TURBOMECANICA

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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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
		RON	*RON*
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)
Profit before taxation		**4,155,726**	**20,784,916**
Income tax	**10**	(1,256,305)	(4,626,285)
Profit for the year		**2,899,421**	**16,158,631**
Other comprehensive income, net of taxation:			
Actuarial gain/ (loss) on defined benefits plan, net of tax	**22**	(45,098)	(700,030)
Other comprehensive income for the year		**(45,098)**	**(700,030)**
Total comprehensive income		**2,854,323**	**15,458,601**
Result per share:	***27***		
(RON / share)		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.

CLAUDIA ANGHEL,	**GHEORGHE MAN,**
Economic & Commercial Director	**Board of Directors**

	Note	December 31, 2025	December 31, 2024
ASSETS		*RON*	*RON*
Long-term assets:			
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
Total long-term assets		**90,811,616**	**94,111,833**
Current assets:			
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
Total current assets		**141,236,580**	**164,179,298**
Total assets		**232,048,196**	**258,291,131**
EQUITY AND LIABILITIES			
Capital and reserves:			
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)
Total equity		**146,331,576**	**152,477,253**
Long-term liabilities:			
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
Total long-term liabilities		**21,835,124**	**20,049,378**
Current liabilities:			
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
Total current liabilities		**63,881,496**	**85,764,500**
Total liabilities		**85,716,620**	**105,813,878**
Total equity and liabilities		**232,048,196**	**258,291,131**

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CLAUDIA ANGHEL, **Economic & Commercial Director**	**GHEORGHE MAN,** **Board of Directors**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Cash flow from operations*:*		***RON***	***RON***
Net profit of the year		**2,899,421**	**16,158,631**
Adjustments for:			
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
Changes in working capital:		**22,881,096**	**39,949,730**
(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)
Net cash generated from operating activities		**9,612,063**	**19,380,794**
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)
Net cash generated from operating activities		**4,386,702**	**11,413,507**
Cash flows from investment activities			
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)
Generated net cash generated from/ (used in) investment activities		**15,341,742**	**(8,495,918)**
Net cash from financing activities:			
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)
Net cash generated from / (used in) financing activities		**(13,711,258)**	**(248,545)**
Net increase / (decrease) of cash and cash equivalents		**6,017,186**	**2,669,044**
Cash and cash equivalents at the beginning of the period	**18**	**3,451,958**	**782,914**
Cash and cash equivalents at the end of the period	**18**	**9,469,144**	**3,451,958**

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)

	Share capital	Reserves	Revaluation reserve	Retained earnings	Losses related to the free disposal of equity instruments	Total
Balance on January 1, 2025	**36,944,248**	**21,483,811**	**62,168,784**	**32,479,818**	**(599,408)**	**152,477,253**
Profit of the year	-	-		2,899,421	-	2,899,421
Other comprehensive income:		-		-		
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)
Total comprehensive income	**-**	**-**	**-**	**2,854,323**	**-**	**2,854,323**
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	-	-
Balance on December 31, 2025	**36,944,248**	**21,483,811**	**61,530,143**	**26,373,374**	**-**	**146,331,576**

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

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

1. GENERAL INFORMATION

TURBOMECANICA 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:

a. **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.
b. **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.
c. **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:

	2025	**2024**
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.
- **FRS 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 Brașov 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

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 made 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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

4. INCOME FROM CONTRACTS WITH CLIENTS

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

	December 31, 2025	December 31, 2024
Recognized over the time		
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
Recognized at delivery		
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
Total	**133,019,734**	**139,985,852**

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

	December 31, 2025	December 31, 2024
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
Total	**40,423,006**	**48,692,696**

6. EMPLOYEE BENEFITS AND SALARIES

	December 31, 2025	December 31, 2024
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
Total	**66,047,749**	**63,132,796**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

7. OTHER OPERATING EXPENSES AND INCOME, NET

	December 31, 2025	December 31, 2024
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
Other operating expenses	**11,453,957**	**11,619,499**
Other operating income	(1,501,103)	(1,101,953)
Other operating income	**(1,501,103)**	**(1,101,953)**
Total, net	**9,952,854**	**10,517,546**

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

8. NET FINANCIAL EXPENSES

	December 31, 2025	December 31, 2024
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
Financial expenses	**3,964,721**	**3,521,396**
Interest income	(1,112,674)	(1,085,865)
Financial income	**(1,112,674)**	**(1,085,865)**
Total, net	**2,852,047**	**2,435,531**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

9. OTHER GAINS AND (LOSSES), NET

	December 31, 2025	December 31, 2024
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)
Total	**(2,436,601)**	**(4,638,656)**

10. INCOME TAX

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

The income tax recognized in profit or loss:

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

Reconciliation of income tax:

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

10. INCOME TAX (continued)

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

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

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:

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

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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and other constructions	Technical machinery, equipment and vehicles	Furniture, equipment, office supplies, protective equipment	Tangible assets in progress	Advances for fixed assets	Total
COST							
January 1, 2024	**27,130,722**	**13,698,774**	**45,287,345**	**302,005**	**4,195,045**	**8,533,591**	**99,147,482**
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)
December 31, 2024	**27,130,722**	**13,870,441**	**51,250,166**	**809,392**	**3,653,717**	**6,774,135**	**103,488,572**
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)
December 31, 2025	**27,130,722**	**13,870,441**	**64,030,035**	**883,491**	**4,322,177**	**1,037,957**	**111,274,823**
ACCUMULATED DEPRECIATION							
January 1, 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	628,950	10,311,378	133,500			11,073,528
Cancellation of depreciation relating to disposals	-	-	(332,013)	-	-	-	(332,013)
December 31, 2024	**-**	**628,950**	**9,976,065**	**133,500**	**-**	**-**	**10,741,515**
Depreciation for the year	-	634,494	10,589,783	124,378	-	-	11,348,655
Cancellation of depreciation relating to disposals	-	-	(891,070)	-	-	-	(891,070)
December 31, 2025	**-**	**1,263,444**	**19,677,778**	**257,878**	**-**	**-**	**21,199,100**
NET BOOK VALUE							
December 31, 2024	**27,130,722**	**13,241,491**	**41,271,101**	**675,892**	**3,653,717**	**6,774,135**	**92,747,058**
December 31, 2025	**27,130,722**	**12,606,997**	**44,352,257**	**625,613**	**4,322,177**	**1,037,957**	**90,075,723**

* 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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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:

	Level 3	**Fair value as at 12/31/2025**
• 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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

12. INTANGIBLE ASSETS

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

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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

13. INVENTORIES

	December 31, 2025	December 31, 2024
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	(25,547,620)	(23,592,849)
Total	**89,952,104**	**99,918,514**

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:

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

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

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

13. INVENTORIES (continued)

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

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

14. CONTRACT ASSETS AND LIABILITIES

	December 31, 2025	December 31, 2025
Repairs and production contracts	27,676,559	22,903,501
Total	**27,676,559**	**22,903,501**
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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

15. TRADE RECEIVABLES

	December 31, 2025	December 31, 2024
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)
Total	**11,777,263**	**11,732,347**

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

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

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

	December 31, 2025	December 31, 2024
Other receivables	1,545,631	1,274,625
Total	**1,545,631**	**1,274,625**

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

17. OTHER CURRENT ASSETS

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

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

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

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

	December 31, 2025	December 31, 2024
Bank deposits	-	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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

19. SHARE CAPITAL

	No. of shares	Share capital
		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

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

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:

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

21. LOANS, LEASE LIABILITIES AND OTHER FINANCIAL LIABILITIES

	December 31, 2025	December 31, 2024
a) Short-term debts to shareholders	**4,880,000**	**4,880,000**
Loans from shareholders (Note 28)	4,880,000	4,880,000
b) Loans from banking institutions, lease entities and other financial liabilities		
Secured loans		
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
Total loans from banking institutions, lease entities and other secured financial liabilities	**40,419,575**	**41,342,528**
Total loans, lease liabilities and other financial liabilities (a + b)	**45,299,575**	**46,222,528**
Of which:		
Short-term loans and lease liabilities	**28.537.276**	**31.930.103**

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

Contract	Balance at December 31, 2025	Balance at December 31, 2024
(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
	23,248,855	**23,198,478**

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.

(all amounts are expressed in Romanian Lei (“RON”), unless otherwise stated)

22. PROVISIONS

	Provisions for post-employment benefits	Other provisions related to personnel	Provisions for guarantees	Provisions for onerous contracts	Total
Balance as of January 1, 2025	**1,483,504**	**2,409,474**	**729,634**	**736,899**	**5,359,511**
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
Balance as of December 31, 2025	**1,848,523**	**2,147,948**	**729,634**	**1,326,837**	**6,052,942**

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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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,	Romanian Mortality Table for 2018 (for men and women) issued by the National Institute of Statistics.
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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

22. PROVISIONS (continued)

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

Change the present value of the obligation:	December 31, 2025	December 31, 2024
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	-
Present value of the obligation – December 31	**1,848,523**	**1,483,504**

Calculation of the expense for the year:	December 31, 2025	December 31, 2024
Interest cost	77,446	49,360
Current service cost	116,634	139,312
Past service cost	434,051	-
Total expenses for the period, charged to the profit and loss account	**628,131**	**188,672**

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*

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

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

		Benefit Payment Maturity Analysis (RON)		
Maturity of obligations with defined benefits	**Retirement benefits**	**Employee death benefits**	**Restructuring compensation benefits**	**Total obligations with defined benefits**
			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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

22. PROVISIONS (continued)

Sensitivity analysis 2024

Hypotheses	December 31, 2024 Post-employment benefits	December 31, 2023 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

Warrantee 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 warrantee 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

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

24. OTHER CURRENT LIABILITIES

	December 31, 2025	December 31, 2024
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
Total	**8,102,644**	**9,184,651**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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

Segment	December 31, 2025	December 31, 2024
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
Total	**133,019,734**	**139,985,852**

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:

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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:

	December 31, 2025	December 31, 2024
Total borrowings and lease liabilities	45,299,575	41,851,161
Cash and cash equivalents and term deposits	(9,469,144)	(25,451,958)
Net debt	**35,830,431**	**16,399,203**
Total capital and reserves	**146,331,576**	**152,477,253**
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:

	Trade receivables as of December 31, 2025	Contractual assets as of December 31, 2025	Revenue from contracts with customers 2025	Trade receivables as of December 31, 2024	Contractual assets as of December 31, 2024	Revenue from contracts with customers 2024
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
Total	**11,777,263**	**27,676,559**	**133,019,734**	**11,732,347**	**22,903,501**	**139,985,852**

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

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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 EUR 1 = RON 5.0985	USD USD 1 = RON 4.3417	GBP GBP 1 = RON 5.8335	CHF CHF 1 = RON 5.4743	RON RON 1 = RON 1	TOTAL December 31, 2025
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
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
LIABILITIES						
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
Net balance exposure (assets - liabilities)	**1,091,261**	**157,989**	**5,044**	**5,761**	**(18,983,010)**	**(17,722,954)**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

26. FINANCIAL INSTRUMENTS (continued)

2024	EUR EUR 1 = RON 4.9741	USD USD 1 = RON 4.7768	GBP GBP 1 = RON 5.9951	CHF CHF 1 = RON 5.2806	RON RON 1 = RON 1	TOTAL December 31, 2024
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
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
LIABILITIES						
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
Net balance exposure (assets - liabilities)	**(9,584,203)**	**(2,465,233)**	**(79,546)**	**(26,199)**	**(12,757,232)**	**(24,912,413)**

(all amounts are expressed in Romanian Lei (“RON”), unless otherwise stated)

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.

	10% strengthening of RON against EUR - impact on the result as at:	
	December 31, 2025	December 31, 2024
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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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*
Trade and other liabilities		**3,430,090**	**82,215**	**-**	**-**	**3,512,305**
Long and short-term borrowings (of which):		**-**	**36,223,417**	**11,882,299**	**-**	**48,105,716**
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		-	-	-	-	-
Total liabilities		**3,430,090**	**36,413,436**	**11,882,299**	**-**	**51,725,825**

2024	*Interest rate*	*Less than 1 month*	*Less than 1 year*	*1 - 5 years*	*More than 5 years*	*Total*
Trade and other liabilities		**1,412,332**	**6,155,789**	**-**	**-**	**7,568,121**
Long and short-term borrowings (of which):		**-**	**34,468,899**	**9,921,058**	**-**	**44,389,957**
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
Total liabilities		**1,412,332**	**40,624,688**	**14,292,425**	**-**	**56,329,445**

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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
Total financial liabilities	**48,229,196**	**184,268,492**	**(194,821,190)**	**-**	**3,735,937**	**(3,735,937)**	**9,000,000**	**484,715**	**47,161,214**

*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
Total financial liabilities	**36,964,429**	**14,881,870**	**(12,617,102)**	**-**	**3,140,906**	**(3,140,906)**	**9,000,000**	**-**	**48,229,196**

*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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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).

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

December 31, 2024 Assets	Level 1	Level 2	Level 3 (Note 11)
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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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).

	2025	2024
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).

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

28. RELATED PARTIES

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

	December 31, 2025	December 31, 2024
Total	**4,880,000**	**4,880,000**
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:

	December 31, 2025	December 31, 2024
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.

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

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.

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