out, uses organic solvents with volatile organic compounds, which fall under the scope of the legal provisions. Volatile organic compounds, VOCs, are an important category of atmospheric pollutants, frequently encountered in the atmosphere as a result of human activities. The main activity of the company that generates emissions with volatile organic compounds is the process of degreasing parts, the organic solvent used being tetrachloroethylene. At the beginning of 2023, the exhaust chimney related to the paint shop was cleaned, thus eliminating the excess powder with VOC content retained on the piping during the process of painting parts, leading to a decrease in the concentration of VOC emissions.

On December 31, 2025, based on the available information, the Company analyzed the potential impact of climate change on the financial situation and the results of the Company's operations and concluded that there is no impact on the financial position from December 31, 2025.

### **Other information**

The war in Ukraine and the related sanctions against the Russian Federation have a continuous impact on European and global economies. The entity has no significant direct exposure in Ukraine, Russia or Belarus. However, the impact on the general economic situation may require a periodic review of certain assumptions and estimates (cost of energy, cost of raw materials and general impact of inflationary pressure). On December 31, 2025, based on the available information, the Company analyzed the potential impact of the change in micro and macroeconomic conditions on the financial situation and the results of the Company's operations and concluded that there is no impact on the financial position as of December 31, 2025.

## **30. AUDIT FEES**

Starting with 2021, the auditor of the Company is Ernst&Young Assurance Services SRL. The fees for audit services of the financial statements on December 31, 2025 prepared in accordance with the Order of the Ministry of Public Finances 2844/2016, approving the accounting regulations in accordance with the International Financial Reporting Standards, with the subsequent modifications and clarifications were in an amount EUR 62,000, excluding TVA.

## **31. SUBSEQUENT EVENTS**

### **Loan contracts extension**

In January 2026, the two loan contracts with associates were extended and additional documents were concluded for one year period, as follows: AA18/ 17 31.01.2026 to Contract 178/2009 and AA 14 / 28.01.2026 to Contract 867/2012, respectively.

### **31. SUBSEQUENT EVENTS (continued)**

#### **Collective restructuring**

On February 26, 2026, the Board of Directors approved the collective layoff procedures as part of the Company's activity reorganization, which involves the dismissal of 84 employees, accounting for 19.7% of the Company's existing workforce.

This decision is part of a broader operational optimization and cost structure efficiency process, in the context of market volatility, which is also reflected in the volatility of the Company's revenues. Considering the macroeconomic developments in recent years, the Company management considered it necessary to adjust the organizational structure and the cost basis to align the operating capacity with the current and the estimated activity levels. The action taken aims at strengthening the financial sustainability, maintaining the core technical capacity, and creating premises to sustain future investments in infrastructure modernization and technical capability development. Reducing the number of employees by 84 will generate a decrease in the fixed monthly costs by about RON 520,173, mainly as salaries, social security contributions, and related benefits.

As regards the support measures for employees and the accounting estimates related to the associated costs/expenses, the pre-dismissal services provided by AMOFM Bucharest were accessed, and compensatory payments amounting to RON 593,910 will be made for 18 months, in accordance with the Collective Labor Agreement for 2026. This cost is undertaken by the Company as part of the restructuring process, in order to mitigate the social impact of the layoffs. The Company complies with all applicable legal provisions regarding collective dismissals, including the obligations to inform and consult employee representatives and to notify the competent authorities thereon.

The Company management believes this measure will contribute to improving operational efficiency and strengthening the Company's financial position on the medium and long term.

#### **Middle East**

At the end of February 2026, a significant geopolitical event occurred in the Middle East, leading to increased regional tensions and uncertainty. Due to the rising geopolitical tensions, starting February 2026, there has been a significant increase in market volatility, as well as fluctuations in energy, oil, and gas prices. High inflationary pressures, disruptions in global supply chains, and a slowdown in economic growth are expected. The Company has no direct exposure to related parties and/or key clients or suppliers or banks from the affected region.

The Company considers these to be subsequent events which do not adjust the financial position as of December 31, 2025.

No other events occurred subsequently to the balance sheet date, other than those detailed above, which could have an impact on the financial statements at December 31, 2025.

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorized for issuance on March 26, 2026.

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**CLAUDIA ANGHEL,**  
Economic & Commercial Director

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**GHEORGHE MAN,**  
Board of Directors

## **MANAGEMENT DECLARATION**

I the undersigned, Eng. Radu Viehmann, Chairman of the Board of Directors and CEO, hereby assume responsibility for the preparation of accounting reports on December 31, 2025.

We declare that all accounting policies used by TURBOMECANICA SA for the preparation of accounting reports on December 31, 2025 are in accordance with Accounting Law 82/1991 republished, with subsequent changes and additions, with O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards and Order no. 85/2022 regarding the main aspects related to the preparation and submission of annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Public Finance and for the regulation of some accounting aspects.

We confirm that during the year 2025 there were no cases of violations or possible cases of non-compliance with laws or regulations that could significantly influence the accounting reports.

We declare that the accounting reports on December 31, 2025 of **TURBOMECANICA SA** give a true view of the financial position, financial performance and other information related to the activity carried out between January 1, 2025 - December 31, 2025.

We declare that **TURBOMECANICA S.A.** carries out its activity under conditions of continuity, it does not intend and does not need to liquidate or significantly reduce the volume of its activity as a result of:

- the loss of important clients,
- the application of a restructuring plan,
- outstanding payments,
- liquidity problems, litigation as defendant and plaintiff with shareholders, debtors, significant creditors, state bodies, claims,
- sector, market risk,
- other factors.

We declare that the management members are not aware of significant uncertainties related to events or conditions that may cause significant doubts on the company's ability to continue its activity.

**Date: March 26, 2026**

**BOARD OF DIRECTORS,  
GHERORGHE MAN**

**FINANCIAL & COMMERCIAL DIRECTOR,  
Ec. ANGHEL CLAUDIA**

**ANNUAL REPORT  
TURBOMECANICA  
2025**

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## THE MESSAGE OF THE PRESIDENT – GENERAL DIRECTOR

Dear Shareholders,

The year 2025 marks 50 years of hard work, passion, and shared achievements. This anniversary is not just about the passage of time, but about the people who, day after day, dedicate themselves to supporting our present and our future.

This year, which holds special significance for us, has, however, brought about an increase in economic risk at the national level due to high inflation coupled with the introduction of austerity measures (such as the VAT increase or higher taxes on land and construction), measures that have also impacted our Company.

The financial and operational results we are presenting this year fall short of our expectations, below this team's potential, and below the budget estimates for 2025.



Although the negative impact on turnover is only 4.98%, the net profit margin has dropped significantly to 2.18%. The most significant factor driving this result is the unforeseen negative fluctuation in inventory and work-in-progress during the fiscal year.

However, there is a major difference between a bad year and a complete failure. This year has taught us a brutal but necessary lesson.

What have we learned? We have learned that our business model must be more agile. Most importantly, we learned that our resilience does not come from numbers, but from people. Despite the difficulties, we laid the groundwork for launching the civil component maintenance program for Aeroplex, we maintained the loyalty of our international customers, and we continued to develop our authorizations by applying for FAA Part 145 certification, which regulates the U.S. market. This shows me that our foundation is strong; only the structure needs to be reshaped.

In 2026, we will focus on developing civil component maintenance projects and will eliminate unprofitable projects while retaining all capabilities to support Romania's defense structure.

We will implement the approved action plan to reduce operational costs and increase the Company's productivity.

We will continue to invest, because this is where our future lies.

The year 2025 was, without a doubt, one of the most challenging in our Company's recent history. The financial results we are presenting today do not reflect our true potential and fall short of the expectations we all have.

Nevertheless, I am writing this message not merely to analyze the past, but to express my absolute confidence in our ability to turn things around and return to a path of sustainable growth.

I invite you to read the annual report, which details TURBOMECANICA's performance in 2025.

## ANNUAL REPORT OF THE MANAGING BOARD

### INTRODUCTION

This Annual Report as of 31.12.2025 of TURBOMECANICA S.A. is prepared in accordance with Law 24/2017 and Regulation no. 5/2018 of the Financial Supervisory Authority (FSA) on issuers of financial instruments and market operations.

The Administrators' Report as of 31.12.2025 is accompanied by the Individual Financial Statements of TURBOMECANICA S.A., in order to inform investors and interested parties about the changes in the company's position and performance for 2025, as well as about the situation on the aviation and defense industry market.

The report also includes the Statement on non-financial reporting aspects, the "Apply or Explain" statement, in compliance with the Corporate Governance Code of the Bucharest Stock Exchange and are attached as an annex to the Administrators' Report.

TURBOMECANICA prepares the individual financial statements in accordance with the Order of the Minister of Public Finance 2844/2016, for the approval of the accounting regulations in accordance with the international financial reporting standards IFRS, with the following amendments and clarifications.

### ABOUT TURBOMECANICA



Turbomecanica is a Romanian company, with a half-century tradition in the aeronautical industry, and is part of the national defense industry in accordance with Law 232/2016.

Our mission began with the TURBOMECANICA Plant, in 1975 as the **sole manufacturer** of turbine engines and mechanical assemblies for helicopters (IAR PUMA 330L), as well as engines for Romanian-made aircraft (IAR 99) that are part of the endowment of the Ministry of National Defense and the Romanian Intelligence Service.



The main activities currently carried out are:

- Maintenance/Upkeep of Licensed Equipment
- Manufacture of components for civil aviation
- Manufacture of components for the energy sector

Currently, Turbomecanica continues to responsibly maintain the national flight capabilities for the PUMA IAR-330 helicopters and the IAR 99/ ŞOIM school aircraft of the **MApN (SMFA, SMFN) and SRI**, performing product maintenance activities.



On the foreign market, the Company continued in 2025 to deliver components and subassemblies for civil aviation engines. These programmes have continued to run despite the difficulties on the world market. In parallel, the manufacturing of components for gas turbines continued.

Thus, Turbomecanica continues the tradition of collaboration with important names in the international aviation market, such as Leonardo Helicopters, ITP Aero, or General Electric Hungary in the energy field, as well as other customers with smaller shares in the Company's turnover.

According to the classification of activities in the national economy, the main object of activity of TURBOMECANICA is the manufacture of military aircraft and spacecraft - NACE code 3032 and secondary NACE code 3316.

The unique company identification code at European level (EUID) is ROONRC. J1991000533409, and the identification code as a legal entity (LEI) is 52990005AIXHHACIZH85.

The company's website is [www.turbomecanica.ro](http://www.turbomecanica.ro).



## YEAR 2025 - EVENTS, INVESTMENTS AND INDICATORS

The major event that impacted the 2025 results was the sudden change in the production schedule, which led to the postponement until 2026 of the delivery of two complete sets of helicopters to IAR Braşov. This decision was made following extensive discussions and was implemented by amending the contract addenda. Given that IAR Braşov remains the largest customer, the Company absorbed the impact to avoid damaging the good working relationship and, more importantly, to prevent the customer from facing even greater financial difficulties.

In 2025, we began the process of obtaining FAA Part 145 certification, which regulates the civil aviation engine maintenance market in the U.S.

Throughout 2025, major maintenance programs for PUMA helicopter engines and mechanical assemblies continued in collaboration with the client IAR Braşov; these contracted programs will continue through the first half of 2026 (pursuant to Addendum No. 39/02/25/2025 and No. 41/01/26/2026 to Contract 2014500 for the performance of major maintenance on a total of 12 helicopters under the UN/SAR and L/VIP Helicopter Programs, a program initiated in 2024).

In addition to these, the **NATO Program** also continued (based on Addendum No. 40/02/25/2025 to Contract 2014500 for the performance of major maintenance on a total of 15 helicopters, a program launched in 2019, with the completion of the last two NATO helicopters, 14 and 15, in 2025), were carried out (also through the partner IAR Braşov); the **NAVAL and SRI Programs** continued for the maintenance of TURMO IV C/CA engines and mechanical assemblies of the PUMA helicopters in their inventory, as well as the **LIBAN Program** for major repairs to BRP and CTP mechanical assemblies.

Strategic maintenance programs were also developed and carried out directly with clients from the Ministry of National Defense (MApN) and Avioane Craiova SA, respectively, in accordance with the details presented in the SALES – MAINTENANCE ACTIVITIES section.

For external programs, in 2025 a **reassessment of the profitability and competitiveness of certain multi-year programs (LEONARDO Helicopters Italy, GE VERNOVA Hungary / GE CHINA, ITP AERO, HONDA USA, WITZENMANN Germany)** took place, following which:

- Amendment No. 4/10/03/2025 to Framework Contract No. 0207/2004 was signed with Lenardo (providing for a significant renegotiation of prices for all items covered by the program, for the period Q4\_2024 and 2025–2026, including an update to the price indexation formula starting in 2027);
- the clients **GE VERNOVA Hungary / GE CHINA** accepted the requested price increases by issuing firm orders for the period 2025–2026;
- **ITP AERO** – following re-bidding and negotiations, has accepted a price increase for the manufacture of the KH45680 housing for 2025–2026, and negotiations regarding the TBM offer are currently underway starting in 2027;
- For the **HONDA** client, **USA**: an offer was made to continue the current program at current prices for the 2026–2028 period, a program that is to be finalized upon receipt of the customer's order;
- For the **WITZENMANN** program, **Germany**, a decision was made to discontinue production (manufacture of pin parts, rings) due to its lack of profitability and customer's refusal to accept a renegotiation of the program's prices.

In 2025, the **rear-spinner repair program for CFM56-7B civil engines** was carried out, based on orders issued by the client **GE Aviation, Hungary**.

Concurrently, a bid was submitted and negotiations began with a potential new client, **AEROPLEX of Central Europe, Hungary**, for a similar **front-spinner and rear-spinner repair program for CFM56-7B and CFM56-5A civil engines**, respectively (a multi-year collaboration contract for this program is expected to be signed in 2026). Revenue from this program is estimated at an annual value between 3 million EUR and 5 million EUR.

During 2025, based on the customer's order, the manufacture of FAI batches took place, marking the start of the **pinion manufacturing programs for the mechanical assemblies of the new TAI T625 Gökbey helicopter for the client Turkish Aerospace Industries**; this program will continue in 2026 for the series production of pinions, based on price renegotiation and the firm order to be issued by customer.

During 2025, TURBOMECANICA submitted a bid for the manufacture of civil engine gears—under negotiation for 2026—with the potential client **JET HUMMEL, Austria**.

## IMPLEMENTATION OF THE INVESTMENT PLAN

The Company continued its investments in 2025, but following an analysis, it limited the amount of these investments based on their urgency and immediate impact on generating benefits.

Investments in production capabilities account for 38% of the approved investment plan. Of these, 8% have been completed and include the fuel flammability tester, the retort, and the lid for the PEGAT cementation furnace. Instead of investing in equipment and modernization work for the VacuBlast blasting facility, specialists decided to purchase new sandblasting equipment capable of performing blasting as well, since the initial modernization plan also included the addition of automatic sandblasting capability. After analyzing the estimated modernization cost of 110,000 EUR compared to the price of the new equipment at 19,855 EUR, it was decided to purchase the new equipment.

The investment in 3D printers accounts for 25% of the investment plan for production capabilities. Here, it was decided to postpone these investments until 2026 and to propose purchasing only the one for plastics.

This will bring benefits in the area of SDV (Tooling) production/use and for the protection of products that are currently purchased from external sources.

Investments in the development of the new CFM-56 7B program will resume in 2026. These were and remain dependent on the Company's ability to acquire such an engine for training and the development of specific SDVs. As of the date of this report, the Company identified in 2026 (after 4 years of searching) a training engine priced at approximately 12% of the new product value. In previous years, offers received for such engines amounted to over 50% of the new product value.

Therefore, the investment situation for 2025 is presented as follows (in Euro):

Investment plan approved	2,274,500
Investments postponed	1,860,500
Planned value for investments made	414,000
Actual realized value	321,371

As early as 2024, the Company brought its production and maintenance facilities into compliance with technical fire safety regulations in order to align with updates to the ISU requirements. The only areas still requiring investment as of 2025 are the archive areas.

The IT investment plan is 100% complete. The SOC (Security Operations Center) STI-CERT (Special Telecommunications Service - CERT) is the ideal choice for the Company, guaranteeing advanced protection of the IT infrastructure, reduced exposure to cyber risks, and rapid and efficient management of security incidents. Thus, the Company will benefit from a secure IT environment aligned with the strict standards of the aviation industry. At the same time, the modernization of the IT infrastructure enables more efficient office operations.

Miscellaneous investments account for 41% of the total investment plan. This proportion is due to the need to commission a new 20 kV power line. This process began as early as 2024 when the new electrical substation was installed in the space specifically designated for it. However, the permit to execute the connection was not issued until February 2026 by the City Hall. In 2026, work will resume on an emergency basis to complete the internal connections, so that ENEL Distribution can carry out the physical connection within the timeframe required by law.

Regarding green spaces, the Company plants approximately 6 trees on the property each year.

## ECONOMIC AND FINANCIAL INDICATORS

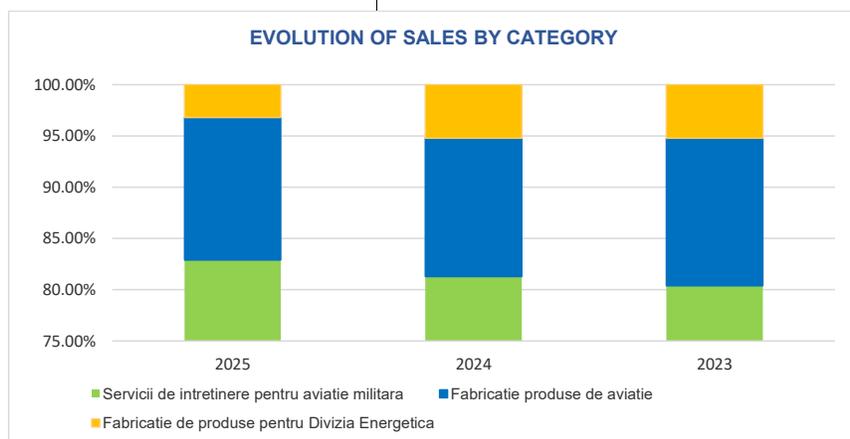
	2025	2024
Current ratio	2.21	1.91
Gearing ratio	12.08	9.94
Receivables turnover	32.25	54.38
Fixed assets turnover	1.48	1.51
Overall solvency ratio	2.71	2.44
Rate of return	1.98%	10.60%
NET Profit Rate	2.18%	11.54%
Net Treasury	10,285 th. lei	28,350 th.lei

## MACROECONOMIC INDICATORS

	2025	2024
Inflation	7.3%	5.6%
Average exchange rate €	5.0415	4.9746
Average exchange rate \$	4.4705	4.5984
Average exchange rate £	5.8340	5.8769

## EVOLUTION OF SALES BY CATEGORY

CATEGORIES	2025	2024
Military Aviation Sales	110,248,118	113,798,596
Aviation Sales	18,498,218	18,867,234
Sales for the Energy Division	4,273,398	7,320,023



Maintenance services for military aviation
Manufacturing of aviation products  
Manufacturing of products for the Energy Division

## CONTEXT OF THE ORGANISATION AND STAKEHOLDERS

The analysis of the context in which Turbomecanica operates revealed **the external and internal aspects** significant for its purpose and strategic direction that influence its capability.

They aim to:

- legal aspects - commercial, tax, labor law, environmental law, regulatory requirements of the authorities, included in the applicable regulations;
- customers and their specific regulations;
- market and competitors operating in this market;
- the emergence of new technologies;
- the values, culture and knowledge of the staff;
- the average age of the staff and the availability of human resources in the labor market.

Information on these external and internal issues and how they are monitored and analysed is documented in the specific internal regulations.

The stakeholders were also identified within the analysis of the compliance of the quality and environmental management system with the requirements of the reference standards as follows: Customers, Regulatory Authorities, Suppliers, shareholders, community and staff of the Company.

## BUSINESS MODEL

Turbomecanica creates value through 3 categories of basic activities, namely:

- Maintenance of engines and mechanical assemblies (main gearbox, intermediate and rear gearboxes, main rotor head) in accordance with AACR and AAMN authorizations, civil and military equipment



→ Manufacture of high-tech and high-quality equipment (aviation and energy), components and parts of TGB (rear gearboxes) and MGB (main gearboxes) of the new generation of helicopter engines of civil applications, for AW109 and A119 - AW119MKII LEONARDO HELICOPTER - Italy, of high complexity engine components for General Electric customers, Rolls-Royce, HONDA Aero, AVIO;



→ An extensive range of independent services: heat treatments, chemical processes, welding, hardening and Non-Destructive Testing - NDT for different types of parts and materials, manufacture of unique components, control services.



The model is based on the Company's responsibilities as part of the national defense industry and was expanded in the early 1990s by developing the manufacture of aviation components for international manufacturers. Subsequently, the wide range of chemical and thermal equipment and processes used in Turbomecanica began to create value by attracting service orders from customers satisfied with the specific capabilities and quality of services delivered to them.

*The Notes to the Financial Statements describe how the financial reporting reflects the business model adopted by the Company, according to IFRS standards.*

## IMPACT OF THE GLOBAL ECONOMIC SITUATION

Earlier this year, the International Monetary Fund updated its "World Economic Outlook" report, maintaining its global economic growth forecast at 3.2%—a figure comparable to that of 2024—with the economic environment continuing to be marked by political uncertainty, trade fragmentation, and pronounced regional disparities. The Fund's estimates for global economic growth in 2026 were left unchanged at 3.3%, below the historical average of 3.8% for the 2000–2019 period. The IMF report emphasizes that, in the medium term, the global outlook is for the pace of global economic growth to slow to 3.1%, below pre-pandemic levels. At the same time, the IMF warned that most countries must adopt stricter fiscal policies and implement reforms to stimulate sustainable economic growth.

Risks persist, particularly regarding political instability in key economies. The U.S. is seeing the most significant upward revision, with projected growth of 2.4%, marking a wider gap compared to European economies. In the eurozone, economic growth is modest, with Germany and France having revised growth forecasts of 1%. China's economy is gradually slowing, although growth for 2026 is estimated at 4.5%. Other emerging economies, such as India and Brazil, could benefit from regional rebalancing, while uncertainties related to energy prices and trade are affecting the global economy.

Regarding Romania, in the autumn forecast published in December 2025, the National Commission for Strategy and Forecasting estimates economic growth of 1%, similar to the European Commission's projection, given the intensifying adverse effects of the current economic and geopolitical context. It is estimated that the gross added value of the industry will grow by 0.5% in 2026, as well; preliminary 2025 data for this figure show a 0.5% decline compared to the same period in 2024.

Risks associated with current economic forecasts remain high in the ongoing geopolitical context, particularly in the wake of the war in Ukraine and other current conflicts. Trade tensions (particularly between the U.S. and China) and the introduction of new tariff barriers remain major threats to the stability of global trade.

The escalation of current conflicts could generate new shocks to supply chains and keep energy and food prices at high levels. Large fiscal deficits and high public debt in advanced economies could put pressure on long-term interest rates, making borrowing more expensive.

Risks specific to Romania (National Commission for Strategy and Prognosis, IMF & EC) include warnings regarding a potential significant deviation from the fiscal consolidation path agreed with the EU, which could erode investor confidence and macroeconomic stability.

Similarly, maintaining high inflation alongside austerity measures (such as a VAT hike or the elimination of tax breaks) risks contracting private consumption more than anticipated. Last but not least, the high current account deficit (projected at 6–8% of GDP) makes Romania vulnerable to shifts in sentiment in international financial markets.

In the medium term, Romania's annual economic growth rate is estimated at 2.7%, with a gradual recovery following severe fiscal adjustments starting in 2025, provided that the absorption of European funds continues, as consumption and investment remain robust, including through the continued implementation of the National Recovery and Resilience Plan (NRRP). Furthermore, economic growth is projected to exceed expectations due to strong investment in the industrial sector, which will support sustainable expansion.

TURBOMECANICA faced several challenges during 2025:

- a sudden and significant change in the production schedule during the year, which led to a significant rescheduling of deliveries for 2026;
- rising costs of raw materials, aviation-specific materials, and transportation-related costs. The aviation industry has been feeling the impact of these for nearly six years, and market estimates indicate that pressure on companies' costs will persist into 2026;
- supply chain complexity: the aerospace industry relies on extensive and complex supply chains, which can be affected by delays, disruptions, or changes in the supply of raw materials and aviation-specific materials. Managing this complexity can put pressure on costs and operational efficiency.
- funding the creation of inventories of critical raw materials and supplies to ensure a certain degree of independence in the short to medium term;
- prudent planning of all financial, material, and human resources;
- continuing operations with enhanced precautionary measures to mitigate risks to business continuity and human resources;
- analysis of medium-term business projections to ensure the Company's business continuity, an analysis that led, at the beginning of 2026, to a workforce restructuring through the collective layoff of approximately 19% of the staff.
- the legislative framework has impacted the business environment and created a lack of predictability in areas critical to business, such as energy policy, tax legislation, and social protection (increases in the minimum wage, amendments to the Labor Code, etc.).

Thus, 2025 was a year of multiple challenges, during which TURBOMECANICA took measures to mitigate risks.

## COMMERCIAL ACTIVITY

### BUSINESS ENVIRONMENT

The Company operates in a highly competitive environment according to the widely recognized principles of corporate governance, in accordance with Romanian legislation, European Union legislation and international practices, providing products and services on domestic and foreign markets both in the field of defense and in the field of civil aviation.

The business model is strongly influenced by the privileges and obligations of the Company resulting from its status in the category of national strategic defense industry, being recognized by the Minister of Economy as the sole supplier in Romania for the manufacturing and maintenance services of the engines and mechanical assemblies that equip the IAR PUMA 330 L helicopter and the VIPER engines that equip the IAR 99 aircraft.

In order to balance the risk generated by the concentration of the activity on the maintenance line specific to the equipment that endows the national fleet, TURBOMECANICA is constantly concerned with diversifying the portfolio of services, focusing its efforts on creating new partnerships with international partners. The latest decision in this regard was adopted by the OGMS and involves the development of the maintenance activity to serve civil aviation components.

As of the reporting date, Turbomecanica is already certified to perform maintenance work on civil aircraft engine components, specifically the CFM 56-7B, an engine powering national and international fleets of Boeing 737 NG aircraft, and is set to generate revenue from civil engine component repair services through a partnership with Aeropex, which is expected to be finalized in 2026.

## SALES

### MAINTENANCE ACTIVITY

In 2025, **Romania's position as a member state of the European Union and NATO, a pillar of regional stability and an important security provider in South-Eastern Europe**, reconfirmed once again the strategic importance that **TURBOMECANICA** holds within the national defense industry as the sole provider of maintenance services for the fleet of PUMA helicopters and IAR 99 STANDARD/ȘOIM/SM aircrafts of the MAPN/Air Force General Staff, General Staff of the Naval Forces and the Romanian Intelligence Service.



**TURBOMECANICA continues to prove at high quality standards, the capability and capacity to provide the necessary logistical support to the Romanian army, assuming the duty to strengthen Romania's defense and resilience capacity.**

In the context described above, the domestic market continued to be the main pillar supporting and strengthening the Company's sales in 2025. Of TBM's total sales, which amounted to 133,019,734 LEI (excluding VAT), TBM achieved, through its internal aircraft maintenance programs as well as various industrial partnerships, total sales of products and services for the domestic market amounting to 111,473,809 LEI (excluding VAT), representing approximately 84% of TBM's total sales in 2025.

Maintenance activities in 2024 took the form of both the continuation of major repair, maintenance, and manufacturing programs for aeronautical products, as well as new programs involving collaborations within aviation programs for strategic clients: **IAR Brașov**, **MAPN/UM01836 Otopeni**, **Avioane Craiova**, and other domestic clients, as detailed below:

Programs carried out through the client **IAR Brașov** (a client that continues to account for the majority of revenue – approx. 72.07%, compared to approx. 62% in 2024):

- Continuation and completion of the **PUMA helicopter modernization program – “NATO”** (with renegotiation of prices for NATO 14 and NATO 15 sets);
- Continuation of work carried out under the two major overhaul programs for TURMO IVC/CA engines and mechanical assemblies of the IAR 330 PUMA helicopter, namely:
  - “UN (SAR)” Program: completion of UN 2–UN 4 (3 helicopters);
  - “L HELICOPTERS” Program: postponement of deliveries to 2026 for L5–L6 sets (2 MAPN helicopters).
- Continuation of work under the PUMA helicopter mechanical assembly overhaul program: “LEBANON” (2 CTP 196 and 328, 1BRP M335, 1AT);
- New programs and, in parallel, continuation of periodic maintenance programs for **“SMFN - NAVAL”** and **“SRI”** beneficiaries for major repairs (with replacement of major components with TLV) and various routine repairs, technical assistance, and supply of spare parts for **TURMO IVC/CA** engines and mechanical assemblies of the **PUMA IAR 330** helicopter;

Programs carried out directly with the strategic client **MAPN** (turnover – 4.56%, down from approximately 10% in 2024):

- Execution during Q1 2025 (in accordance with contractually established delivery deadlines) of the Program for high- and medium-complexity repairs, restoration of service life, and routine repairs on TURMO IVCA engines, VIPER 632-41R/M engines, and their associated units, IAR 330 PUMA mechanical assemblies, for a total amount of 2,212,703.64 LEI (excluding VAT) – program to be delivered in 2025, under Contract No. A1-12503/12/22/2023 (VIPER 563 series engine);
- Continuation of the works covered by Framework Agreement No. A1-11427/12/19/2024 concluded for a period of 2 years (December 19, 2024 – December 19, 2026), concerning the execution of works for the “Application of BS Alert No. 65. 139 to a maximum of 28 CTP assemblies (main transmission box) for PUMA helicopters, with a maximum value of 9,380,000.00 LEI (excluding VAT), through:
- The conclusion of Subsequent Contract No. 2 (A1-2279)/March 21, 2025, Subsequent Contract No. 3 (A1-5579)/July 4, 2025, Subsequent Contract No. 4 (A1-8741)/10/17/2025 and Subsequent Contract No. 5 (A1-10479)/12/12/2025 to Framework Agreement A1-11427/12/19/2024, for the year 2025 (for 5 CTP assemblies), with a total value of 3,756,388.50 LEI (excluding VAT); Thus, for the year 2026, the following Subsequent Contracts to Framework Agreement A1-11427/12/19/2024 are to be concluded for the remaining maximum of 14 CTP assemblies in 2026.
- Various programs for maintenance work/post-delivery technical assistance services and parts supply through direct collaboration with military units subordinate to the Ministry of National Defense (UM01961 Otopeni and UM02015 Bacău);
- The Company continued implementing the VIPER engine overhaul program: in November 2025, TBM submitted to the Ministry of National Defense (MAPN) a bid for standard overhaul of VIPER 632-41M and TURMO IVC/CA engines, with a view to concluding a 24-month Framework Service Agreement with MAPN in 2026.

Programs carried out with the client **Avioane Craiova S.A.** (turnover – approx. 5.63% compared to approx. 10.70% in 2024):

- Continuation during the first half of 2025 of the Program for: Conversion of VIPER engines with afterburner 633-47 to the 632-41M variant, with revitalization and application of CMV, with RK at AFC for 2 VIPER engines, series 2217 and 2145, as well as 3 (three) sets of imported components contracted for 2025 under Contract No. 2023503/25.01.2023 and Addenda Nos. 1–5 to this contract, totaling 5,919,807.73 LEI (excluding VAT);
- Various VIPER engine spare parts manufacturing programs and various industrial collaboration programs, based on firm customer’s orders, in the amount of 584,048.24 LEI (excluding VAT).

## **MANUFACTURE OF HIGH-TECH AND HIGH-QUALITY EQUIPMENT**

The Company’s manufacturing operations continued to be primarily focused in 2025 on the production of **components and subassemblies for aircraft engines**. These programs, despite the difficulties in the global market, continued to show an upward trend, with sales of **gas turbine** components also continuing in parallel.

**The main manufacturing program for the foreign market remains the one for the client Leonardo Helicopters** (manufacture of TGB assemblies and TGB/MGB components for helicopters), currently carried out under Amendment No. 4/2025 to Long Term Agreement 0207/2004 and related customer orders), with total deliveries for the year 2025 amounting to 2,633,523.73 EUR. During the third quarter of 2025, all sales prices under this program were successfully renegotiated, both for products already delivered in Q4\_2024 and for those in Q1+Q2\_2025, TBM thereby securing a total increase in invoiced revenue for 2025 of 2,530,220.38 LEI (equivalent to 498,216.87 EUR).

Furthermore, throughout 2025, **collaborative relationships were maintained with partners presenting significant business potential in the international market**, including **Rolls-Royce Germany—through ITP Aero, Honda, and GE Aviation Hungary** (a program implemented in 2025 through the signing of a multi-year contract for the repair of civil “spinner” components), as well as the continuation of collaboration and price renegotiation with **General Electric VERNOVA Hungary** in the industrial sector, and other clients with smaller shares in the Company’s turnover).

New programs targeting the international market were implemented as follows:

- Aviation component maintenance program: program analyses were initiated and repair bids were submitted to the **client AEROPLEX, Hungary**, for the provision of technical maintenance services for CFM 56-7B and CFM 56-A civil engine components, for which a firm contract was expected to be concluded in the first quarter of 2026;
- For the helicopter aircraft component manufacturing program for the client **Turkish Aerospace Industries**, the first sets from the FAI batches have been completed, with the final sets from the FAI batch scheduled for completion in the first quarter of 2026, followed by the start of series production of these components.
- Negotiations are currently underway with the client **Jet Hummel, Austria**, for the manufacture of turbine assemblies, a project for which FAI production is estimated to begin in the first half of 2026.

Overall, total sales to external customers amounted to 4,365,849.41 EUR (compared to the total for 2024, namely 4,870,492.65 EUR), representing a decrease of 11.58%.

**Production intended for export accounted for 17.23% of TBM's total revenue in 2025, a figure very close to the 17.28% recorded in 2024.**

#### INTEGRATED QUALITY AND ENVIRONMENTAL ASSURANCE SYSTEM

The **quality and environmental management system** is based on the process model. The **QMS&M processes** are designed to ensure the regulatory framework necessary for the controlled implementation of Turbomecanica's products/services and to ensure the assessment and avoidance of risks of non-achievement of quality and environmental objectives.

The objectives of quality and environmental management in **TBM** are:

- ✓ ensuring the Company's ability to consistently provide its customers with products and services that comply with their requirements and expectations and with the legal and regulatory requirements and in compliance with the provisions of the **SR EN ISO 14001** environmental standard;
- ✓ fulfilment of compliance obligations;
- ✓ increasing environmental performance;
- ✓ facilitating the identification of opportunities to increase **customer satisfaction** by continuously improving its processes;
- ✓ identifying and managing risks and implementing opportunities associated with the Company's context and objectives.

The Quality and Environment Manual is structured in sections in accordance with the provisions of the reference standards **SR EN 9100, SR EN ISO 9001** and is correlated with **SR EN ISO 14001** through the procedures specific to this field.

During 2025, the following actions were taken in the field of quality assurance:

In order **to align with the requirements of the reference standards (quality management, environmental management and safety management), regulatory authorities and its customers**, and to implement the organizational changes applied this year in the TBM, the TBM structural entities have intervened on the following documents of the quality management and environmental management systems:

In 2025, **163** regulations were drafted/ revised as follows:

<b>REGULATORY CATEGORY</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
General Procedures including Independent Annexes	81	50	49
Company Standards including Independent Annexes	25	33	17
Specific Work Instructions including Standalone Annexes	27	37	45
Regulations including Independent Annexes	1	3	9
Human Resources Assurance Strategy including Independent Annexes	1	0	0
Quality Plans including Independent Annexes	1	1	8
Policies (Salary Policy, Personal Data Protection Policy, Automotive Policy) including Independent Annexes	4	3	9
Quality and Environment Manual*	0	0	0
Presentation Memorandums including Independent Appendices	23	14	9

The Compliance and Safety Directorate acted in **2025** to apply a continuous improvement in the way of organizing and designing quality management, environmental management and safety management systems.

**The National Military Aviation Authority could not schedule the certification audit, according to the requirements of RMAR 21G, for the authorization of TBM as a military production organization of products and components for Turmo IV C/CA, Viper 632-41 and 633-47, Allison T56-A7B/A15, IAR-330 Mechanical Assemblies, including their aggregates.**

**In order to prove compliance with its customers' requirements**, Turbomecanica has undergone **4 second-party audits** carried out by them, as presented below:

In **May 2025**, **GE Aerospace** conducted an on-site **SRG (Supplier Responsibility Governance)** audit in accordance with **GE Aerospace** requirements outlined in a checklist. During the audit, the **GE Aerospace** audit team identified 1 non-compliance, for which 1 corrective action was established (completed), and the client maintained TBM as an approved supplier.

In September 2025, **Honda Aero** conducted an online **supplier surveillance** audit in accordance with **Honda Aero's** requirements outlined in a checklist. During the audit, the **Honda Aero** audit team identified no non-compliances, and the client maintained **TBM** as an approved supplier.

In September 2025, **GE Vernova** conducted an on-site **supplier surveillance** audit in accordance with **GE Vernova's** requirements outlined in a checklist. During the audit, the **GE Vernova** audit team identified no non-compliances, and the client maintained **TBM** as an approved supplier.

In October 2025, **Leonardo Helicopters** conducted an on-site **supplier surveillance** audit in accordance with supplier requirements and those specified in the EN 9100 standard. During the audit, the **Leonardo Helicopters** audit team identified 1 non-compliance, 1 observation, and 1 recommendation, for which 5 corrective actions were established (all completed), and the client maintained **TBM** as an approved supplier.

In order to prove compliance with the standards and regulations applicable in its activity, Turbomecanica has undergone **7 third-party audits** carried out by certification/supervisory authorities/bodies, as presented below:

In March 2025, **the National Military Aviation Authority (AAMN)** conducted an on-site audit for **the continuous supervision of the military maintenance organization** according to the provisions of RMAR Regulation 145. Following the audit, the **AAMN** audit team identified 3 non-compliances for which 6 corrective actions were established (all completed), with the audit result maintaining TBM's authorization as a military maintenance organization (**RO.AAMN.145.00006 – issued in December 2022**).

In October 2025, **the Romanian Civil Aviation Authority (AACR)** carried out an on-line audit for **the assessment of the information security management system of the civil manufacturing organizations** according to the provisions of EU Regulation no. 748/2012 (Part 21 Section G) updated. Following the audit, the **AACR** audit team found 1 non-compliance for which 5 corrective actions were established (2 – completed and 3 in progress - rescheduled), the result of the audit maintaining TBM's authorization as a civil manufacturing organization (**RO.21G.0008 rev. 03** - initially issued in December 2014, with the current revision in February 2025), with the requirement to implement the information security management system during 2026.

In October 2025, **the Romanian Civil Aviation Authority (AACR)** carried out an on-site audit for **the continuous supervision of the civil maintenance organization** according to the provisions of EU Regulation no. 748/2012 (Part 145 ) updated. Following the audit, the **AACR** audit team found 2 non-compliances and 1 observation for which 10 corrective actions were established (all completed), the result of the audit maintaining TBM's authorization as a civil maintenance organization (**RO.145.0051 rev. 01** - initially issued in March 2021, with the current revision in November 2024).

In November 2025, **TÜV Nord** conducted an on-site audit for **the recertification of the quality management system** in accordance with the requirements of ISO 9001:2015 and EN 9100:2018. Following the audit, the **TUV Nord** audit team identified 3 non-compliances for which 12 corrective actions were established (all completed); the audit result ensured the recertification of the TBM quality management system (the current certificates were issued in February 2023 and are valid until February 22, 2026; the updated certificates are valid until February 22, 2029).

In November 2025, **the Romanian Civil Aviation Authority (AACR)** conducted an on-site audit to **assess the civil maintenance organization's alignment with FAA requirements** in accordance with the provisions of Maintenance Annex Guidance Change 10. Following the audit, the **AACR** audit team identified 2 non-compliances for which 4 corrective actions were established (all completed); the audit result is currently under evaluation for the authorization of TBM as a civil maintenance organization in accordance with **FAA** requirements.

In November 2025, **the Romanian Civil Aviation Authority (AACR)** conducted an on-site audit for the **continuous oversight of the civil manufacturing organization** in accordance with the provisions of the updated EU Regulation No. 748/2012 (Part 21 Section G). Following the audit, the **AACR** audit team identified 3 non-compliances for which 6 corrective actions were established (1 completed and the rest in progress); the audit results are currently under evaluation for the maintenance of TBM's authorization as a civil manufacturing organization (**RO.21G.0008 rev. 03** – originally issued in December 2014, with an update in February 2025).

In November 2025, **AEROQ** conducted an on-site audit for the **quality and environment assurance management systems** in accordance with the requirements of ISO 9001:2015 and ISO 14001:2015. Following the audit, the **AEROQ** audit team identified no non-compliances; the audit result maintained TBM's certifications for the quality and environment assurance management systems (issued in November 2023) until November 9, 2026.

**In order to guarantee TBM management, customers and certification bodies** the correct implementation of the requirements of the quality management system / environmental management /safety management/ information security management system and maintaining their efficiency and effectiveness, the Compliance and Safety Directorate carried out in 2025 internal / external audits as follows:

#### **Internal audits of quality management system / environment management system / safety management system / information security management system**

Internal audits of the environmental management system (EMS) were conducted in accordance with the Audit Plan PA-TBM 2025, Edition 1, which was subsequently updated to Edition 2 and then to Edition 3, as approved by the General Manager.

In 2025, 26 QMS audits were conducted, during which 21 non-compliances were identified, for which 45 corrective actions were established; 86.7% of these (39) were completed.

Internal audits for the environmental management system were conducted in accordance with the Audit Plan PA-TBM 2025, Edition 1, subsequently updated to Edition 2 and then to Edition 3, approved by the General Manager. In 2025, two EMS audits were conducted, during which one non-compliance was identified, for which two corrective actions were established and 100% of these (all) were completed.

Internal audits for the Safety Management System (SMS) and the Information Security Management System (ISMS) were conducted in accordance with the Audit Plan PA-TBM 2025, Edition 1, subsequently updated to Edition 2 and then to Edition 3, approved by the General Manager.

In 2025, two SMS and ISMS audits were conducted, during which one non-compliance was identified, for which one corrective action was established (in progress).

#### **Internal Product Audits**

The conduct of the internal products audits was carried out in accordance with the PA-TBM 2025 Audit Plan, Edition 1, subsequently updated to Edition 2 and then to Edition 3, approved by the General Manager.

In 2025, 15 product audits were carried out, in which 22 non-compliances were found, for which 44 corrective actions were established, which were completed in a proportion of 77.3% (34 completed).

#### **Internal process audits**

The internal process audits were carried out in accordance with the PA-TBM 2024 Audit Plan, Edition 1, subsequently updated to Edition 2 and then to Edition 3, approved by the General Manager.

In 2025, 14 process audits were carried out, in which 9 non-compliances were found, for which 18 corrective actions were established, which were completed in a proportion of 88.9% (16 completed).

#### **External audits at suppliers**

One audit was scheduled for the supplier **IAR Braşov** in the first half of 2025. The TBM audit team identified no non-compliances and recommended that IAR Braşov remain on the TBM Supplier List with the status "Unconditionally Accepted."

In the second half of 2025, one audit was scheduled at the supplier **ForgeAvia Biesles**. The TBM audit team identified no non-compliances and proposed changing the status of the supplier ForgeAvia Biesles in the TBM Supplier List from "Conditionally Accepted" to "Unconditionally Accepted."

**In order to ensure the monitoring of the performance of TBM processes in order to increase customer satisfaction regarding the quality of the products/services delivered and to increase the attractiveness of these products/processes on the aeronautical sector market, the following actions were carried out in 2025:**

The general procedure **PG SMQ-05 "Management Analysis"** establishes the indicators necessary to achieve the strategic objectives regarding quality and the environment and that influence the level of customer satisfaction. The evolution of these indicators in 2025 is presented below:

- **Strategic indicator I1** (degree of compliance with the production program) has an upward trend and falls within the proposed objective of at least 97%, with an overall value of 98.94%. This fact reveals that the production schedule is respected, and the non-achievements are very small.

- **Strategic indicator I2** (degree of compliance with the sales plan) has an upward trend and falls within the proposed objective of at least 97%, with an overall value of 96.86%. This fact reveals that the sales plan is being followed in general, but there are some delays of TBM in deliveries for external customers Leonardo Helicopters and occasionally for ITP Aero, IAR Braşov and Avioane Craiova.

- **The strategic indicator I211+I212** (losses due to changes in sales orders) has a variable trend and falls within the proposed target of maximum 3%, having an overall value of 3.14% (of which 3.14% is caused by TBM and 0% by customers).

- **Strategic indicator I3** (degree of non-compliance with the requirements of the technical execution documentation - non-compliances and scraps) has a decreasing trend and falls within the proposed objective of maximum 0.75%, having an overall value of 0.34%. This fact reveals that the documentation requirements are complied within TBM, and the deviations (transposed into non-compliances and scraps) have a small weight.

- **Strategic indicator I4** (degree of non-compliance of the products/services delivered - complaints) has a decreasing trend and does not fall within the proposed objective of maximum 1.0%, having an overall value of 2.52%; if unconfirmed/rejected/technically unjustified complaints are excluded, the indicator reaches the overall value of 1.38%, which also does not fall within the proposed objective (maximum 1.0%). This fact reveals that TBM ensures the compliance of the products/services delivered, but complaints for the products maintained by TBM have a large weight.

- **The I4pg strategic indicator** (external percentage loss - complaints) has a variable trend and falls within the proposed target of a maximum of 0.5% of turnover, with an overall value of 0.30%. This fact reveals that TBM ensures the compliance of the products/services delivered, and the costs of handling complaints are maintained within the established target.

- **Strategic indicator I41** (duration for resolving complaints) has a decreasing trend and falls within the proposed objective of maximum 30 days, with an overall average value of 26 days (for resolution in TBM) and 7 days (for resolution at customers/in operation). This fact reveals that TBM ensures the resolution of complaints within the deadline both at the client/user and within TBM..

- **The strategic indicator I42** (rate of warranty claims for repaired products) has an increasing trend and falls within the proposed objective of maximum 25%, with an overall value of 8.36%. This fact reveals that TBM ensures the compliance of the products/services delivered, and the complaints within the warranty period are within the established target.

- **The strategic indicator I43** (recurrence rate of the complained products) has a decreasing trend and falls within the proposed objective of maximum 25%, having an overall value of 8.45%. This fact reveals that TBM ensures the compliance of the products/services delivered, and the recurrence of complaints is within the established target.

- **The I44 strategic indicator** (median of the duration of product complaints from delivery) has an upward trend and does not fall within the proposed objective of at least 250 days, having a value of 125 days at the year end . This fact reveals that TBM ensures the compliance of the products/services delivered, but the period until complaints arise is below the set target.

- **Strategic indicator I5** (non-quality costs) has an upward trend and does not fall within the proposed objective of maximum RON 600,000/year, with an overall value of RON 1,093,727 in 2025. These costs are mainly due to the costs related to the orders for investigation/remediation of the complained products in the amount of 379,718 lei, costs related to scrap totaling 459,227 lei and costs related to corrective/repair orders totaling 254,783 lei.

- **Strategic indicator I6 – computed in the third quarter of 2025** (turnover for the reporting period) reached RON 105,917 million, exceeding the target set of RON 85,674 million (average turnover in the third quarter over the last 5 years), which represents an excess of RON 20.240 million (+23.6%).

- **Strategic indicator I7 – computed in the third quarter of 2025** (net profit margin achievement rate) has a value reached of 4.05%, which is below the 10% target. TBM has set itself the goal of achieving a net profit margin of 10%, representing the average of the MRO industry over the past decade (pre-pandemic). The MRO industry currently has lower margins of around 8-9%, according to analyses published in recent years, while TBM's net profit margin in 2024 (computed and reported in March 2025) was of 11.54%.

In the field of **special processes and the activity of quality laboratories**, in 2025, the **policy of satisfying customer requirements** was continued, as well as increasing the Company's level of attractiveness for potential customers active in the field of the aeronautical industry through the following actions:

#### Accreditation of special processes

The events with the strongest significance regarding the increase in the level of attractiveness of TBM on the aeronautical industry market remain the **Nadcap** accreditations of the special processes installed.

In 2025, the following special processes were reaccredited:

In February 2025, **Nadcap** conducted a surveillance audit of the **surface enhancement process** in accordance with the requirements of AC7117. During the performed audit, Nadcap identified 2 non-compliances for which 10 corrective actions were established (all completed), and the surface enhancement process was reaccredited (under the 18-month Merit Program) until November 30, 2026.

In May 2025, **Nadcap** conducted a surveillance audit of the **heat treating processes** in accordance with the requirements of AC7102, AC7101/3, and AC7101/4. During the audit, Nadcap identified 3 non-compliances for which 12 corrective actions were established (all completed), and the heat treatment processes were reaccredited (under the 24-month Merit Program) until August 31, 2027.

In August 2025, **Nadcap** conducted a surveillance audit of the **chemical processing** in accordance with the requirements of AC7108. During the audit, Nadcap identified 2 non-compliances for which 15 corrective actions were established (all completed), and the chemical processing was reaccredited until November 30, 2026.



## Second-party process certifications

### [Leonardo Helicopters Certifications](#)

In 2025, the qualifications of the TBM special processes previously obtained applicable to **Leonardo Helicopters items** were maintained and the qualifications of the following special processes were extended:

- **Etch Inspection of Hardened Steel Parts** (IT12/00080/00: valid until 15.03.2028);
- **Casting Impregnation** (IT12/00125/00: valid until 01.07.2028);
- **Liquid Penetrant Inspection** (IT12/00059/00: valid until 11.01.2028);
- **Heat Treatment of Steel Alloys (Normalizing, Hardening and Tempering for low-alloyed steels, Precipitation hardening of PH steels (sect. IV), Hardening and Tempering for stainless steel (sect. III))** (IT12/00130/00: valid until 02.12.2028).

### [PZL Swidnik Certifications](#)

In 2025, the qualifications of the previously obtained TBM special processes applicable to the **PZL Swidnik** articles were maintained and no requalifications for special processes were initiated.

### [General Electric Aviation Certifications](#)

In 2025, the special process and laboratory certifications previously obtained by TBM from **General Electric Aviation** were maintained, these being Nadcap reaccredited processes.

### [Rolls-Royce Certifications](#)

In 2025, **the approvals** previously obtained by TBM from **Rolls-Royce Civil & Defense Aerospace** in accordance with the **Certificate of Approval for Quality Management System & Processes** (no expiry date) were maintained.

### [Avio Aero Certifications](#)

In 2025, TBM retained the **"Etch Inspection on Steel Parts to Detect Surface Abnormalities"** certification previously obtained from **Avio Aero**, which is a Nadcap-reaccredited process.

### [Introduction of new milestones in production \(in 2025\)](#)

For the client **Leonardo Helicopters (Italy)**, **20 FAI files (10 TGB parts and 10 MGB parts)** were prepared, through which the improvement of the manufacturing of the parts requested by the customer for the Rear Gearbox and for the Main Gearbox of the **AW109/AW119** helicopters continues.

For the client **PZL Swidnik (Poland)**, **5 FAI files** were prepared, through which the improvement of the manufacturing of the parts requested by this customer continues.

For the client **Aeroplex (Hungary)**, **one FAI file** was prepared (approved by the client), confirming the maintenance of the component requested by this customer.

## MITIGATING CLIMATE CHANGE BY IMPROVING ENVIRONMENTAL PERFORMANCE AND PREVENTING POLLUTION

Turbomecanica has obtained **the Integrated Environmental Permit** No. 05/2016, revised on 21.02.2020, valid until 2026, for the activity of "Surface treatment of metals or plastics through electrolytic or chemical processes in which the volume of the vats is greater than 30m<sup>3</sup>", extended by the annual visa no. 2597/16.12.2025 pe perioada 11.02.2026 – 11.02.2027.

In order to fully comply with the provisions of the integrated environmental permit, a series of objectives and actions have been established, most of them have been achieved, and the unresolved ones have been included in the Environmental Management System Program of TBM and in the Investment Plan.

The Integrated Environmental Permit, the Water Management Permit, as well as the Wastewater Takeover Agreement give the Company the right to operate under legal conditions, through permanent monitoring of the proper functioning of the depollution facilities and the existing machinery on the Company's site.

In 2025, there were no environmental incidents.

Following the controls of the National Environmental Guard carried out in 2025, the Company undertook to ensure continuous monitoring of the operating status of the installations so that they do not generate pollutant emissions that exceed the limit values allowed by law and, if this happens, to stop operating until remediation.

In order to prevent an emergency situation that can endanger the quality of the environment and people's health, TBM has designated intervention teams for all risk areas in society. Periodically, exercises are carried out to simulate possible damage situations that may result in accidental pollution. The exercises are aimed at raising staff awareness to avoid accidents of any nature.

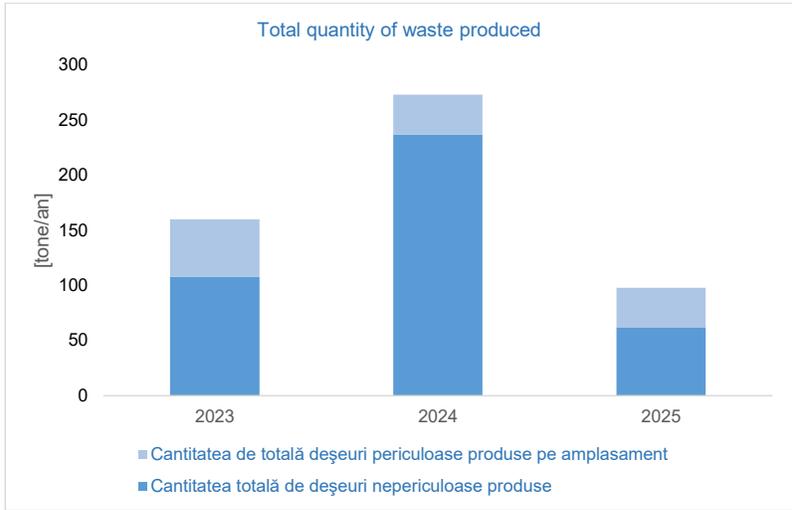
Also, through the Environmental Management System Monitoring and Measurement Program, all existing pollution installations on the site are monitored weekly and periodically verified through the Preventive Predictive Maintenance Program for technological equipment, regarding their functionality under normal conditions.

Turbomecanica is constantly concerned with protecting the environment and is committed to reducing the generation of hazardous and non-hazardous waste, as far as the activity allows.

In 2025, Turbomecanica demonstrated that the actions regarding the **reduction of the amount of hazardous waste** were effective, recording lower values compared to 2024.

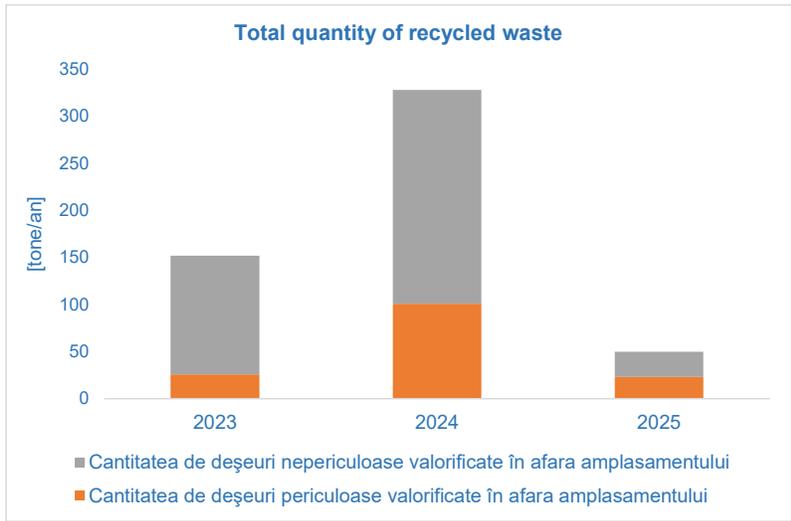
At the same time, the share of **non-hazardous waste** has decreased compared to previous years because TBM is in the process of modernizing the production sections, replacing old and non-productive machine tools with state-of-the-art plant centers.





Total quantity of hazardous waste produced at location

Total quantity of non-hazardous waste produced



Quantity of non-hazardous waste recycled outside of the location

Quantity of hazardous waste recycled outside of the location

During 2024, **Turbomecanica** implemented measures with **a major impact on improving environmental performance and pollution prevention** continued in 2025, as well.

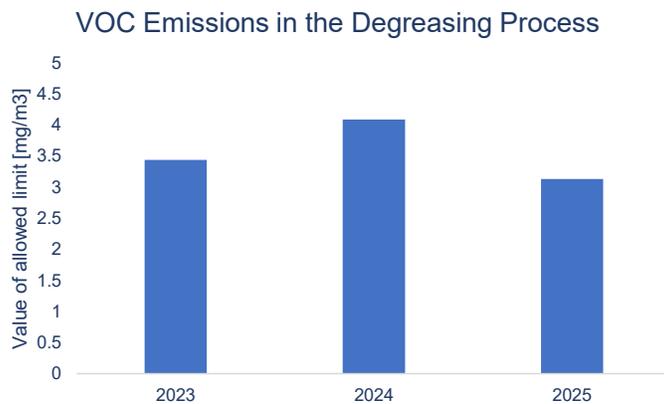
Following measurements of air emissions from the production lines, a significant reduction in the concentration of heavy metals and particulate matter was observed; for example, the concentration of cadmium decreased from 0.0087mg/m<sup>3</sup> in 2022 to 0.0004mg/m<sup>3</sup> in 2024, remaining at the same level in 2025; the concentration of chromium decreased from 0.0311mg/m<sup>3</sup> in 2022 to 0.0024mg/m<sup>3</sup> in 2025. As for the concentration of suspended particulates, it is half as high in 2025 compared to 2022 across all process lines. At the beginning of 2025, the filter systems for capturing heavy metal and dust emissions on the Copper, Cadmium, and Chromium lines, installed in 2024, were replaced.

However, it must be taken into account that the emission records and the quantities of waste are dependent on the specific level of activity.

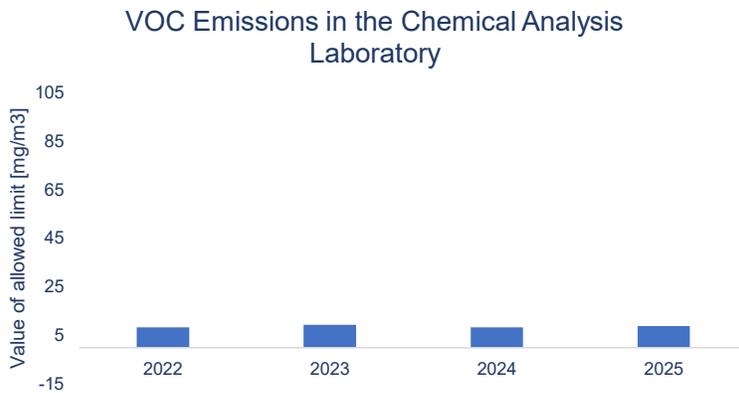
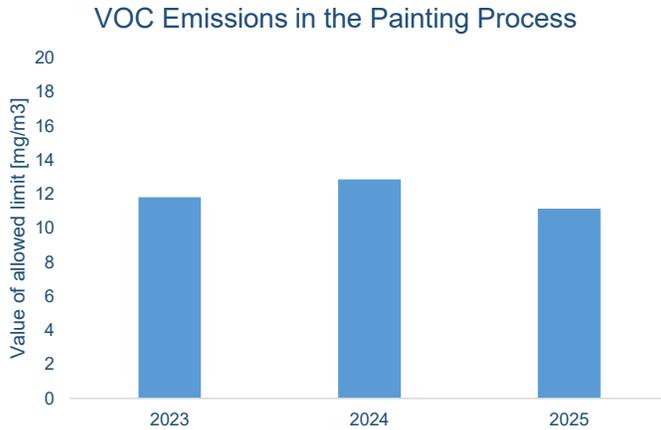
**Turbomecanica**, in terms of its activity, uses organic solvents with volatile organic compounds, which fall under the legal provisions. Volatile organic compounds, VOCs, are an important category of air pollutants, commonly found in the atmosphere as a result of human activities. The main activity of the Company that generates emissions with volatile organic compounds is the parts degreasing process, the organic solvent used being tetrachloroethylene.

Following the calculation of the consumption of VOC emissions, it results that it is below the limit allowed by law as follows:

Following the half-yearly measurements by accredited laboratories in the field of environmental protection, it results that the values of VOC emissions eliminated in the painting and laboratory chemical analysis processes are below the limit allowed by law, as can be seen from the following graphs:



Following the half-yearly measurements by accredited laboratories in the field of environmental protection, it results that the values of VOC emissions eliminated in the painting and laboratory chemical analysis processes are below the limit allowed by law, as can be seen from the following graphs:



Turbomecanica, through the measures adopted, aims to limit the environmental impact and eliminate the proportionality between the increase in activity and the impact on the environment.

The decrease in VOC emissions, as well as the reduction in the consumption of organic solvents (tetrachloroethylene), in 2025 compared to 2024, was due to the efficiency of the parts degreasing processes, which were carried out primarily using an automated system—specifically, the degreasing unit—rather than manually.

## NUCLEAR PROTECTION

In the second semester of 2024, the file for the reauthorization of the possession of the Eresco 42MF-W3.1 radiation generator was submitted to CNCAN and, in December 2024, the **new Authorization for the Conduct of Activities in the Nuclear Field VG 2804 / 2024 was issued by CNCAN, valid until 17.12.2029.**

On July 3, 2024, the National Commission for the Control of Nuclear Activities (**CNCAN**) carried out an inspection at the **TBM** headquarters to verify the way in which the Non-Destructive Control (**NDC**) activities with penetrating radiation are carried out within the DTC-SCPL. According to the Control Report no. 5698/03.07.2024 it was established that the **NDP activities** with penetrating radiation are carried out in conditions of full compliance with the requirements established within the authorization process.

## COMPLIANCE WITH THE REACH REGULATION

According to Regulation 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), Turbomecanica is classified as a downstream user of pure substances and mixtures of substances.

The substances are used in the process of metal surface coatings of parts made by **TBM**, in safe conditions regarding workers' health and environmental protection.

All suppliers of chemicals and mixtures of chemicals from which **TBM** sources substances and mixtures of substances are authorised by the European Chemicals Agency (**ECHA**). Suppliers provide **TBM** with all information on the chemical/mixture via the Material Safety Data Sheet.



**TBM** keeps strict records of chemicals and mixtures of chemicals identified by **REACH** and continuously trains people involved in the process of surface metal coatings on how to use and handle substances and/or mixtures of substances, as required by the substance/mixture safety data sheet to prevent accidents of any nature.

The Company provides suppliers of substances with information on the occurrence of certain risk factors of the substance/mixtures at the time of their use, which can influence human health, as well as the occurrence of unfavorable situations on the environment.

This information helps the supplier in making new chemical exposure scenarios to prevent any undesirable situations or classify the chemical in a higher risk class than it was originally.

For its customers, **TBM** provides all information on the amount of chemical substance identified by which the parts are enriched, as well as the degree of risk that may affect the health of people who come into contact with the product made in the Company. In 2025, **TBM** continued to comply with **REACH**

## HUMAN RESOURCE

### CODE OF CONDUCT AND ETHICS – PRINCIPLES AND VALUES

Turbomecanica's management has undertaken as a fundamental principle in carrying out its activity principles and values that determine the creation of a strategic partnership between leadership, management and employees through:

- ✓ Leadership based on clear strategic and operational objectives;
- ✓ Developing a professional and personal profile of employees corresponding to the highest standards of professional ethics and technical training;
- ✓ Permanent training and long-term motivation of employees, ensuring job satisfaction and loyalty to the Company;
- ✓ Career management and performance management;
- ✓ Creating a modern and adequate internal climate for the affirmation of team spirit;
- ✓ Business and team ethics, honesty;
- ✓ Lack of tolerance for human rights violations;
- ✓ Lack of tolerance for discrimination and harassment;
- ✓ Lack of tolerance for corruption, bribery and money laundering;

These **principles and values are integrated into the quality and environmental management system**, through the Internal Regulations that are taught to Turbomecanica employees annually.

The Internal Regulations provide distinct and specific chapters regarding the Company's position with regard to the listed principles.

The 2024-2025 Collective Bargaining Agreement, extended by 6 months through the agreement of the parties, provides guidelines on the Company's standards in terms of code of conduct and of ethics.

The Company discourages conflicts of interest and requires employees to avoid any situation that may affect their ability to act in the interest of the Company.

Due to its international exposure, Turbomecanica takes into account **anti-corruption policies existing at international level and also imposed or recommended by business partners**. In 2025, Turbomecanica did not register any cases of corruption, money laundering, bribery and was not a party to any legal action for unethical or corrupt behavior.

In this regard, the policy on whistleblowing in the public interest was developed in October 2023. It was developed on the basis of Law no. 361/2022 transposing Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law.

## OUR STAFF

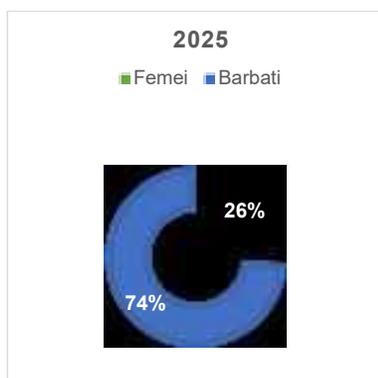
The Resource Assurance strategy adopted by the Company ensured the performance of the Production, Technical and Compliance, Quality and Organization, Human Resources, Financial - Accounting, Legal, Marketing and Sales activities in efficient conditions even if the labor market does not offer the range of specializations necessary for the aeronautical industry.

The total TBM staff as of 31.12.2025 was 448 employees, 38 people less than in the prior year.

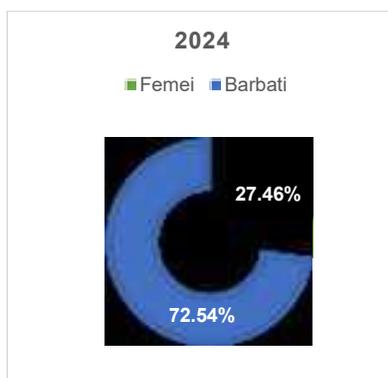
The average age of the staff on 31.12.2024 was 49 years old compared to 47 years old in 2024. This increase of the average age requires attracting a younger workforce.



We ensure diversity through a balance of gender distribution and taking into account the specifics of the activity, thus the staff structure is as follows:



Women Men



Women Men

Between January and December 2025, a number of 77 employees left the Company (of which 3 were retired) and 61 people were hired (2024 - 110 employees left and 107 people hired).

Total expenses with salaries and employee benefits (excluding the change in provisions for employee benefits), made in 2025, amounted to RON 65,736,418 (2024: RON 62,905,472), of which:

EXPENDITURE	2025	2024	2023
Salary expenses including benefits in kind	57,301,812	54,576,298	49,014,633
Expenditure on vouchers granted to employees	5,905,033	5,776,390	4,607,980
Expenses related to the labor insurance contribution	1,289,617	1,227,949	1,102,826
Other expenditure on insurance and social protection (aid)	377,600	269,725	245,888
Expenses related to the Company's contribution to health insurance other expenses	862,357	1,055,110	975,416

Compared to 2024, personnel expenses in 2025 registered an increase of 2,825,975 lei.

The costs involved in the recruitment process were approximately **RON 100,771** representing the costs of purchasing recruitment services and subscriptions to specialized sites (2024: **RON 265,735**). The need for outsourced recruitment services was owed to the low quality of the workforce addressed by recruitment platforms, even when using platforms specific to each position. Moreover, recruitment platforms do not offer a comprehensive range of specialists and managers.

In terms of the Company's degree of unionization, **47.99%** (2024: **47.99%**) of the Company's employees are union members.

Regarding the level of training and specialization of the staff, the situation is as follows:

<b>EMPLOYEE TRAINING</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
higher education	31.29%	30.94%	30.78%
employees with high school and post-secondary education	44.22%	39.75%	38.02%
employees who graduated from vocational schools	20.18%	25.21%	26.66%
employees who graduated from secondary school	4.31%	4.10%	4.54%

The relations between management and the employees are regulated based on the Collective Labor Agreement for the years **2024-2025** extended by another 6 months with the agreement of the parties. The socio-professional climate is permanently monitored, and there is a communication system between the social partners that does not allow the emergence of conflicts, which were non-existent in **2025**.

#### **STAFF TRAINING**

The Company's personnel policy regarding the professional training of personnel was well supported in terms of internal training. The trainings were carried out in accordance with the Annual Professional Training Plan approved for 2025.

The internal courses are taught by lecturers from among our specialists who also have trainer qualifications

In 2025, within **Turbomecanica**, according to the Annual Professional Training Plan, specific training was carried out to ensure maintaining the necessary skills for operators, inspectors and engineers.

438 employees benefited from professional training within the Certification/Authorization and Professional Qualification courses, both internally and externally, as well as in other types of Training. The total number of hours allocated to professional training was 7,220. Some of the long-term courses will continue in 2026, as well.

For the training of employees who participated in external professional qualification courses, the amount of 19,364 lei was spent.

The specific training to ensure the maintenance of the necessary skills of operators, inspectors and laboratories for special processes and laboratories, carried out according to the Annual Professional Training Plan in 2025, is structured as follows:

COURSE TYPE	2025		2024		2023	
	No. of hours	No. of participants	No. of hours	No. of participants	No. of hours	No. of participants
Certification/Authorization Course	1,480	271	1,514	326	1,430	320
Internal Qualification Course	4,560	17	8,000	33	11,085	37
External Training Course	18	7	117	72		
External Qualification Course	104	21	441	2	330	81
<b>TOTAL</b>	<b>6,162</b>	<b>316</b>	<b>10,072</b>	<b>433</b>	<b>12,845</b>	<b>438</b>

In order to ensure the human resources necessary to carry out the activities of manufacturing parts for aviation engines and maintenance of turbojet engines, turbo engines, helicopter mechanical assemblies, components and aggregates specific to them, as well as the production of high-tech industrial products, components and aggregates, TBM adopted the solution of practical training of students from grades 9-11 within dual education, carried out in partnership with technical colleges.

Turbomecanica has entered into partnerships with 4 technical colleges for this form of education and has publicized the Company's offer in Bucharest and its surrounding areas in order to stimulate the interest of 8<sup>th</sup> grade graduates and their parents for the field of activity in which it operates and to generate the desire to become part of the Turbomecanica team.

During the 3 years of study, Turbomecanica makes sustained efforts to transmit to students the theoretical and practical knowledge necessary for the qualification of children in the professions of Aviation Mechanic, CNC Operator, Fine Mechanics Mechanic or Lathe, Miller, hydraulic and pneumatic equipment mechanic.

In addition to practical experience, students who have concluded contracts for dual education with TBM receive:

- the bonus of 800 lei if they obtain averages above 7 in the exams during the internship and have a 100% attendance.
- additional performance scholarship of 300 lei if they have an overall annual average above minimum 8.50.
- transport settlement, for the periods of combined practice and the equivalent of one hot meal per day, during the practical training periods,
- employment in the TBM at the end of the 3 years if they obtain the qualification diploma with grades above 7.

The total number of students enrolled in TBM in dual education in **2025** was **101** students.

The total expenses with dual education made by TBM in **2025** were **407,639 lei**.

## ASSESSMENT OF OCCUPATIONAL SAFETY AND MATTERS

Occupational health and safety at Turbomecanica is a priority in the Company's policy.

The entire activity of the Company is based on the principle of continuous improvement of production conditions, with direct effects in increasing occupational safety and health.

Permanently, both through the activities carried out by the workers of the FSSM and through the operational management at the level of each department, the conditions for carrying out the production activity are monitored, so that the safety conditions of the activity of all personnel are complied with.

In 2025, the investments started in the previous period towards improving working conditions and refurbishment were continued, as follows:

The technological modernization works to improve the production processes and the working microclimate, in most of the production sections within the production and storage halls, the building wings: C1, C2 and C3, continued.

The scrapped technological equipment was dismantled and evacuated and the work spaces were reconsidered so that the new machines could be operated safely within the mechanical processing sections of TBM.

Modernization works were carried out on the existing technological lines, as well as on the related ventilation installations within the SPSP section where Heat Treatments and Surface Coatings processes are carried out.

Before the beginning of extreme temperature periods, the necessary measures were taken to ensure an adequate working environment, by controlling and maintaining the water-sewer installations, the air conditioning installations, as well as the heating installations with radiant panels, ensuring the operation at normal parameters.

In all the Company's premises – production spaces, administrative spaces, warehouses, etc., periodic checks were carried out regarding the optimal functioning of the fire detection and alarm systems.

**Through the occupational safety and health program for 2025**, all the necessary activities were carried out to comply with the requirements provided by the Occupational Safety and Health Law no. 319/2006 and the methodological norms of application, as well as the other legislative acts in the field, in force.

In accordance with the TBM Prevention and Protection Plan, the necessary measures have been applied to ensure the improvement of the safety and health protection level of workers;

- the OSH materials have been permanently completed, according to the current legislation, which are used to carry out periodic OSH training for employees, as well as to establish the necessary measures for the safe development of technological processes;
- the acquisition of individual protective and work equipment for all TBM staff, both for the existing and for the newly hired one, continued; also the trainee students who carry out the internship in TBM benefited from work equipment, respectively overalls or gown, as the case may be;
- the supply of hygienic-sanitary materials (protective creams, hand cleaning paste, etc.) was ensured in accordance with the provisions of the Internal Regulations;
- the necessary materials for completing the first aid medical kits were purchased and general use medicines for the first emergency were provided (including anti-burn spray for workstations where high temperature work is done: welding and plasma jet cutting, etc.);

- urgent eyewash solutions were periodically purchased for the staff working in chemical risk areas: the SPSP sections: Electroplating, Storage-Packaging and Painting and the chemical analysis laboratory.
- respiratory protection masks for the staff of the SPSP, the Non-Destructive Control Laboratory of the Plasma Jet Cutting team, as well as for the staff carrying out grinding and adjustment activities;
- for the personnel of the SPM who carry out activities in low temperature areas, vests, quilted jackets and waterproof quilted jackets were provided.
- protective gloves (chemical, mechanical, etc.) were periodically purchased for the working staff, as well as abdominal and/or lumbar protection belts for the staff in the SPM-pressing, SPSP and partial ATD sections, which involve manual mass handling activities.
- for personnel whose activities are carried out in a toxic environment, antidote/protective food consisting of powdered milk and mineral water was purchased and periodically distributed, according to the regulations in force;
- the authorizations of the lifting and pressure installations owned by the Company have been extended (in accordance with the CNCIR prescriptions);



#### **SUPERVISION OF EMPLOYEES' HEALTH AND FITNESS FOR WORK**

The mandatory annual occupational medicine investigations/periodic medical check-ups for TBM staff were carried out at TBM's headquarters, in two stages, by the mobile medical team of the occupational medicine medical service provider: in March for some employees, and respectively, between September and October 2025 for the others.

From the Medical Evaluation Report drawn up by the occupational medicine doctor, it was concluded that no occupational diseases were reported in the examined employees.

The medical recommendations regarding the fitness for work for the employees notified following the periodic medical check-up were analyzed internally and, where applicable, the appropriate measures were taken.

Also, between September and October 2025, the medical check-up was also performed for the trainees who carry out the internship in Turbomecanica, for the 2025-2026 school year.

During 2025, there were no work accidents in the Company.

Training in the field of Occupational Safety and Health (OSH) and Emergency Situations (SU):

1. General introductory training in the fields of OSH and ED of new employees
2. Regular training of staff in the fields of OSH and SU;
3. Collective training (OSH + SU) for collaborators and visitors;
4. Periodical training of students who carry out the internship in TBM, starting with September 2025, from the following educational institutions:
  - I.C. Brătianu Technological High School,
  - Dinicu Golescu Technological High School,
  - Henri Coandă Aeronautical Technical College,
  - Valter Mărăcineanu Technical College.

Elaboration of new work instructions and revisions of existing documents on occupational safety and health (OSH) and emergency situations (SU).

Starting with December 2022, the fire prevention and extinguishing ("PSI") authorization process for TBM is underway. In 2025, work continued on implementing measures to bring the facility into compliance with PSI requirements, with a view of obtaining the Fire Safety Permit.

The technical documentation for buildings C1, C2, and C3—production and storage halls—has been completed.

In addition, work is underway to install emergency lighting and emergency exit systems in all TBM compartments/sections, as well as to install metal doors in fire-risk areas and to install compartmentalization and smoke extraction systems in document storage areas.



## INTERNAL ORGANIZATION & ORGANIZATIONAL STRUCTURE

### TURBOMECHANICA MANAGEMENT

The Company's management is in a unitary system.

The Chairman of the Board of Directors is also the General Director of the Company and ensures the executive management.

The organization of the Turbomechanica management system is defined by the operational management that ensures the achievement of responsibilities and objectives based on a divisional organization, The management at the operational level is ensured by the Directors of the 4 directorates, which form the Managing Board.

Each operational department has specific structures under it.

There were no major changes in this structure in 2025, the only change occurred in February 2025, when the Metalizing Team was established/separated within the Special Processes Section of the Production Department.

As of 31.12.2025, the non-executive management structure that ensures the current development of the activities has the following composition:

NAME AND SURNAME	POSITION
VIEHMANN Radu	President of BoD & CEO
ANGHEL Claudia	Financial & Commercial Director
VIEHMANN Timura Wendy	Safety & Conformance Director
TICĂ Sorin Daniel	Production Director
VASILESCU Șerban-Ion	Technical & Compliance Director



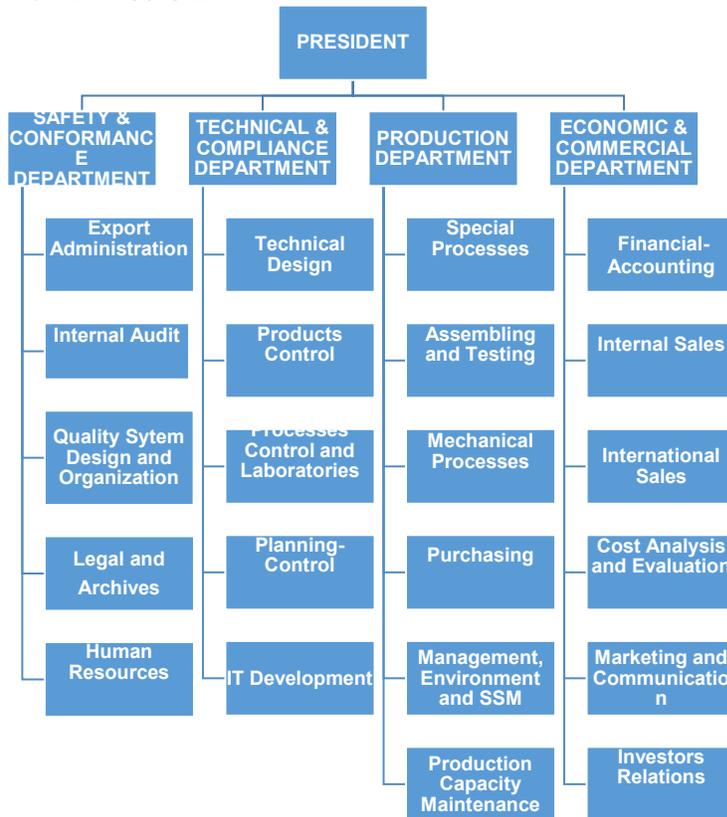
## TURBOMECANICA SHAREHOLDERS

Turbomecanica operates in accordance with the Companies Law no. 31/1990, amended and supplemented. The Company was part of the public offering initiated by the Romanian Government in 1995, under the name of "Mass Privatization Program". As a result of this program, the Company fulfilled the conditions for listing on the regulated market Bucharest Stock Exchange (BVB), where it was listed on 07.10.1998.

As an issuer, the Company complies with the provisions of Law 24/2017, on the capital market, and with the specific regulations issued by the Financial Supervisory Authority (FSA) based on the said law.

The nominal value of one share is 0.1 Lei.

## ORGANIZATIONAL STRUCTURE



## MAIN SHAREHOLDERS

At the end of 2025, the shareholding structure comprises a total of 7,778 shareholders (2024: 7,482, 2023: 6,569 shareholders), natural persons and legal entities.

The synthetic shareholding structure of Turbomecanica published on 31.12.2025 on the website of the Bucharest Stock Exchange in accordance with the data received from the Central Depository presents the main shareholders as follows:

#### Shareholding structure

Shareholder	Shares	Percentage
Natural persons	194,556,822	52.6623 %
VIEHMANN RADU	95,758,800	25.9198 %
CIORAPCIU DANA MARIA	56,003,876	15.1590 %
Legal entities	23,122,827	6.2588 %
ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS, BUCHAREST city, SECTOR 1	150	0.0000 %
<b>TOTAL</b>	<b>369,442,475</b>	<b>100 %</b>

\*Information source: CENTRAL DEPOSITORY

In 2025, TBM distributed dividends for the 2024 financial year, offering investors a yield per share of approximately 6.53%.

The gross value per share of the dividend was RON 0.024361032/share.

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#### CORPORATE GOVERNANCE

**Turbomecanica** is a company that operates in accordance with the Companies Law no. 31/1990, as amended and supplemented. The Company was part of the public offering initiated by the Romanian Government in 1995, under the name of "Mass Privatization Program". As a result of this program, the Company fulfilled the conditions for listing on the regulated market **Bucharest Stock Exchange (BVB)**, where it was listed on 07.10.1998.

As an issuer, the Company complies with the provisions of Law 24/2017, on the capital market, and with the specific regulations issued by the Financial Supervisory Authority (FSA) based on the said law.

The Company is managed by a Board of Directors, consisting of 5 (five) directors, appointed by the Ordinary General Meeting of Shareholders on 29.04.2024 for a period of 4 years, with the possibility of being re-elected. From among these members appointed by the Ordinary General Meeting of Shareholders, the members of the Board will elect a Chairman and a Vice-Chairman. The President is also the General Manager of the Company.

The Board of Directors is headed by the President, or, in his absence, by the Vice-President, having the same rights as the President in office.

Of the 5 members of the Board of Directors, one is also an executive director – the president and CEO – and the rest are non-executive. Mr. Radu Ovidiu Sârbu and Nicolae Havrileț declared themselves independent directors, fulfilling the criteria specified by the CGC of BVB in points A41-A49, and Mr. Man Gheorghe Alexandru is both an independent member of the Board of Directors and a member of the CAFR.

The administrators in office on 31.12.2025:

Name	Function	Year of first election	The year of expiry of this term
Radu Viehmann	President, General Manager	2000	2028
Dana Maria Ciorapciu	Non-executive director	2006	2028
Radu Ovidiu Sârbu	Independent, non-executive director	2016	2028
Nicolae Havrileț	Independent, non-executive director	2021	2028
Man Gheorghe Alexandru	Independent, non-executive director	2024	2028

The obligations and responsibilities of the directors are governed by the provisions relating to the mandate and those specifically provided for in the field of commercial companies. In addition to this, the Company adopts the Operating Regulations of the Board of Directors detailing the main attributions, the organization manner, the committees, as well as the policies to be implemented and supervised in implementation by the Board of Directors.

**The Board of Directors Regulation** provides the rules applicable by the BoD in order to manage conflicts of interest in Chapter F of the Board of Directors Regulation.

The members of the Board of Directors, including the Chairman, may delegate the powers of representation/or decision-making to the Directors of the Company, appointed from among the directors or from outside the Board.

The members of the Board of Directors **voluntarily and self-imposedly adopted** the Corporate Governance Code of the Bucharest Stock Exchange, approved the Corporate Governance Regulation, which can be found on the Company's website [www.turbomecanica.ro](http://www.turbomecanica.ro) and report to the BVB the status of compliance with the Corporate Governance Code of the Bucharest Stock Exchange.

TBM has made and will make the necessary professional, legal and administrative efforts to ensure alignment with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange and the transparent presentation of these results.

The competences and responsibilities of the Board of Directors are those provided for in the Corporate Governance Regulations and in the Operating Regulations of the Board of Directors. The Chairman of the Board of Directors also holds the position of General Manager of the Company.

Three working committees were formed by the Board of Directors, as follows: audit committee, nomination committee and remuneration committee. Most of these committees are made up of non-executive members of the Board of Directors.

The qualification and professional experience of the directors is presented in the CVs that can be accessed on the website of the [www.turbomecanica.ro](http://www.turbomecanica.ro) Company.

The Corporate Governance Regulations are available to all interested parties on the official website of the Company [www.turbomecanica.ro](http://www.turbomecanica.ro), *Investor Relations – Corporate Governance section*

#### **ADMINISTRATORS' PARTICIPATION IN TBM'S SHARE CAPITAL AS OF 31.12.2025**

Name	Position	No. of shares	% Share Capital
Radu Viehmann	President, General Manager	95,758,800	25.9198 %
Dana Maria Ciorapciu	Non-executive director	65,003,876	15.1590 %
Radu Ovidiu Sârbu	Independent non-executive director	-	-
Niculae Havrileş	Independent non-executive director	-	-
Man Gheorghe Alexandru	Independent non-executive director	-	-

During 2025, the Board of Directors met in 6 meetings, at least 1 meeting per quarter, with an online presence of 4-5 of its members – and adopted decisions that allow it to fulfill its duties in an effective and efficient manner. Thus, at its meetings, the Board of Directors analyzed the financial results obtained in the reporting period and cumulatively since the beginning of the year, as well as the economic performance in relation to the budget and the similar period of last year.

The directors' remuneration policy applied so far is based on the national legislation in force. The administrators have concluded mandate contracts, in which a fixed indemnity is established.

The contract model can be accessed on the website of the [www.turbomecanica.ro](http://www.turbomecanica.ro) Company. There is no variable composition of remuneration or other forms of remuneration for directors. In order to remunerate the members of the executive management based on the principles of efficiency and performance, a Remuneration Committee was created within the Board of Directors.

#### MANAGEMENT SYSTEM AND INTERNAL CONTROL

In accordance with the legal provisions, the financial-accounting statements and those regarding TBM's operations are audited by ERNST & YOUNG ASSURANCE SERVICES S.R.L., an independent financial auditor, appointed by the general meeting of shareholders on 29.04.2024 for a period of 3 years.

Risk management and internal control have been carried out so far directly by the specialized department within the Company and by the Board of Directors.

The Audit Committee was established and carries out its activity in accordance with the adopted regulation. The Company has carried out all aspects related to the management of conflicts of interest, publicity of transactions, auditing, equal treatment of shareholders within the Company's current activity, approval of transactions with shareholders by the Board of Directors under the supervision of the Board and in strict accordance with the legal provisions applicable to companies whose shares are traded on a regulated market.

Also, with regard to internal audit, the Company has implemented the policies and conditions provided by law.

#### FAIR MOTIVATION AND REWARDS

Given the corporate size of the Company up to this date, the remuneration policy was adopted, but, given the fact that the remuneration of the members of the Board of Directors was set by the General Meeting at a level similar to those existing on the market, it did not make any changes.

## **ADDING VALUE TO INVESTOR RELATIONS**

The Company has a website with a section dedicated to investor relations, the content of which is to be updated in accordance with the provisions of the Board of Directors Regulation and the Corporate Governance Code. The Company publishes on its website all the information regarding the general meetings, the conditions of participation, documents, etc., the current reports, the corporate events, including the payment of dividends.

The Company has not adopted a dividend payment policy so far, but has demonstrated consistency and predictability in terms of dividend payment.

The dedicated section contains information on the Company's management, members of the Board of Directors, contact details of the person responsible for investor relations.

The Company invites upon request, specialists, consultants or experts as accredited journalists to the meetings of the General Shareholders' Meeting, to the extent that the Chairman of the Board deems appropriate, and organizes two meetings with analysts and investors each year.

## NON-FINANCIAL STATEMENT

During the prior periods, in accordance with the accounting regulations regarding the preparation of the separate annual financial statements and the consolidated annual financial statements, the entities that, at the balance sheet date, exceed the criterion of having an average number of 500 employees during the financial year, were responsible for including a **non-financial statement** in the directors' report. This obligation was repealed for the current year. In 2025, in accordance with the Order of the Minister of Finance no. 85/2024, listed companies that exceed an average number of 500 employees during the financial year have the responsibility to publish, as part of the management report, **sustainability reporting** aligned with the European Sustainability Reporting Standards (ESRS).

Turbomecanica registered an average number of 445 employees during 2025 (2024: 475 employees), consequently the Company is not under the obligation to report the non-financial statement.

However, the Board of Directors of the Company decided **to continue to present the non-financial information** that were previously reported for 2025 as well, in the form of this non-financial statement, incorporated in the Report of the Board of Directors, in order to ensure comprehensive, detailed and transparent reporting to investors and stakeholders.

### KEY NON-FINANCIAL ASPECTS INCLUDED IN THE ANNUAL REPORT

KEY NONFINANCIAL ASPECTS	CHAPTER OF THE ANNUAL REPORT 2025	PAGE
Business model, Background of the organisation and stakeholders	Background of the organisation and stakeholders	10
Policy on Quality , Environment & Safety Matters	Integrated Quality and Environmental and Safety Assurance System	17
Improving environmental performance	Climate change mitigation by improving environmental performance and preventing pollution	24-28
Performance Improvement in the field of pollution prevention	Climate change mitigation by improving environmental performance and preventing pollution	24-28
Climate change mitigation	Climate change mitigation by improving environmental performance and preventing pollution	24-28
Sustainable use of resources	Sustainable development and sustainable use of resources	44
Turbomecanica's principles and values Code of Conduct and Ethics	Code of Conduct and Ethics - principles and values	29
Sustainable development	Non-financial statement Sustainable development and sustainable use of resources	41-44
Social responsibility	Social responsibility	46
Social and personnel matters	Human resource	30
Promoting diversity	Human resource	30
Human rights and the struggle against corruption and money laundering	Human resource	29
	Sustainable development and sustainable use of resources	45
Corporate governance	Corporate governance	38
Risk and opportunity management	Risk and Opportunity Management	47

## COMPLIANCE WITH REGULATORY REQUIREMENTS AND OTHER RELEVANT ASPECTS

The Company's activity is organized and regulated internally, taking into account the observance of the provisions of national and international legislation and standards in the aeronautical field by:

- ✓ the documents of the Quality, Environmental & Safety Management System (**Q&E&SMS**) that in 2025 was supervised by the competent state authorities in accordance with **ISO 9001, ISO 14001 AS EN 9100, AQAP 2110** the documents that are the basis for obtaining the **TBM** authorization by **AACR** (Romanian Civil Aviation Authority) and by **AAMN** (National Military Aviation Authority), as a **manufacturer and MRO** in accordance with Regulation (EU) 748/2012 Part 21, no. 1321/2014 Part 145 and RMAR 145
- ✓ Implementation of Turbomecanica's specific customer requirements
- ✓ Accounting policy manual prepared in accordance with the national accounting regulatory framework and the international financial reporting standards ("IFRS")
- ✓ Corporate Governance Regulations
- ✓ European Commission's Guidelines to the Reporting of Non-Financial Information (2017/C215/01)
- ✓ ISO 26000 principles and recommendations
- ✓ CNVM Regulation no. 1 on issuers and securities transactions

In November 2024, after the audit evaluation of the Safety Management System implemented in accordance with the "New Part 145" in the TBM Maintenance Organization" and after the completion of the proposed actions, AACR updated the Certificate granted, confirming the implementation of this system (RO.145.0051 rev. 1/28.11.2024). Furthermore, in 2025, following an additional audit of the Safety Management System implemented in accordance with "New Part 21" at TBM Manufacturing Organization, AACR updated the certificate it had issued, confirming the implementation of this system (RO.21G.0008 rev. 03/11.02.2025).

Turbomecanica complies with all regulatory and reporting requirements, always adopting the best practices in the field, in order to ensure the correct, complete and transparent information of all stakeholders.

The Company has been reporting for at least 5 years non financial information relevant for investors, as part of the Annual Report of the Board of Directors (the summary of these information is included in the previous chapter.

**With regard to the reporting requirements of Commission Delegated Regulation (EU) 2021/2139**, the Company has not identified economic activities eligible for the EU Taxonomy.

**As far as social responsibility is concerned, Turbomecanica follows** as a guideline the 7 principles of the ISO 26000 standard correlated with the dedicated national and international standards and regulations, in terms of: environmental requirements, ethics, trade union activity, fair commercial practices, the fight against corruption and bribery, stakeholders and care for the community.

## SUSTAINABLE DEVELOPMENT & SUSTAINABLE USE OF RESOURCES

**Our continuous and sustained efforts regarding the sustainable development of the Company** have not lost sight of the efficiency of waste management and investments in our own production capacities to ensure compliance with the standards imposed in the aeronautical field.

According to the Corporate Governance Regulation, the executive management is ensured by the Executive Director who carefully monitors the activity of the 4 departments (Financial and Commercial, Production, Technical and Compliance, Quality and Organization) that are responsible for ensuring the sustainable development strategy of social, economic and environmental activities. The Chief Executive Officer shall accordingly inform the Board of Directors whenever appropriate on these matters.

The proposal of the **sustainable development** strategy and the performance management together with the planning of resources and deadlines are established by the Board of Directors by assuming the strategic objectives for the current year, approved by the General Manager.

Responsibilities are divided according to the organizational structure as follows:

- Activities dedicated to the commercial relationship, ensuring fair commercial practices, ensuring financial resources and analysis of development opportunities, **ensuring transparent communication with stakeholders, avoiding money laundering, compliance with corporate governance regulations** are the responsibility of the Economic and Commercial Department.
- Activities dedicated to the analysis of customer requirements, the development of technologies, production planning, the development of ERP software for production resource planning, the management of the technical archive are the responsibility of the Technical and Compliance Department.
- Activities dedicated **to the environment, health and safety at work, sustainable use of resources** by reducing utility consumption, equipment maintenance, ensuring supply are the responsibility of the Production Department.
- Dedicated activities of compliance of the **quality and environmental management system with specific standards and customer requirements, social responsibility activities, personnel activities, anti-discrimination, Risk Management**, process and product audit activities, **human rights legal compliance aspects, anti-corruption and bribery**, archiving activities in accordance with the National Archives Law are the responsibility of the Quality and Organization Department.

Each responsibility is assigned an activity manager. In certain circumstances, some actions may be the direct responsibility of the Board of Directors.

Having objectives whose fulfillment depends on interdepartmental activities, they are allocated in percentages to each department involved in their fulfillment depending on the proportion of involvement.

All corrective actions, established following the identification of deviations from the established process parameters, are based on causality analyses to identify the root cause.

The reporting of the procedural performance, the degree of achievement of the objectives, the stage of fulfillment of the corrective actions is carried out by the manager, monthly/quarterly/half-yearly depending on the definition of the process indicator. Half-yearly results are reported in the management analysis.

The directors of all departments participate in the reporting meetings together with the heads of the reporting structural entities.

The Turbomecanica team pursues a common goal, namely the development of the Company by penetrating the market of maintenance services for civil and military aircrafts, as well as for the growth of the existing customers portfolio. In this regard, we are constantly focusing on optimizing the performance of the resource allocation and consumption processes and we are permanently committed to identifying solutions to reduce the impact on the environment, by replacing hazardous substances, increasing air quality and last, but not least, recycling.

Turbomecanica is committed to continuously developing and improving its management, quality and environmental systems so that it can carry out its activity at the highest level according to the standards applied.

In this regard, Turbomecanica undertakes through its quality and environment policy to **maintain sustainable development**, by:

- ✓ ensuring communication, understanding and application of the quality and environmental policy;
- ✓ ensuring periodic training and awareness of all employees of the organization on the importance of complying with quality and environmental requirements;
- ✓ ensuring the increase of the effectiveness of the quality and environmental management system, so as to guarantee the provision of compliant and safe products and services, while also ensuring the improvement of environmental performance by promoting technical solutions and technologies that are as safe as possible for the environment;
- ✓ ensuring compliance with the legislation in force and with the regulations on quality and environmental protection;
- ✓ ensuring the identification and analysis of the risks related to the processes carried out and their monitoring in order to keep them within the accepted limits;
- ✓ management of environmental matters in the processes carried out in such a way as to minimize the impact generated on the environment;

Accordingly, we are still committed to **protecting the environment and the sustainable use of resources** by:

- Communication of the quality and environment policy to all stakeholders;
- Compliance with all legal and regulatory requirements;
- Ensuring the disposal of hazardous waste by certified means;
- Increasing the proportion of reusable waste;
- Reducing the amount of hazardous waste;
- Reducing greenhouse gas emissions;

We are convinced that by being aware of the importance of adopting **ethical behavior by each employee** and by constantly worrying about safety, we will be able to increase customer satisfaction and reduce the impact on the environment.

TURBOMECANICA made in 2024 a sustainability analysis, based on which EcoVadis issued the "Sustainability Scorecard" on 10.09.2024 with a score of 57 out of 100 points. This corresponds to 62%, meaning that TBM's score is equal to or higher than that of 62% of the companies that completed the questionnaire on the EcoVadis platform. For 2025, an Action Plan has been developed, aiming to implement KPIs and measures that will lead to an improvement in the sustainability score. At the moment, the project is on hold due to the postponement of the mandatory implementation deadline.



## SOCIAL RESPONSIBILITY

Turbomecanica has cultivated, since the beginning, the ideology of passing on the profession from father to son, an ideology as a result of which the Company benefits from an internal society based on familiarity and respect.

From the point of view of communication with the local community, and with secondary school, high school and university educational institutions, Turbomecanica is represented by the Director of Conformance and Safety who dedicates time and effort in organizing and monitoring the training of the young generations of specialists in the aeronautical industry.

Taking into account in particular the specificity of the object of activity carried out, based on the partnership contracts concluded with 3 (three) educational units and with the administrative-territorial units within the radius of which they are located, TBM has proposed the continuous and lasting training of the necessary skills of students, thus supporting their transition from school to a job.



This initiative reflects TBM's continued commitment to training and integrating young people into the industrial sector, thus contributing to the sustainable development of the skilled aviation workforce. Through these efforts, the Company not only ensures an effective transition from theoretical education to practical application, but also strengthens the link between industry and the education system, providing valuable opportunities for young professionals.

To this end, TURBOMECANICA has allocated a wide range of resources to support professional training, including educational materials such as textbooks and course materials, logistical support by providing access to production lines and a specially equipped training workshop, as well as human resources by involving specialists in the process of teaching specific theoretical concepts. These initiatives aim to develop the skills and abilities necessary to prepare students for integration into the workforce upon completion of their studies.

In September 2025, TBM continued to strengthen its involvement in the development of the next generation of specialists in the aviation industry, signing new partnership agreements with educational institutions for a new cycle of vocational training, following the dual education enrollment offers for the 2025–2026 school year, for an additional 48 students, with the following professional qualifications: CNC machine operator and hydraulic and pneumatic equipment mechanic.

At the same time, we maintain a close connection with the Faculties of Aerospace Engineering and Materials Engineering within the National University of Science and Technology Politehnica in Bucharest, also having a collaboration protocol in progress in this regard.

In 2025, as well, the financial aid distributed to the community followed the main objectives: Education & Social, Environment and Medical. Among the largest projects continue to be the contribution to the renovation of schools in rural areas to support education, the fight against school dropout followed by the afforestation project, where even if we did not contribute volunteers for planting activities, we managed to ensure the planting of 100 seedlings.

## RISK AND OPPORTUNITY MANAGEMENT

**The risk management** implemented in TBM takes into account the relevant context for the Company's activity both in terms of internal and external aspects, stakeholders and their requirements, in accordance with the provisions of the **Quality Manual**.

In this organizational planning process, the risks and opportunities that can affect the following are determined:

- The ability **of the quality and environmental management system** to guarantee the achievement of the intended results;
- Amplification of the expected effects;
- Prevention or reduction of undesirable effects;
- Making improvements;

In this context, the Company plans the actions related to the monitoring of these risks and opportunities and monitors both the implementation of these actions in its processes/sub-processes/activities, as well as the effectiveness of the established actions. The actions established are, as a rule, proportional to the impact on the compliance and safety of the products/services delivered by the Company.

The planning of how to deal with risks and opportunities is carried out based on the Business Continuity Plan. This Plan creates a complete picture of the estimated manifestation of the identified risk factors and establishes the actions necessary for their mitigation/use and the responsible functions.

**The Business Continuity Plan** identifies, analyzes, evaluates and establishes/updates annually, actions/intervention plans to reduce the effects of risk factors that act on TBM, such as:

- ⇒ risk factors associated with customers/suppliers;
- ⇒ environmental risk factors;
- ⇒ social risk factors;
- ⇒ the risk factors associated with the human resource;
- ⇒ disaster/calamity risk factors that may affect business continuity in terms of:
  - ⇒ stocks;
  - ⇒ the information system;
  - ⇒ the Company's assets (production capacities, buildings, know-how, water, gas, electricity, heat supply systems, etc.);
  - ⇒ communication systems (telephone, e-mail, fax, etc.).

**The Board of Directors** analyzes and establishes through the Decision, **the Key Processes** of the **quality and environmental management system** that are of great importance in creating added value and in achieving strategic objectives regarding quality and environment, with an impact on customer satisfaction and implicitly on the financial situation of TBM.

The strategic objectives regarding quality and environment derive from the TBM strategy in the short and medium term, which aims to maintain or develop the business and increase the turnover.

For these processes, strategic indicators are established whose variation from the target is identified, monitored and, if necessary, corrected/reduced.

**The certification of the Integrated Quality and Environmental Management System in accordance with the latest editions of the SR EN ISO 9001, AS 9100, AQAP 2110, SR EN ISO 14001 standards provides assurance to stakeholders on the involvement of TBM management in risk analysis, implementation and monitoring.**

The latest edition of the Business Continuity Plan analyzes the risks related to the following 9 activities: Human Resource, Procurement, Production, Compliance Control, Special Process Control, Sales, Information System/Data Control and last but not least, Emergency Situations, Environment.

#### **Management of the risk identified in environmental management**

The risk analysis related to environmental management is regulated by the specific internal procedures "Environmental Management" and "Waste Management" and is monitored monthly based on the key process indicators established according to these internal procedures and in accordance with the applicable legislation.

The results of the effectiveness of the actions established by the TBM Management in order to reduce the risk related to the environmental management activity were presented in the Chapter: "*Climate change mitigation by improving environmental performance and pollution prevention*".

TBM also demonstrates in the period 2024-2025 the compliance of the activity with the legal requirements by extending the Integrated Environmental Permit No. 05/2016", through the annual visa no. 16/10.01.2025 for the period 11.02.2025 – 11.02.2026.

The Integrated Environmental Permit and the Water Management Permit allow the operation in full legal conditions of the installations, equipment and processes existing in TURBOMECANICA SA.

However, TBM management is constantly concerned with improving measured indicators and increasing hazardous waste collection.

#### **The main risks identified in the Business Continuity Plan and their management**

##### **EXTERNAL RISKS**

These risks are related to external factors and affect TURBOMECANICA by modifying the demand for services offered by it, the competitive environment or the cost of some products, which cannot be controlled by the Company, such as, for example, the prices of raw materials (steel, nickel, magnesium, aluminum, etc.)

Global macroeconomic issues (persistence of the energy crisis, volatility in commodity prices and disruptions in supply chains), along with European ones (falling GDP in the European Union, especially in major economies such as Germany, high levels of public debt in Member States such as France, high inflation in the Eurozone and challenges regarding the energy transition), as well as geopolitical tensions (continuation of the conflict Ukraine, the intensification of debates on migration and protectionism in the EU, as well as the escalation of situations in the Middle East), continue to generate additional pressures on the aviation industry and the related sectors.

According to the International Air Transport Association (IATA)'s forecasts for 2026, the global aviation industry is expected to reach the following milestones:

- Total revenue: Industry revenue is estimated to have exceeded \$1 trillion in 2025, reaching \$1.053 trillion, representing a 4.5% increase from 2024 (2024: 4.4% increase).
- Net profit: A net profit of \$41 billion is projected (2025: \$39.9 billion), with a net profit margin of 3.9% (2024: 3.6%).
- Number of passengers: Passenger traffic is expected to be similar to last year at 5.2 billion, representing a year-over-year increase of 5.3%.
- Net profit per passenger: Net profit is estimated at \$7.9 per passenger, the same level as in 2023.
- Fuel costs: The average price of jet fuel is expected to be \$88 (2025: \$87) per barrel, continuing the decline from \$99 per barrel in 2024, further contributing to lower operating costs.

In conclusion, although forecasts for 2026 indicate an increase in profitability and passenger numbers, the airline industry must effectively address challenges related to supply chains and sustainability to ensure sustainable development.

#### [Risk related to the economic environment](#)

Earlier this year, the International Monetary Fund updated its “World Economic Outlook” report, maintaining its global economic growth forecast at 3.2%—a figure comparable to that of 2024—with the economic environment continuing to be marked by political uncertainty, trade fragmentation, and pronounced regional disparities. The Fund’s estimates for global economic growth in 2026 were left unchanged at 3.3%, below the historical average of 3.8% for the 2000–2019 period. The IMF report emphasizes that, in the medium term, the global outlook is for the pace of global economic growth to slow to 3.1%, below pre-pandemic levels. At the same time, the IMF warned that most countries must adopt stricter fiscal policies and implement reforms to stimulate sustainable economic growth.

Risks persist, particularly regarding political instability in key economies. The U.S. is seeing the most significant upward revision, with projected growth of 2.4%, marking a wider gap compared to European economies. In the eurozone, economic growth is modest, with Germany and France having revised growth forecasts of 1%. China’s economy is gradually slowing, although growth for 2026 is estimated at 4.5%. Other emerging economies, such as India and Brazil, could benefit from a regional rebalancing, while uncertainties related to energy prices and trade are affecting the global economy.

Regarding Romania, in the autumn forecast published in December 2025, the National Commission for Strategy and Forecasting estimates economic growth of 1%, similar to the European Commission’s projection, given the intensifying adverse effects of the current economic and geopolitical context. It is estimated that the gross added value of industry will grow by 0.5% in 2026, as well; preliminary 2025 data for this figure show a 0.5% decline compared to the same period in 2024.

Risks associated with current economic forecasts remain high in the ongoing geopolitical context, particularly in the wake of the war in Ukraine and other current conflicts. Trade tensions (particularly between the U.S. and China) and the introduction of new tariff barriers remain major threats to the stability of global trade. The escalation of current conflicts could generate new shocks to supply chains and keep energy and food prices at high levels. Large fiscal deficits and high public debt in advanced economies could put pressure on long-term interest rates, making borrowing more expensive.

Risks specific to Romania (National Commission for Strategy and Prognosis, IMF & EC) include warnings regarding a potential significant deviation from the fiscal consolidation path agreed with the EU, which could erode investor confidence and macroeconomic stability.

Similarly, maintaining high inflation alongside austerity measures (such as raising the VAT or eliminating tax breaks) risks contracting private consumption more than anticipated. Last, but not least, the high current account deficit (projected at 6–8% of GDP) makes Romania vulnerable to shifts in sentiment in international financial markets.

In the medium term, Romania’s annual economic growth rate is estimated at 2.7%, with a gradual recovery following severe fiscal adjustments starting in 2025, provided that the absorption of European funds continues, as consumption and investment remain robust, including through the continued implementation of the National Recovery and Resilience Plan (NRRP). Furthermore, economic growth is projected to exceed expectations due to strong investment in the industrial sector, which will support sustainable expansion.

### [Risk related to market development](#)

In 2025, the global civil aviation industry continued its recovery, with IATA projections indicating a 4.9% increase in passenger numbers for 2026. Europe performed better than IATA had initially anticipated, despite multiple capacity issues and market constraints. Given that demand for air travel will continue in 2026, net profit is also expected to rise. Key risks to the industry's performance in Europe are linked to the labor market and the wars in Ukraine and the Middle East, as well as the European Union's structural economic issues and oil price volatility.

The global civil engine MRO market is projected to reach \$47 billion by 2026 and exceed \$70–75 billion by 2032–2034, resulting in a CAGR increase between 4.7% and 8% during the 2026–2034 forecast period.

Key drivers of the global civil engine MRO market:

**Reliability issues with new-generation engines:** Technical failures in state-of-the-art engines, such as the **CFM LEAP** and **Pratt & Whitney GTF** families, are generating a massive volume of unplanned shop visits. These two engine families alone will generate approximately **\$5.1 billion** in business over the coming period.

**Utilization of the older fleet:** Delays in the delivery of new aircrafts are forcing airlines to keep older planes in service, which increases demand for major repairs on previous-generation engines, such as the **CFM56**, which will generate approximately 2,300 shop visits in 2025.

The challenges this sector is facing stem from limited workshop capacity, with maintenance slots booked 18–24 months in advance, creating a “seller's market” where service providers can dictate terms, but also the supply chain and the workforce, namely that the lack of critical spare parts and the shortage of qualified technicians remain the main obstacles that could slow the pace of expansion.

At the same time, civil MRO operations have been launched, targeting both the domestic and international markets, initially through the repair of components for civil aircraft engines. As the portfolio expands, the groundwork is being laid to capture market share, thanks to five decades of experience in the military segment.

Regarding the market for the manufacture of components for civil and military aviation, competition is fierce, influenced by the diversity of market players. TURBOMECANICA performs successfully in this market, having established itself for decades as a supplier to major manufacturers of engines and mechanical assemblies.

The behavior of the domestic market impacts going concern and is determined exclusively by the approval of the state budget and the allocation of funds for contracts with defense entities in the military aviation sector. This is a risk that the Company is attempting to mitigate by developing new programs independent of the core business for which Turbomecanica was established.

The contracting and negotiation methods used by the Government through its Ministries for the procurement of new helicopters do NOT at all take into account technology transfer to the country in order to continue benefiting from the maintenance of the new fleet by Romanian companies. Here we must explain that helicopter maintenance generally requires two (2) capabilities: one for the helicopter's structure—in layman's terms, the part where you climb in and sit—and a specialized one for the engines.

In Romania's case, IAR Braşov handles the airframe and mission-specific equipment, while Turbomecanica handles the engines and mechanical assemblies (gearbox, etc.).

Even though press articles are steering public and decision-maker opinion toward the idea that the new helicopters purchased through the SAFE program will undergo maintenance at IAR Braşov, it must be clearly understood that this refers only to structural maintenance. Without negotiations and without political interest, there is a real possibility that the engines of the new helicopters will be sent for maintenance to SAFRAN Helicopter Engines in France, and the mechanical assemblies will also go to France, to AIRBUS Helicopters.

[The risk related to going concern](#) has led to efforts to diversify the Company's operations and enter the civil and military engine maintenance market, initially in Europe through EASA and EMAR certifications, with plans to add FAA certification for civil engine maintenance in the U.S. by 2026.

Efforts to diversify the portfolio continue in order to reduce dependence on defense contracts, which do not provide for planning of maintenance needs and, consequently, sales. The completion of commercial contracts with IAR Braşov for the modernization of the existing fleet will put pressure on monthly cash flow starting in 2027.

To manage this risk, the Company developed a plan of measures in 2026 to reduce operating expenses without impacting the structure of capabilities, with the impact being addressed through improvements in their quality.

The outlook as of the reporting date includes the following:

- The launch of series production for the civil component repair program carried out with the client AEROPLEX, Hungary. The program generates revenues of between EUR 3,000,000 and EUR 5,800,000 per year;
- The launch of series production of helicopter components for the client Turkish Aerospace Industries; the program is expected to generate revenues starting 2027 of approximately 1,000,000 EUR per year
- The continuation of activities to develop maintenance capabilities for CFM-56 7B civil engines.
- Continuation of the contract with Leonardo Helicopters;

Direct contracting with the Ministry of National Defense (MAPN) for maintenance services for IAR PUMA 330 helicopters aimed at maintaining the fleet's operational readiness—without an annual plan available for internal capability planning and a documented financial forecast. The replacement of the IAR PUMA 330 fleet with H 225s begins with an initial contract for only 12 helicopters to be delivered by the end of 2030. We can assume that the supplier can deliver 12 helicopters in 5 years, and that is after the contract is finalized. Assuming that the government will allocate at least another 3.4 billion euros without issue (since a price increase should also be factored in for economic reasons), we should plan for a period of approximately 15 years for an additional 36 H225 helicopters, so that the fleet of new helicopters reaches 48, not 60, and certainly not 90.

We believe the existing fleet must be maintained for at least another 10 years;

- Continuing the collaboration with Avioane Craiova to modernize the IAR 99 fleet and ensure the availability of training capabilities, given that Avioane Craiova's management has expressed the Ministry of National Defense's interest in developing a new, phased, and potentially multi-year program to convert 633-47 afterburner engines to 632-41M, for a maximum of 26 engines;
- Continuing the relationship with IAR for both external and internal programs, specifically periodic helicopter maintenance activities;

As of the reporting date, the Company considers the risk to short-term business continuity to be low. A change in this situation is estimated to have a moderate impact over at least 1.5 years. The main impact will affect monthly cash flow. Therefore, the Company's efforts are focused on diversifying the portfolio of services offered starting in 2025, with the aim of mitigating this impact.

[Legislative risk](#) – refers to potential changes in legislation, which could have a negative impact on the Company. This risk is currently under control due to the effectiveness of the actions set and the current analysis through the systems for monitoring legislative changes.

[IT risk/data control](#) is managed through continuous analysis of the performance of data processing and storage systems. In this regard, according to the Investment Plan approved for 2025, the SOC (Security Operations Center) of STI-CERT (Special Telecommunications Service - CERT) and the Company's IT infrastructure were upgraded. In 2025, the Pilot program for digital signatures was introduced.

Updates to major software versions continue, with the system being configured to check for and install critical updates every 6 hours.

From a financial point of view, the following risks are identified and monitored:

[The credit risk](#) related to the significant exposure of the Company to the main collaborators who account for a significant proportion of the turnover. The Company's policy is to periodically monitor receivables balances, resulting in an insignificant exposure of the Company to the risk of bad debts.

In order to minimize this risk, the Company permanently analyzes and monitors customers through specific means of competitive intelligence and has in place a strict policy regarding the delivery of goods and services to customers and the commercial credit granted to them.

When assessing credit risk, TBM considers both quantitative and qualitative information that is reasonable and acceptable, including historical experience and forward-looking information, available without undue cost or effort.

#### [Price risk](#)

During its current activity, TURBOMECANICA is exposed to a high risk related to the market price of raw materials. Significant fluctuations may have an impact on the Company's results in terms of the products manufactured by the Company, but less on the products related to the main activity of maintenance and repair .

The price of raw materials is the most difficult item to forecast among all the Company's costs. TURBOMECANICA has not been involved in hedging operations on the price of raw materials, the manufacture being based on customer orders, which can be for components produced from different raw materials (nickel, steel, aluminum, etc.), but the possibility of using this type of financial instrument in the future is being analyzed, if this option becomes viable.

Until now, in TURBOMECANICA, the method by which the effect of the increase in the price of raw materials has been mitigated was through the continuous analysis of the customer's requirements in order to quantify the price changes for the materials supplied and the improvements brought to the technological process, in order to revise the agreed prices.

[The currency risk](#) analyzed as the share of the foreign currency in the turnover is not significant, approximately 90% of the turnover being reported in the national currency, and with the credit lines related to the working capital being also committed in RON.

The risk of exchange rate fluctuations did not have a significant impact in 2025, despite a deterioration in the RON/EUR exchange rate, as a result of an active financial management and monitoring of the situation. In relation to the US dollar, the RON currency appreciated significantly in Q4 2025, as a result of the dynamics on the international markets, where the Dollar lost ground including against the euro, giving the leu the opportunity to strengthen. The Company did not use derivative financial instruments to hedge against exchange rate fluctuations.

#### [Inflation Risk](#)

In 2024, the NBR estimated a decrease in inflation to 3.5% for the end of 2025, compared to 5.1% for 2024. However, the average inflation rate for 2025 rose to 9.7%. According to data available at the beginning of 2026, the inflation outlook in Romania for this year indicates a gradual decrease towards the end of the year, but with persistent pressures in the first half, with the National Bank of Romania (NBR) revising its previous forecasts upwards. In terms of risks, the NBR again insists on those arising from the "future conduct of the fiscal and revenue policy", given the fiscal changes enacted in 2025, aimed at reducing the deficit. The NBR monetary policy envisages maintaining high interest rates to fight inflation and bring it back within the target range. In its meeting on February 17, 2026, the NBR decided to maintain the monetary policy interest rate at 6.5% per annum. The NBR warned of a worsening inflation outlook on the medium term (2026), with the forecasted inflation rate increasing to 9.8% in June, and with a subsequent cool down to 3.9% in December 2026.

#### [Interest rate risk](#)

The risk generated by the interest rate is the risk of variation of interest costs over time. This risk corresponds to an increase in the Company's financing costs through the credit lines, being determined by the evolution of ROBOR on the market.

ROBOR represents the average interest rate at which Romanian banks borrow each other, in RON. The evolution of ROBOR is influenced by several factors, the most important of which refer to the NBR monetary policy, market liquidity, inflation and fiscal policy.

The 3M ROBOR index has recorded a contrasting evolution in the last two years, going from a constant decrease in 2024 to a sudden increase and volatility in 2025. The 6M ROBOR in 2025 remained high, being influenced by the post-election economic context, remaining overall above the average recorded in mid-2024.

The estimates for the 3M and 6M ROBOR index in 2026 indicate a general downward trend, influenced by the forecasted slowdown in inflation, after a start of the year marked by values above the 6% threshold.

#### **INTERNAL RISKS**

[The contractual risk](#) related to the Company's engagement in contractual obligations is monitored by applying the internal procedure for analyzing the contractual clauses.

[The risk related to human resources](#) is related to the turnover of the workforce, which the management has decided to monitor through a key process indicator. The evolution of the indicator is positive, but it is not within the target. The aviation industry involves the management of a highly qualified human resource, and the seniority plays an important role in maintenance and repair activities. With the dissolution after 1990 of several institutions that trained qualified personnel in the aviation field, as well as the exodus of qualified workforce, it is difficult to identify qualified personnel on the labor market. Hiring people with lower salaries, but who are not qualified, brings either higher costs for low quality or additional training costs. The measures taken by the Company are aimed at refining the recruitment process, securing the position by investing in education, developing future specialists through the care and education of young people enrolled in the dual-system education program, collaborating with recruitment companies for key positions. Management takes into consideration the individual professional development plan and supports personal initiatives.

To the same extent, social risks regarding accidents at work or violence, non-ethical behavior, physical or moral harassment are also monitored. All these aspects are defined in the Internal Regulations and monitored through the integrated Quality, Environmental and Occupational Safety Management System. The monitoring is carried out by the designated representatives within each operative structure who report to the Occupational Health and Safety Department.

[The operational risk](#) is the risk of loss or non-realization of sales and profits as a result of risks from a wide range of causes associated with the Company's processes, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements, as well as from generally accepted standards on organizational behavior.

The primary responsibility for the development of controls related to operational risk lies with the Company's management. The responsibility is supported by the development of the Company's general operational risk management standards, taking into account the following:

- segregation of responsibilities requirements
- transaction reconciliation and monitoring requirements
- alignment with regulatory and legal requirements
- documenting controls and procedures
- requirements for periodic analysis of the operational risk to which the Company is exposed and the appropriateness of controls and procedures to prevent the identified risks
- requirements for reporting operational losses and proposals to remedy the causes that generated them

- developing operational continuity plans
- professional development and training
- setting ethical standards
- prevention of the risk of litigation, including insurance, where applicable
- mitigating risks, including the efficient use of insurance, where appropriate.

#### FINANCIAL SITUATION FOR 2025

	<b>2025</b>	<b>2024</b>
<i>Paid-up subscribed capital</i>	36,944,248	36,944,248
<i>Turnover</i>	133,019,734	139,985,852
<i>Export sales</i>	21,545,925	24,228,752
<i>% export sales in turnover</i>	16.2%	17.31%
<i>Average number of staff</i>	445	475
<i>Gross profit</i>	4,155,726	20,784,916
<b>NET PROFIT</b>	2,899,421	16,158,631
<i>Cash and financial assets</i>	9,469,144	25,451,958
<i>General liquidity</i>	1.65	1.55

#### DESCRIPTION OF THE FINANCIAL PROCESS

Internal accounting policies, standards and procedures are part of the Quality and Environmental Management System and comply with specific national and international regulations.

The entire financial and accounting activity is permanently aimed at **observing the following principles**:

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

The Company's accounting is the main tool for knowing, managing and controlling the assets, ensuring the chronological and systematic recording of information, its processing and storage, reflecting the real situation of the assets and the results obtained.

TBM conducts double-entry accounting, prepares monthly and quarterly reports, at the end of the year presenting a balance sheet.

The accounting records are made chronologically and systematically according to the Chart of Accounts and the rules in force, any asset operation being recorded in a supporting document.

In addition, the Financial and Accounting Service is organized in such a way as to allow a high-quality financial reporting process. Roles and responsibilities are specifically defined, and a control process is applied to ensure the fairness and accuracy of the financial reporting process.

The management of material values is organized according to their nature, by categories and places of storage or use, as follows:

- fixed assets are organized quantitatively – value-wise;
- raw materials, inventory items, and consumables are organized per warehouses,, at the Company level, through the quantitative value method.

The accounting of material values is kept by using the permanent inventory, and the control is exercised in accordance with M.P.FO. no. 2861/2009.

#### STATEMENT OF TANGIBLE ASSETS

Turbomecanica's production facilities and capacities are registered at the headquarters in Bucharest, where the company's registered office is located, at the address Bd. Iuliu Maniu nr. 244, Sector 6, 061126, Romania. The Company does not have secondary offices or other work points.

Turbomecanica has built all types of spaces necessary for the proper conduct of production activity, the provision of maintenance services and the execution of chemical and thermal processes, according to the main activity. The production facilities include industrial halls, test benches, chemical and heat treatment halls, areas for warehouses depending on the specifics of the activity and areas for administrative and social activities. All the Company's facilities are kept in good condition. The built-up area of the buildings is approximately 14,068 sqm. The Company's production facilities and capacities comply with the provisions set in the Health, Safety and Environmental Management system, complying with the applicable legislation and regulations on occupational safety, as well as property protection and safety rules.

As of December 31, 2025, Turbomecanica owns tangible assets with a gross value of RON 105,917,478, which includes: land, buildings, special constructions, installations, technological equipment, means of transport:

TANGIBLE ASSETS	Gross value (RON)	Wear and tear (%)	Estimated useful life (years)
Land	27,130,722	0%	
Constructions	13,873,229	9.11%	3 - 50 years
Technical installations, of which:	64,030,035	30.73%	1 –15 years
- Technological equipment	53,329,066	-	1 - 15 years
- Measuring and control equipment	7,803,370	-	1 - 8 years
- Means of transport	2,897,599	-	1 –10 years
Other tangible assets	883,492	29.50%	1 - 8 years
<b>TOTAL</b>	<b>105,917,478</b>		

## ANNUAL INVENTORY COUNT OF THE PATRIMONY

Taking into account the provisions of the Accounting Law, the International Financial Reporting Standards, the Norms on the organization and conduct of the inventory count of assets, liabilities and equity, the inventory count was carried out in 2025 based on Decision no. 316/20.10.2025 on the annual inventory count of fixed assets and inventory items, raw materials, materials, unfinished production, finished products, scraps, packaging, goods and Decision no. 315/20.10.2025 on the annual inventory of assets, suppliers and creditors.

The results of the annual inventory count were recorded in the Annual Inventory Count Minutes of TURBOMECANICA SA, registered under no. 650/30.01.2026.

The availabilities on bank accounts as of 31.12.2025 were reconciled with the accounting documents, and the availabilities in foreign currencies were valued at the NBR exchange rate as of that date.

## SUMMARY OF FINANCIAL POSITION

<i>SUMMARY OF FINANCIAL POSITION</i>	<i>2025</i>	<i>2024</i>
<i>Tangible assets</i>	90,811,616	94,111,833
<i>Current Assets</i>	141,236,580	164,179,298
<b>TOTAL ASSETS</b>	<b>232,048,196</b>	<b>258,291,131</b>
<i>Equity</i>	146,331,576	152,477,453
<i>Liabilities</i>	85,716,620	105,813,878
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>232,048,196</b>	<b>258,291,131</b>

## SUMMARY OF COMPREHENSIVE INCOME

SUMMARY OF COMPREHENSIVE INCOME	2025	2024
Revenue from customer contracts	133,019,734	139,985,852
Change in inventories of finished products and production in progress	5,975,697	21,936,210
Raw materials, materials and utilities	(40,423,006)	(48,692,210)
Employee benefits and salaries	(66,047,749)	(62,905,472)
Asset depreciation and amortization expenses	(13,127,448)	(11,719,922)
Other operating expenses	(11,453,957)	(11,619,499)
Other operating income	1,501,103	1,101,953
Financial expenses	(3,964,721)	(3,521,397)
Financial income	1,112,674	1,085,865
Other gains and losses, net	(2,436,601)	(4,865,980)
<b>Profit before tax</b>	<b>4,155,726</b>	<b>20,784,916</b>
Corporate income tax	(1,256,305)	(4,626,285)
<b>Net profit</b>	<b>2,899,421</b>	<b>16,158,631</b>

*The results for 2025 are presented in detail in the audited financial statements for the year, prepared in accordance with the Minister of Public Finance Order no. 2844/2016, on the approval of accounting regulations compliant with the international financial reporting standards IFRS, with subsequent amendments and clarifications.*

## SEPARATE FINANCIAL STATEMENTS FOR 2025

### Separate statement of financial position

The value of Tangible Assets decreased with the monthly depreciation of the equipment owned, compared to 2024.

At the same time, new equipment necessary for the production process was put into operation:

- OKUMA MULTUS multifunctional machine
- Gleason P600G gear grinding equipment
- HRM hardening furnace
- GER GRINDER grinding equipment modernization
- Carburizing furnace modernization

The value of Inventories decreased compared to the previous period - a significant impact was determined by the decrease in turnover and measures were taken to optimize inventories existing from previous years. TBM continuously analyses slow-moving and non-moving inventories.

Loans and leasing liabilities reflect the leasing contracts that the Company concluded in order to ensure the Investment Plan and short-term loans include the amounts related to the working capital, as well as the part related to short-term leasing contracts.

Regarding Trade Receivables, these represent the advances invoiced to the IAR client, as well as invoices issued in December 2025 to customers and not yet collected.

Contract assets increased significantly compared to last year and represent the gross amounts owed by customers, related to contracts that are in progress, for which the costs were incurred, and the profits recognized (minus the losses recognized) exceed the total invoiced value under the respective contract.

Legal reserves are set in accordance with Law 31/1991 with subsequent amendments and completions and recorded in accounting in accordance with the G.O.no. 64/2001 with subsequent amendments and completions, and M.P.F.O. no. 128/2005. These reserves were not used.

The "Other reserves" item records the amounts distributed from the net profit as own sources of financing, as well as amounts related to reinvested profit. These reserves were not used.

On December 31, 2025, the legal reserve was in the amount of RON 7,388,850. The legal reserve is set according to Romanian legislation as a transfer from the net income. The transfer can be a maximum of 5% of the gross profit up to the threshold of 20% of the share capital. The reserve cannot be distributed to shareholders but can be used to cover the loss recorded.

The revaluation reserves decreased by RON 638,640, representing the values related to the disposal of fixed assets decommissioned in 2025.

The losses from the free disposal of equity instruments were covered, in accordance with HGOA no. 1/29.04.2025, in an amount RON 599,408.

Long-term loans reflect the leasing contracts that the Company has concluded in order to ensure the investment Plan and short-term loans include the amounts related to the working capital, as well as the part related to short-term leasing contracts.

#### [Separate profit and loss statement](#)

The turnover in 2025 was RON 133,019,734 (including IFRS 15 impact), 5% lower than last year and 1.9% lower than the budgeted value.

The non-achievement of the turnover for 2025 is largely due to the delay in invoicing and delivery to the IAR Brasov client of the products related to the ONU5 and L5 Helicopter programs: Mechanical Assemblies and Turmo engines.

The products related to the ONU5 program were already invoiced and delivered in January and February 2026.

The products related to the L5 Helicopter, Mechanical Assemblies will be invoiced and delivered in March 2026, and the TURMO engines will be invoiced and delivered in May 2026

In the aeronautical industry there is a volatility of production, especially regarding the delivery schedule related to the maintenance of engines and mechanical assemblies. Most of the time, these arise as a result of changes requested by customers due to operational emergencies, without changing the contracted values. Specifically, in 2025 there were fewer such requests from our partners, which generated changes in financial indicators, both in terms of income and expenses.

It is necessary to always take into account several company-specific influencing factors, which determine the evolution of income and expenses - engine and mechanical assembly maintenance are long-term production processes, the manufacturing of aviation products is a small-scale business, and also with a long manufacturing cycle, ad-hoc requests from customers, especially regarding the supplementation of orders or requests for advance delivery.

Revenues related to the cost of production in progress and inventory variation had a significant decrease compared to 2024; the decrease comes from variations in production in progress, release/launch of new orders (according to customer requirements). Also, the increase/decrease also comes from the production cost of semi-finished products, finished products and residual products obtained at the end of the period, as well as the differences between the preset price and the related production cost. The decrease in inventory variation in 2025 reflects the reduction in the turnover, with a direct impact on the decrease in inventories of finished and semi-finished products, to which the unfavorable influence of the price differences related to them was added.

The value of Other Gains and Losses decreased by 47.3% and represents in a very large proportion the variation from cancellations/reversals of provisions and provisions set on 31.12.2025. In 2025, through an improved supply policy, fewer provisions were made for slow-moving and non-moving inventories.

Financial income remained almost the same as last year because the interest that the Company received on the bank deposits made was similar to 2024.

Salary expenses increased by 4.62% compared to 2024, largely influenced by the evolution of the inflation and the labor market in Romania. The Internal Decision no. 376/01.09.2021 to limit the increase in personnel expenses by suspending hiring for vacant positions is still relevant.

Raw materials and supplies expenses decreased by 17.05%.

Asset depreciation expenses - increased as a result of the commissioning of equipment purchased in 2025, as well as the modernization of other equipment necessary in the production process.

#### **Separate statement of changes in equity**

Equity on 31.12.2025 decreased by 4% compared to the same period last year.

#### **Separate cash flow statement**

In 2025, the term deposits set in 2024 reached maturity and their extension was not continued.

The Company deposited with BRD – Groupe Societe Generale amounts worth RON 3,000,000. These amounts are likely to be used to secure own funds.

The economic environment and market information are continuously monitored and analyzed to document the Company's decisions regarding the determination of the most favorable use of the deposits, taking into account the evolution of reference interest rates, as well as inflation forecasts.

ANNEX - DECLARATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Section	Principle	Part No.	Principle (details)	Yes	Partial	No	Explanation
<b>A. MANAGEMENT BODIES</b>							
A: MANAGEMENT BODIES	A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and of 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 rules that formalize and clearly specify its role and responsibilities. The Articles of Incorporation, the Board's internal rules, and other internal regulations must clearly define the roles and authority of the Board, the General Meeting of Shareholders (GMS), and the executive management.	YES			
A: MANAGEMENT BODIES	A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and of 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 duties, as well as the fiduciary responsibilities of Board members to take informed action, in good faith, with due diligence and care, and in the interest of the Company and its shareholders, while taking into account the interests of other stakeholders, in accordance with the legal requirements.	YES			
A: MANAGEMENT BODIES	A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and of 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., 3	To support the Company's long-term viability and success, the Board should: <ul style="list-style-type: none"> <li>• Oversee the development and approve the Company's strategy and ensure that it integrates sustainability aspects, including environmental and social (E&amp;S) considerations and climate-related risks and opportunities;</li> <li>• Appoint and remove the CEO 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;</li> <li>• Oversee the performance of executive management, the role of executive management in addressing material sustainability-related risks and opportunities, and align executive management compensation with the Company's long-term interests and sustainability goals, in accordance with the provisions of the Company's compensation policy;</li> <li>• Ensure that there is a robust framework for internal control and risk management;</li> <li>• Ensure that the Company has procedures in place to enable effective communication with shareholders and other stakeholders.</li> </ul>	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
A: MANAGEMENT BODIES	<b>A.1. The Board must ensure the long-term success and sustainability of the Company, in the interests of the Company and of its shareholders and taking into account the interests of other stakeholders. The Board must clearly define and fully disclose its role and responsibilities.</b>	A.1., 4	The term of office for Board members and executive management must be clearly established and should, as far as possible, promote stability and predictability.	YES			
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill its duties and responsibilities.</b>	A.2., 1	The Board must consist in at least five members.	YES			
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 2	The Board must have in place a policy regarding the diversity of the Board and of the executive management and ensure that diversity in terms of gender, age, experience, and skills is incorporated into the Appointment Policy.			NO	The composition of the Company's Board of Directors is diverse and reflects the competencies and performance deemed necessary to ensure sound management of the Company. Board members represent different genders, age groups, and possess the specific competencies necessary to ensure sound management of the Company.
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 3	The Board must develop a Board profile that specifies the desired characteristics and qualities of its members, including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, and the ability and willingness to assign the time and effort appropriate 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.		PARTIALLY		As part of the nominations made for Board members, specific characteristics and traits are taken into account to ensure, as much as possible, the necessary qualities, including factors such as independence, industry knowledge, competence, and potential relevant experience. These principles have always been followed in Board appointments but they are not formally included in a specific profile.
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 4	The majority of Board members must be non-executive. At least one-third of Board members must be independent. Each independent member of the Board must submit a statement regarding their independence at the time of their nomination for election or re-election, as well as whenever there is any change in their status, in accordance with the independence criteria set forth in the legislation and in Annex A to the Code.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 5	The Nomination and Compensation Committee (or the entire Board if there is no Nomination and Compensation Committee) shall assess whether Board members can be considered independent based on the factors taken into account, examining whether there are any business or other personal relationships that could significantly affect the independence and objectivity of the Board member and the ability thereof to act in the best interests of the Company, its shareholders, and stakeholders.	YES			
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of skills, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 6	It is recommended that the roles of Board Chairman and Chief Executive Officer be held by different individuals.			NO	In the case of Turbomecanica, it was deemed necessary for the Chairman of the Board and the CEO to possess industry-specific expertise; unfortunately, Eng. Radu Viehmann's experience and vision are unique, which led to the need for him to hold both positions. However, the Articles of Incorporation, updated in 2024, specifically provide for the possibility that the two positions need to be held by different Individuals.
A: MANAGEMENT BODIES	<b>A.2. The Board must have an appropriate balance of expertise, experience, gender diversity, knowledge, and independence to effectively fulfill the duties and responsibilities.</b>	A.2., 7	If the positions of Chairman of the Board and Chief Executive Officer are held by the same person, it is recommended that the Company representatives appoint an independent Vice Chairman.		PARTIALLY		In the case of Turbomecanica, the Articles of Incorporation do not provide for Vice-Chairmen of the Board. Whenever the Board delegates the exercising of the Chairman's powers, it is to one of the independent members.
A: MANAGEMENT BODIES	<b>A.3. The Board must ensure that a formal, rigorous, and transparent procedure is established regarding the appointment of new members to the Board.</b>	A.3., 1	The Company shall develop and publish a Board Nomination Policy that defines 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 respect to the Board's profile, independence, and diversity.		PARTIALLY		The Company has provided the principles regarding the nomination of Board members in the Board's regulations, but these have not been implemented as a separate policy.
A: MANAGEMENT BODIES	<b>A.3. The Board must ensure that a formal, rigorous, and transparent procedure is in place regarding the appointment of new members to the Board.</b>	A.3., 2	The Board, through the Nomination and Compensation Committee, if any, must oversee the process of nominating candidates for the position of Board member.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
A: MANAGEMENT BODIES	<b>A.3. The Board must ensure that a formal, rigorous, and transparent procedure is in place regarding the appointment of new members to the Board.</b>	A.3., 3	The Company shall provide shareholders with information regarding the experience and résumés of candidates for Board membership, which they need to make an informed decision regarding the appointment or reappointment of Board members, including the following: <ul style="list-style-type: none"> <li>• the candidates' professional commitments and engagements, including executive and non-executive positions in companies, public authorities, non-profit organizations, and other organizations;</li> <li>• any existing or potential conflicts of interest, including whether they have business, family, or other type of relationships that could affect their performance as a Board member;</li> <li>• which shareholder or Board member nominated each candidate for the position of Board member.</li> </ul>	YES			
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 1	The Board shall establish an Audit Committee to enhance its oversight of financial reporting, the internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Unless required by law or a dedicated risk management committee has already been established, the Audit Committee shall also include responsibilities for the monitoring of the effectiveness of the risk management framework.	YES			
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 2	It is recommended that the Audit Committee consist solely of non-executive members of the Board. It is also recommended that the majority of the Committee's members be independent, including the Committee Chairman. The Audit Committee must, as a whole, possess relevant expertise in the field in which the Company operates. The Committee and its members must comply with the requirements of the applicable national and European legislation.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 3	The Board of premium listed companies must establish a Nomination and Compensation Committee composed of non-executive members of the Board. It is recommended that the majority of the Committee's members be independent, including the Committee Chairman. The Board may also establish separate Nomination and Compensation Committees, respectively, if the composition of the Board permits this and if it is justified, given the size and complexity of the Company's business and governance structures.	YES			
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 4	In addition to their specific responsibilities as set forth in this Code, the Nomination and Compensation Committee members: i. Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board's profile; ii. Identify qualified individuals who to become members of the Board and executive management, if requested; evaluate candidates for executive management positions; evaluate candidates proposed by shareholders or Board members for Board membership and informs the AGM accordingly; iii. Make recommendations to the Board regarding appointments to committees (other than the Nomination and Compensation Committee); iv. Coordinate an annual evaluation of the Board, Board members, and committees in accordance with the provisions of Principle A.5.; v. Assist the Board in fulfilling their responsibilities regarding the Company's compensation policy; vi. Assist the Board in developing succession plans for the executive leadership, as well as emergency succession plans and the recruitment process for the Chief Executive Officer, as appropriate; vii. Oversee the administration of the Company's compensation and benefits plans.	YES			



Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 5	The roles and responsibilities of the Board committees must be defined within separate internal regulations (functioning regulations) and published on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be performed by the Board and must be appropriately noted in the Board's internal regulations.		PARTIALLY		Given the Company's structure, specific characteristics, and size, all committees operate in accordance with the Board's regulations, which also include provisions regarding the Board's operation.
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 6	The assessment of the independence of committee members, including committee members appointed by the General Meeting of Shareholders, is conducted according to the same procedure applicable to independent members of the Board.	YES			
A: MANAGEMENT BODIES	<b>A.4. The Board must establish committees to assist it in fulfilling its key responsibilities, addressing strategic challenges, and managing sensitive issues with a high potential for conflicts of interest.</b>	A.4., 7	The Chairmen of the Audit Committee and of the Nomination and Compensation Committee should not be the Chairman of the Board or of other committees, unless this is justified by the size of the Board.	YES			
A: MANAGEMENT BODIES	<b>A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.</b>	A.5., 1	The Chairman of the Board is primarily responsible for ensuring that the Board operates properly. The Board's internal regulation must set forth the role and responsibilities of the Chairman of the Board, and the Chairman of the Board must, at a minimum: <ul style="list-style-type: none"> <li>• Set the agenda for Board meetings, preside over these meetings, and ensure that minutes of these meetings are taken;</li> <li>• Ensure that the Board receives accurate, timely, useful, and concise information to enable the Board to make appropriate decisions;</li> <li>• Ensure that the Board has sufficient time for consultation and decision-making;</li> <li>• To facilitate the proper operation of committees and ensure effective communication with Board committees, including timely and relevant reports from committees to the entire Board;</li> <li>• Ensure that the Board's performance is evaluated and discussed at least once a year; and publicly disclosed in accordance with provision D.1., 3;</li> </ul>	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
			<ul style="list-style-type: none"> <li>• Ensure that the Board has an appropriate working relationship with the executive management. The CEO and the Board Chairman (if these roles are held by different individuals) meet on a regular basis;</li> <li>• Address and manage internal disputes and conflicts of interest involving Board members.</li> </ul>				
A: MANAGEMENT BODIES	<b>A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance Board members' competencies and their ability to effectively fulfill their responsibilities.</b>	A.5., 2	The Board must meet as often as necessary, but no fewer than six (6) times a year.	YES			
A: MANAGEMENT BODIES	<b>A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.</b>	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 must be a senior expert within the Company, in charge with assisting the Board and its committees in organizing their activities, preparing meetings, conducting the annual performance evaluation of the Board and of the committees, as well as with Board member training programs, if necessary.	YES			
A: MANAGEMENT BODIES	<b>A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.</b>	A.5., 4	The Board must clearly define the rights and responsibilities, scope of authority, and other matters related to the Secretary General.	YES			
Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation



A: MANAGEMENT BODIES	A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to improve the competencies of Board members and their ability to effectively fulfill their responsibilities.	A.5., 5	The Board and its committees must develop and approve an annual internal work plan that identifies the issues to be addressed during the year before the end of the preceding year. The plan must take into account the decisions needing to be submitted with the GMS, the executive management and internal control functions reporting, the required frequency of Board and committee meetings, and must be reviewed by the Chair with the support of the Secretary General.	YES			
A: MANAGEMENT BODIES	A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.	A.5., 6	The Board must conduct an annual assessment of the composition, performance, and dynamics of the Board and of its committees, individually and as a whole, which must be coordinated by the Nomination and Compensation Committee.	YES			These evaluations take place every year, at the same time with the Annual Report approval by the Board and the discussion of the proposals for the discharge of the directors, which are subsequently subject to discussion and approval by the OGMS.
A: MANAGEMENT BODIES	A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.	A.5., 7	The Nomination and Compensation Committee must share the results of the Board evaluation with the entire Board and determine follow-up actions, if necessary, including professional development and training plans for the Board to address any gaps.	YES			
A: MANAGEMENT BODIES	A.5. The Board must establish robust procedures for the Board's operation, as well as mechanisms for the Board's ongoing evaluation and development to enhance the competencies of Board members and their ability to effectively fulfill their responsibilities.	A.5., 8	The Board's internal regulations must provide for induction programs for newly-appointed Board members, provided by the Company's internal staff. The Board's internal regulations may refer to continuing education programs for Board members, if necessary. The implementation of the induction and continuing education programs for Board members (as decided by the Board) is carried out under the supervision of the Nomination and Compensation Committee, with the support of the Secretary General. Based on the results of the annual Board evaluation, the Nomination and Remuneration Committee, together with the Board Chairman, shall develop professional development programs focused on areas where capacity should be built among Board members.		Partial		Given the Company's structure and specific nature, new Board members receive an introduction to the specifics of the business without a formal program for this purpose, considering that, as a rule, the nominees possess specific competencies in this regard.
<b>Section</b>	<b>Principle</b>	<b>Article No.</b>	<b>Principle (details)</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Explanation</b>

A: MANAGEMENT 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 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 among the various members of the executive management, must be clearly detailed in the Company's Articles of Incorporation and internal rules.	YES				
A: MANAGEMENT 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., 2	When the roles of Chairman of the Board and Chief Executive Officer are held by the same person, the distinct responsibilities of the Chairman of the Board and the Chief Executive Officer must be clearly defined and differentiated in the Company's Articles of Incorporation.	YES				
A: MANAGEMENT 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., 3	The Board must ensure that the executive management consists of individuals with the knowledge, skills, diversity, and experience appropriate to support the Company's successful performance and that measures are in place to ensure the orderly succession of the executive management.	YES				
A: MANAGEMENT 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., 4	The Board, with the support of the Nomination and Compensation Committee, must annually evaluate the performance of executive management and the effectiveness of its cooperation with the Board, including the information provided to the Board.	YES				
Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation	
<b>B. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK</b>								

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	B.1., 1	The Board determines the nature and extent of the risks the Company is willing to undertake as being necessary to achieve the Company's strategic objectives (i.e., the Company's risk appetite) and must 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 digital technologies. The Board must explain in the Annual Report the mechanisms and processes established for identifying and managing risks.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	B.1., 2	The Board must adopt a formal risk management policy to ensure the accurate, 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, with a view to implementing the Company's strategy.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	B.1., 3	The Board and the Audit Committee must understand emerging changes related to information technology and artificial intelligence in order to mitigate cybersecurity risks. The Board's agenda must allocate time for AI and cybersecurity risks and opportunities to ensure an understanding of cybersecurity.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	B.1., 4	It is recommended that the Company establish a risk management function responsible for ensuring the accurate, complete, and timely identification of risks, ensuring that appropriate and feasible risk control measures are in place and that risk management procedures are monitored. The risk management function, through the Chief Risk Officer (CRO), if any, must have direct communication and functional reporting to the Board and the Audit Committee (if there is no dedicated Risk Committee).	YES			The Company has prepared a BCP (Business Continuity Plan) - a document where risks are identified and measured. Contingent and responsible actions are also determined in this analysis. The BCP is presented to the Board and Audit Committee.
<b>Section</b>	<b>Principle</b>	<b>Item No.</b>	<b>Principle (details)</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Explanation</b>

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	B.1., 5	The Board, assisted by the Audit Committee, must assess at least annually the appropriateness and effectiveness of the Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment must consider the effectiveness and scope of the internal audit function, the adequacy of risk management and of compliance, the internal control reports, if required by the applicable law, submitted with the Audit Committee of the Board, the management's responsiveness and effectiveness in addressing identified internal control deficiencies or weaknesses, and the submission of relevant reports with the Board.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>B.1. The Company must have in place an appropriate and effective internal control framework and 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>	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 stakeholders to disclose alleged violations or irregularities in accordance with applicable laws in force.	PARTIALLY			The Company has implemented these policies and mechanisms, but they are not yet available on the Company's website.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>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, and maintaining an appropriate relationship with the Company's external auditors.</b>	B.2., 1	In addition to the responsibilities set forth in the law and other sections of the Code, the Audit Committee must: <ul style="list-style-type: none"> <li>• Review the Company's internal controls and risk management framework;</li> <li>• Monitor the development and implementation of the Company's policies regarding the conflicts of interest and transactions with related parties;</li> <li>• Ensure independence and review the effectiveness of the Company's internal audit function, and make recommendations to the Board;</li> <li>• Oversee the internal audit function;</li> <li>• Oversee the preparation of sustainability reports and the information contained therein, unless this task is assigned to another committee;</li> <li>• 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</li> </ul>	YES			
<b>Section</b>	<b>Principle</b>	<b>Item No.</b>	<b>Principle (details)</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Explanation</b>



		B.2., 1	procedures for reporting violations of the law or the Company's Code of Conduct), unless this task is assigned to another committee.				
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, and maintaining an appropriate relationship with the Company's external auditors.	B.2., 2	Whenever the Code refers to reviews or analyses to be conducted by the Audit Committee, these must be followed by periodic (at least annual) or ad hoc reports submitted with the Board.	YES			
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, and maintaining an appropriate relationship with the Company's external auditors.	B.2., 3	The Audit Committee must monitor the independence and objectivity of the external auditor. The Committee should approve a policy regarding the provision of permitted non-audit services by the external auditor, in accordance with the legal requirements, and ensure the implementation of this policy. The Committee's findings regarding the independence of the external auditor must be disclosed in the Annual Report.		PARTIALLY		The Audit Committee monitors the independence of the external audit and reviews the provision of non-audit services by the external auditor; these principles have not yet been formalized in a policy which is currently being finalized. The monitoring determined that the Company has not benefitted nor does it benefit from non-audit services provided by the external auditor.
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, and maintaining an appropriate relationship with the Company's external auditors.	B.2., 4	The Audit Committee must discuss the annual work plan with the external auditor, covering the scope and materiality of the activities to be audited. The Audit Committee must meet with the external auditor as often as necessary to discuss identified issues and to monitor the quality of the services provided.	YES			
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 regarding the effectiveness of the risk management and internal control framework.	B.3., 1	The Board must ensure that the internal audit has the appropriate authority, resources, and procedures in place to assist the Board in ensuring the effectiveness and efficiency of the Company's risk management and internal control framework.	YES			
<b>Section</b>	<b>Principle</b>	<b>Item No.</b>	<b>Principle (details)</b>	<b>Yes</b>	<b>Partially</b>	<b>No</b>	<b>Explanation</b>



B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>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 regarding the effectiveness of the risk management and internal control framework.</b>	B.3., 2	To ensure the fulfillment of the internal audit core functions, the head of this function must be appointed and report functionally directly to the Board, through the Audit Committee, which is responsible for approving the appointment and dismissal of the head of the Internal Audit. This does not affect the administrative reporting to the Chief Executive Officer and the exchange of information with the Company's executive management, in accordance with the legal requirements and professional standards.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>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 regarding the effectiveness of the risk management and internal control framework.</b>	B.3., 3	The internal audit function must be set in accordance with the applicable legal requirements and industry standards (e.g., those of the Institute of Internal Auditors). The authority, composition, compensation, annual budget, working procedures, and other relevant aspects of the internal audit function will be governed by internal audit regulations approved by the Board of Directors, following a recommendation from the Audit Committee.	YES			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	<b>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 regarding the effectiveness of the risk management and internal control framework.</b>	B.3., 4	The Audit Committee must agree on an annual work plan for internal audit together with the internal auditor, receive internal audit reports and updates on key audit matters, monitor the implementation of internal audit recommendations, and provide the necessary guidance.	YES			
<b>C. PERFORMANCE, MOTIVATION &amp; REWARD</b>							
C: PERFORMANCE, MOTIVATION, AND REWARD	<b>C.1. Board members must receive compensation commensurate with the scope and importance of their duties and responsibilities, rather than with the performance of the management or of the Company. The structure and amount of compensation for Board members must enable the Company to attract, retain, and motivate competent and qualified Board members.</b>	C.1., 1	Board members must receive compensation in accordance with the Company's Compensation Policy. Members who also serve on Board committees must receive additional compensation for this work. However, under no circumstances shall compensation be tied to the number of Board or Committee meetings.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
C: PERFORMANCE, MOTIVATION, AND REWARD	C.2. The Board must ensure that there is a formal and transparent policy and procedure in place for determining the management's compensation, which to be aligned with the Company's long-term interests and strategy. This policy shall be submitted to the GMS for approval, in accordance with the legal requirements.	C.2., 1	The Board must determine the annual compensation for the executive management based on the recommendations of the Nomination and Compensation Committee and in accordance with the Company's Compensation Policy. The Compensation Policy must be developed in accordance with relevant legal requirements.	YES			
C: PERFORMANCE, MOTIVATION, AND REWARD	C.2. The Board must ensure that there is a formal and transparent policy and procedure in place for determining the management's compensation, which to be aligned with the Company's long-term interests and strategy. This policy shall be submitted to the GMS for approval, in accordance with the legal requirements.	C.2., 2	Compensation levels for members of the executive management and the key performance indicators considered in determining the variable (performance-based) portion of the compensation must be established in advance and must be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment in which the Company operates, as well as to the compensation and conditions applicable to the Company's employees. In particular, these should include indicators relating to the non-financial performance and appropriate sustainability objectives.	YES			
C: PERFORMANCE, MOTIVATION, AND REWARD	C.2. The Board must ensure that there is a formal and transparent policy and procedure in place for determining the management's compensation, which to be aligned with the Company's long-term interests and strategy. This policy shall be submitted to the GMS for approval, in accordance with the legal requirements.	C.2., 3	The Company's shares and/or stock options must represent a significant portion (e.g., no less than 10%) of the executive's total variable compensation.			NO	The remuneration of Board members is determined based on the compensation of the Board Chairman and has not included, nor does it include, options related to the purchase of Company shares.



D. PERFORMANCE, MOTIVATION, AND REWARD							
Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 1	The Company must ensure that accurate, complete, and timely financial and operational information, including quarterly, semi-annual, and annual reports, as well as current reports are provided. Companies must ensure that all relevant information is readily accessible to investors, including through the Company's website and other public information sources, as appropriate.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 2	It is recommended that the Company maintain an investor relations (IR) function and appoint a dedicated individual to serve as the IR officer. The contact information for the individual(s) responsible for the IR function shall be available on the Company's website. The IR function shall report directly to the CEO/CFO, highlighting its importance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's commitments and status in the capital market. The Company must organize induction training and periodic training, if necessary, for the role of IR, tailored to its specific needs and responsibilities.	DA			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 3	The Company must include a section dedicated to Investor Relations on its website, containing all relevant information of interest to investors, available both in Romanian and English.	YES			

D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: • Key corporate governance documents: the updated Articles of Incorporation, GMS procedures, the Board's internal regulations, and the internal regulations of the Board's committees.	YES			
Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: • A list of current members of the Board, Board committees, and Executive Management, indicating their updated independence status, professional résumés (containing at least: first name, last name, gender, nationality, age; professional experience by year, position, and company; education, field of study, and the academic or professional institution awarding the degree), other professional engagements, including executive and non-executive positions on boards of directors in different companies, non-profit organizations, and State institutions; relationships with shareholders holding at least 5% of the voting rights/shares issued by the Company; the term of appointment of the members of the Board, committees, and executive management, specifying the date on which they were appointed;	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: • Current and periodic reports (quarterly, semi-annual, and annual reports).	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: Information regarding the GMS: the agenda, supporting materials, and resolutions adopted; the procedure for conducting the GMS; the Nomination Policy, along with the professional résumés (containing at least: first name, last name, gender, nationality, age; professional experience by year, position, and company; education, field of study, and the academic or professional institution awarding the degree), as well as any other information mentioned in A.3., 3; the communication channels through which the shareholders can submit questions to the Company; answers to shareholders' questions regarding the agenda; statements of independence from Board candidates and evaluations of the candidates by the Nomination and Compensation Committee/Board, including regarding their compliance with independence criteria.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: Information regarding the Board's evaluation, performed in accordance with provision A.5., 7, including the evaluation criteria and process, as well as a summary of the evaluation results and the actions that have been or will be taken as a result of the evaluation;		Partial		The board's evaluation was conducted internally; the publication of these evaluations is currently being implemented
D: PERFORMANCE, MOTIVATION, AND REWARD	<b>D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.</b>	D.1., 3	The Company must include in the section dedicated to Investor Relations: Information on corporate events, such as the payment of dividends and other distributions to shareholders or other events that result in the acquirement or restriction of a shareholder's rights, including the timing and principles applied to such operations. This information must be published in a timely manner to allow investors to make investment decisions.	YES			



Section	Principle	Article No.	Principle (details)	Yes	Partially	No	Explanation
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, 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: • The corporate policies, including the Code of Conduct, Dividend Policy, Compensation Policy, Forecast Policy, Investor Communication Policy, Corporate Social Responsibility (CSR)/Sponsorship Policy, Policy on Transactions with Related Parties, Policy on Diversity, Equity, and Inclusion and Whistleblowing Policy (if not already part of the Code of Conduct).		PARTIALLY		The Company is in the process of publishing these policies, which are currently available only internally
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, 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.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 5	The Company must disclose material and reportable non-financial and sustainability matters, with a focus on the 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.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.1. The Company must ensure appropriate communication with shareholders, investors, regulatory authorities, and other stakeholders and establish appropriate systems for financial and sustainability reporting.	D.1., 6	The Company should have a CSR/sponsorship policy in place to guide its activities in the area of CSR initiatives supporting and sponsorship.		Not Applicable		The Company has not implemented a CSR/sponsorship policy due to its specific nature, as it is interested in contributing to dual-system education programs.
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights in relation to the Company.	D.2., 1	The Company must have in place a dividend policy as a set of guidelines that the Company intends to follow regarding the distribution of net profit.		Not Applicable		The Company has not implemented a dividend distribution policy because, due to the volatility of the industry, there are no exact parameters that would allow for the exact quantification of such factors.



Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights in relation to the Company.	D.2., 2	The procedure for conducting the GMS must not restrict the shareholders' participation in the GMS or the exercising of their rights. Changes to the procedure for conducting the GMS must take effect, at the earliest, at the following GMS.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights with respect to the Company.	D.2., 3	The external auditors must attend the GMS during which their reports are presented, to be able to answer shareholders' questions.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights in relation to the Company.	D.2., 4	The Board must present in the Annual GMS a summary assessment of the adequacy and effectiveness of the risk management and internal control framework, in accordance with the relevant information included in the Annual Report.	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights in relation to the Company.	D.2., 5	The Company must drive engagement with shareholders and investors by: <ul style="list-style-type: none"> <li>• Encouraging active shareholder participation in General Meetings of Shareholders, including ensuring conditions for online participation;</li> <li>• Organizing regular briefings and updates for investors, particularly during significant corporate events;</li> <li>• Establishing the channels through which shareholders can provide feedback and ask questions, ensuring that responses are timely and comprehensive.</li> </ul>	YES			
D: PERFORMANCE, MOTIVATION, AND REWARD	D.2. The Company must ensure the fair and equitable treatment of all shareholders, as well as the availability of the necessary resources and information to enable shareholders to exercise their rights in relation to the Company.	D.2., 6	Any professional, consultant, expert, or financial analyst may attend the GMS upon prior invitation by the Chairman of the Board. Accredited journalists may also attend the GMS, unless the Chairman decides otherwise.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
<b>E. SUSTAINABILITY AND STAKEHOLDERS</b>							
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.1. The Company must integrate sustainability considerations into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.</b>	E.1., 1	The Board must ensure that sustainability, environmental, and social considerations are integrated into the Company's strategy and operations, risk management, and compensation practices, and oversee this integration. A dedicated sustainability committee or one of the Board's standing committees assists the Board in fulfilling these tasks.	YES			
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.1. The Company must integrate sustainability considerations into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.</b>	E.1., 2	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 maintain internal documentation regarding its environmental and social responsibilities, as well as policies and procedures that enable it to identify significant factors and assess the impact on the Company's activities.	YES			
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.1. The Company must integrate sustainability considerations into its strategy and mitigate any material negative social and environmental impacts of its operations, to the extent possible.</b>	E.1., 3	Whenever a decision to be made by the Board has a potential significant and negative impact in the E&S field, the Board must receive from executive management (i) an analysis of how this decision aligns with the Company's sustainability objectives and E&S policies, or (ii) a proposal for measures to mitigate the negative E&S impact.	YES			
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.2. The Company must have a process in place for identifying the 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.</b>	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.	YES			
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, including guiding principles that reflect the Company's commitment to ethics, integrity, and quality of performance.</b>	E.3., 1	The Board must draw-up a mission statement and a vision statement, as well as to articulate the Company's values, so that the entire organization understands the Company's strategic direction.	YES			

Section	Principle	Item No.	Principle (details)	Yes	Partially	No	Explanation
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, including guiding principles that reflect the Company's commitment to ethics, integrity, and quality of performance.</b>	E.3., 2	The Board must adopt a Code of Conduct for Board members, executive management, and Company employees, with clear provisions designed to prevent and sanction fraud and bribery. The Board must not permit any exemption from ethical requirements for any Board member, executive, or employee.	YES			
E: SUSTAINABILITY AND STAKEHOLDERS	<b>E.3. The Board must adopt a Code of Conduct (Code of Ethics) with an appropriate scope, including guiding principles that reflect the Company's commitment to ethics, integrity, and quality of performance.</b>	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 onboarding process for new employees. The Board must ensure the effective implementation and monitoring of the compliance with the Code of Conduct, and review it periodically.	YES			



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Turbomecanica S.A.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Turbomecanica S.A. (the Company) with official head office in 244, Iuliu Maniu Blvd, District 6, Bucharest, Romania, identified by sole fiscal registration number 3156315, which comprise the statement of financial position as at December 31, 2025, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements of public interest entities in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition from customer contracts</b> The Company's accounting policies in respect of revenues, as well as significant judgments made are described in Note 3 "Material accounting policies" to the financial statements, sections "Revenue recognition" and "Critical accounting judgments, estimates and assumptions".</p> <p>Majority of the Company revenues are from repair services and manufacturing of turbines and mechanical assemblies for planes and helicopters. The Company has numerous projects contracted, for which performance obligation is recognized over the time and which can extend beyond the financial year. Also, because of the specific of its specialized work and concentration of revenues in relation with few clients, the Company has in place long term collaboration protocols.</p> <p>The revenues are recognized according to the stage of completion of the respective projects, which is measured using the cost method. Were losses are expected these are recognized in the statement of comprehensive income.</p> <p>Determination of contracts that meet the IFRS 15 Revenues from Contracts with Customers ("IFRS 15") requirements, as well as the estimation of cost to complete require significant judgements and estimations to be made. In 2021, the Company's management performed a comprehensive analysis of its customers' contracts to identify the contracts which meet the IFRS 15 criteria and the accounting treatment to reflect the standard requirements, and the conclusions from this exercise were applied consistently during 2025.</p> <p>We considered the recognition of revenues a key audit matter, due to the high number of projects, resulting in a risk of projects revenues, net income and project related balance sheet caption being materially misstated, as well as, due to complexity of judgements required to be performed under IFRS 15.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Performed a detailed understanding of the revenue processes and related documentation flows, identifying the controls designed and implemented within the respective processes that we considered relevant and significant for our audit;</li> <li>• Inspected a sample of sales contracts to evaluate the appropriate application of the Company's accounting policies on revenue recognition, as well as their, conformity with IFRS 15 requirements. Our procedures included analyzing the accounting treatment of projects in progress at year end, as well as their presentation in the financial statements;</li> <li>• For a sample of customers, we confirmed the receivable balances at the year end and the realized transactions during the year, to evaluate the completeness and fairness of the transactions recorded;</li> <li>• Performed tests of details by inspecting relevant supporting evidence on a sample basis for the revenues recorded during the year; we have also performed detailed testing for a selection of sales transactions recorded close to year end and after the end of the financial year, by checking the invoices, delivery notes and / or contracts, to confirm that the revenues were recognized in the correct accounting period;</li> <li>• Assessed the management' estimates and judgements used in the revenue recognition, which include reconciling for a sample of projects the information with the supporting documents such as contracts price, project budget in regard to the estimated cost, made inquiries with the production director, evaluating the percentage of completion for the projects as well as corroboration of this information with the evidence available subsequent to the year-end;</li> <li>• We also assessed the management's process of identifying the loss-making contracts by evaluating their cost to complete analysis of ongoing contracts;</li> </ul>

- Analyzed the correlation between revenues, accounts receivable and cash transactions using data analytics procedures and performed test of cash collections by vouching with supporting bank statements for a sample of transactions.

We also evaluated the information included in the financial statements to determine their compliance with the disclosure requirements of OMF 2844/2016, with subsequent amendments and clarifications.

### **Other information**

The other information comprises the Annual Report of the Managing Board, as well as the Remuneration Report, but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

## **Report on Other Legal and Regulatory Requirements**

### **Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon**

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report of the Managing Board and Remuneration Report, we have read these reports and report that:

- a) in the Annual Report of the Managing Board we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2025;

- b) the Annual Report of the Managing Board, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 - 19;
- c) based on our knowledge and understanding concerning the Company and its environment gained during our audit of the financial statements as at December 31, 2025, we have not identified information presented in the Annual Report of the Managing Board, that contains a material misstatement of fact.
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

#### **Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council**

##### **Appointment and Approval of Auditor**

We were appointed as auditors of the Company by the General Meeting of Shareholders on 29 April 2024 to audit the financial statements for the financial years end December 31, 2024, December 31, 2025 and December 31, 2026. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for five years, covering the financial periods end December 31, 2021 till December 31, 2025.

##### **Consistency with Additional Report to the Audit Committee**

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

##### **Provision of Non-audit Services**

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services disclosed in the financial statements, no other services were provided by us to the Company.

#### **Report on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation**

We have performed a reasonable assurance engagement on the compliance of the financial statements presented in XHTML format of Turbomecanica S.A. (the Company) for the year ended 31 December 2025, with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the financial statements (XHTML) corresponds to the audited financial statements and expressing an opinion on the compliance of the electronic format of the financial statements of the Company for the year ended 31 December 2025 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the financial statements should be presented in XHTML format.

## **Responsibilities of the Management and Those Charged with Governance**

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the financial statements in XHTML format and for ensuring consistency between the electronic format of the financial statements (XHTML) and the audited financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of financial statements, including the application of the ESEF Regulation.

## **Auditor's Responsibility**

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

## **Our Independence and Quality Management**

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

## **Summary of procedures performed**

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the financial statements of the Company, including the preparation of the financial statements of the Company in XHTML format;
- tested the validity of the applied XHTML format;
- checked whether the electronic format of the financial statements (XHTML) corresponds to the audited financial statements.

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

**Opinion on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation**

Based on the procedures performed, our opinion is that the electronic format of the financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,  
**Ernst & Young Assurance Services SRL**  
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania  
Registered in the electronic Public Register under No. FA 77

Name of the Auditor/ Partner: Verona Cojocaru  
Registered in the electronic Public Register under No. AF1568

Bucharest, Romania  
26 March 2026