

2025 CONSOLIDATED ANNUAL REPORT



ELECTRO-ALFA INTERNATIONAL S.A.

Registered Office: 15 Calea Nationala, Botosani, Botosani, Romania

Trade Registry Number: J1994001310079 | **Fiscal Code:** 7348194



Listed on the Main Market of the Bucharest Stock Exchange,
Premium Segment, stock ticker **EAI**



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The consolidated financial statements included as part of this Annual Report are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The consolidated financial statements as of December 31st, 2025, **are audited.**

This Annual Report has been prepared in Romanian and English. In the event of any discrepancies between the Romanian version and the English version, the Romanian version shall prevail.

TABLE OF CONTENTS

CONSOLIDATED REPORT OF THE BOARD OF DIRECTORS

LETTER FROM THE CHAIRMAN	4
KEY HIGHLIGHTS	7
ABOUT ELECTROALFA.....	9
BUSINESS ENVIRONMENT	19
ORGANIZATIONAL STRUCTURE.....	24
2025 BUSINESS HIGHLIGHTS	29
2025 FINANCIAL PERFORMANCE.....	33
SHAREHOLDERS AND ISSUED CAPITAL.....	44
DIVIDENDS.....	46
LEADERSHIP AND ORGANIZATION.....	48
KEY FACTORS AFFECTING RESULTS	55
SUSTAINABILITY.....	65
STRATEGY AND OUTLOOK.....	68
DECLARATION OF MANAGEMENT	71

CONSOLIDATED FINANCIAL STATEMENTS

LETTER FROM THE CHAIRMAN

Dear shareholders, partners, and investors,

More than 35 years ago, we started Electro-Alfa in a small workshop, without capital and without a strategic plan, but with a clear conviction: that through discipline, work, and responsibility, we could build a strong Romanian industrial company.

From the beginning, we chose not to wait for the favorable context, but to create it. We focused on what we could control – the quality of our work, the seriousness of our commitments, and the strength of the team behind every delivery. Step by step, project by project, we built trust. In our industry, trust is not declared, it is earned.



Electro-Alfa has grown significantly since those early years. Today, we operate as an integrated group in the energy infrastructure sector, combining manufacturing, engineering, and execution capabilities. However, the principles that defined us at the beginning remain unchanged: we take responsibility, we deliver what we promise, and we do not replace results with explanations.

The year 2025 reflects both the scale we have reached and the discipline with which we continue to operate. The Group recorded total revenues of approximately RON 833.9 million, an increase of over 28% compared to the previous year. This performance was supported primarily by the strong evolution of our manufacturing activities, driven by sustained demand for electrical equipment in the context of the ongoing modernization of Romania's energy infrastructure, as well as by the expansion of our international operations.

At the same time, our EPC activities continued to play a central role in our business model, supporting the delivery of complex projects and the integration of internally produced equipment. We also took initial steps in new areas, such as software development, which, although still at an early stage, reflects our intention to adapt to a continuously evolving technological environment.

This growth translated into improved profitability. Operating profit increased to over RON 114 million, reflecting both higher volumes and better operational efficiency. These results are the outcome of sustained effort, careful investment decisions, and a constant focus on how we work.

At the same time, we remain aware that growth comes with increased responsibility. The projects we undertake are larger, the expectations are higher, and the risks are more complex. Financial discipline, diversification, and prudent capital management remain essential. We have built the company in a balanced way, without dependence on a single client or market, and we will continue to follow this approach. It is precisely this need for discipline, transparency, and long-term capital that made the listing of the company a natural and necessary step.

The listing of Electro-Alfa on the Bucharest Stock Exchange on March 3rd, 2026 marks an important milestone in our history. It reflects the maturity we have reached as an organization and the confidence that the marketplaces in our business model, validating the path we have followed over the past decades. The net proceeds from the IPO, amounting to RON 544.3 million, provide us with the resources to support our growth strategy in the coming years, while maintaining the financial discipline that has defined our development so far.

Becoming a public company brings with it greater transparency, stronger accountability, and higher standards in everything we do. It also means that we are now directly accountable to you, our shareholders, whose trust we must earn continuously through performance and discipline.

The beginning of 2026 has confirmed that the environment in which we operate remains demanding, with pressures related to project timing, funding flows, and execution complexity. Nevertheless, we approach the year with ambition and clarity. For the current year, we are targeting revenues of approximately RON 1.014 billion, EBITDA of RON 133 million, and a gross profit of RON 111 million. These objectives reflect both the opportunities we see in the market and our commitment to disciplined and sustainable growth.

The General Meeting of Shareholders scheduled for May 29th, 2026, will be an important moment for the company. During this meeting, we will seek approval for the 2026 budget, as well as for a dividend distribution of RON 39.5 million, above the minimum payout level set in our policy, reflecting the strength of our capital position. At the same time, shareholders will be invited to vote on the appointment of a new member of the Board of Directors, representing the investors who joined the company following the IPO. For us, these steps are part of a broader commitment to build a company that is not only growing, but also is solid, transparent, and accountable.

Electro-Alfa has been built in Romania and remains deeply connected to this country. Today, we are present internationally, including in demanding markets such as the United States, and we compete through the quality of our products, through engineering, and through the seriousness with which we approach our work. We believe that Romania has the capability to develop a strong industrial base, and we are committed to contributing to this effort through concrete actions – by producing locally, by investing, and by delivering infrastructure that supports the energy system and the broader economy.

Looking ahead, our direction remains clear. We will continue to strengthen our position in our core markets, expand regionally in markets with strong demand for infrastructure development, and invest in capabilities that ensure our long-term relevance. At the same time, we will remain prudent. Growth must be sustainable and supported by solid fundamentals.

If there is one constant over these 35 years, it is this: we have built this company through work, responsibility, and respect for our commitments, and we will continue to do so in the coming decades as well.

I would like to thank our employees, who are the foundation of this company, our partners, who have trusted us over the years, and you, our shareholders, for your confidence and support as we enter this new stage of development.

Gheorghe **CIUBOTARU**

KEY HIGHLIGHTS

Financial highlights

- Electro-Alfa International delivered a strong increase in scale and profitability in FY 2025, with total revenues reaching RON 832.2 million, up 28.3% year-on-year.
- Operating profit increased by 70.7% to RON 114.8 million, while net profit rose by 73.7% to RON 99.7 million, reflecting improved operating leverage and a stronger contribution from the Manufacturing segment.
- The Group ended 2025 with RON 695.5 million in total assets and RON 210.2 million in equity, preserving a solid capital base.
- Despite significant growth, the Group maintained a conservative capital structure, with net debt of RON 31.1 million and a net debt to equity ratio of 0.15x.
- Operating cash flow reached RON 45.8 million.

Operational highlights

- The Electrical Equipment Manufacturing segment remained the main growth and profitability driver, generating revenues of RON 457.2 million and operating profit of RON 77.6 million, corresponding to an operating margin of 17.0%.
- The EPC Services segment generated RON 374.2 million in revenues and RON 37.5 million in operating profit, with margin improving to 10.0%.
- FY 2025 marked the launch of the IT Services segment through Alfa Factory Software, which generated first-year revenues of RON 0.8 million, focused on software development and AI-related solutions.
- Export activity continued to expand, with revenues increasing by 40.9% to RON 110.8 million.

Strategic milestones in 2026

- On March 3rd, 2026, Electro-Alfa International was listed on the Bucharest Stock Exchange, following an IPO that generated net proceeds of RON 544.3 million, providing the Company with significant financial resources to support its medium-term growth strategy.
- The 2026 budget, to be submitted for approval at the General Meeting of Shareholders on May 29th, 2026, targets RON 1,014 million in revenues, RON 133 million EBITDA and RON 111 million gross profit
- At the same meeting, shareholders will be invited to vote on a dividend distribution of approximately RON 39.5 million, proposed above the minimum payout level set in the dividend policy.



2025 Results Earnings Call

29 April 2026

15:00 EEST | 14:00 CET | 13:00 BST

Join Electro-Alfa International's earnings teleconference presenting the audited consolidated financial results for the financial year ended 2025.

The call will be hosted by:



George CIUBOTARU
Vice-Chairman of the Board

Stefan PETREA
Chief Executive Officer

Constantin TODI
Chief Financial Officer

The call will be held exclusively in Romanian language. A transcript of the call, together with an English translation, will be available on EAI's website in the week following the event.

Investors may submit questions to management in advance by emailing them to:
investitori@electroalfa.ro.

To participate in the earnings call, please register [HERE](#).

ABOUT ELECTROALFA GROUP

The ELECTROALFA Group (the “Group”) comprises, as of December 31, 2025, Electro-Alfa International S.A. (the “Company”) and its subsidiary, Alfa Factory Software SRL (the “Subsidiary”).

Electro-Alfa International S.A. is an integrated provider of electrical equipment and energy infrastructure solutions, combining advanced manufacturing capabilities with EPC services. Founded in 1991 in Botoșani, Romania, by entrepreneur Gheorghe Ciubotaru, the Company has developed over more than three decades into a well-established player in the Romanian energy sector, with a strong track record in delivering complex infrastructure projects for both public and private clients.



Headquartered at Calea Națională no. 15 in Botoșani, Electro-Alfa operates four production facilities with a total surface exceeding 25,000 m² and employs over 550 professionals across its business units. The Group’s core activity is centered on the manufacturing of electrical distribution and control equipment for low- and medium-voltage applications, including switchgear cells, distribution panels, substations and modular shelters. These capabilities are complemented by engineering and EPC services, enabling the Company to deliver integrated solutions across the full lifecycle of energy infrastructure projects.

Over years, Electro-Alfa has evolved from a local equipment manufacturer into a fully integrated energy infrastructure player. Its business model combines design, manufacturing, project execution and maintenance services, allowing the Group to deliver turnkey solutions supported by in-house production. This integrated approach provides enhanced control over quality, timelines and costs, while ensuring consistency in execution and long-term performance of the delivered infrastructure.

The Company’s development has been supported by a continuous focus on innovation and operational improvement. This includes the adoption of advanced technologies, such as SF6-free switchgear, as well as the establishment of strategic partnerships aimed at expanding product capabilities and extending market reach. These initiatives have contributed to strengthening Electro-Alfa’s position in a sector characterized by increasing technical complexity and evolving regulatory requirements.

Electro-Alfa operates through a structured organization centered around the parent company, Electro-Alfa International S.A., which coordinates its core activities across three main operating segments: Electrical Equipment Manufacturing, EPC Services, and IT Services.

In addition to its existing operations, the Group is in the process of expanding its capabilities through a combination of subsidiaries, associations and planned strategic acquisitions. The Group currently holds a controlling stake in Alfa Factory Software, which delivers IT services and software solutions, and participates in SGB-Electroalfa S.R.L., an entity established with SGB-SMIT focused on the production of distribution transformers.

On 5 November 2025, Electro-Alfa has signed agreements to acquire stakes in several companies that complement its existing activities and support its strategic development. These include Elcomex IEA, which provides electrical installations and specialized services for high-power and nuclear infrastructure; Spiact Craiova, active in the manufacturing and maintenance of railway signaling systems; and Electro Alfa CM, which focuses on the production of metal components used in electrical equipment and infrastructure projects. Subsequently, on 9 April 2026, Electro-Alfa signed an agreement for the acquisition of the entire shareholding in Solar Technologies Consulting SRL, a company developing an electricity storage project currently at a “ready-to-build” stage, with all required permits obtained and land rights secured.

Electro-Alfa’s long-standing presence and diversified capabilities underpin its role as a reliable partner in the development of critical infrastructure. The Company has contributed to a wide range of major projects, including power plants, substations, transport infrastructure and industrial facilities, supporting the modernization and expansion of Romania’s energy and infrastructure systems. By combining manufacturing expertise with EPC execution and service capabilities, Electro-Alfa ensures seamless integration across project phases, delivering reliable and efficient solutions tailored to client requirements.

The Company’s mission is to provide safe, reliable and sustainable energy infrastructure solutions that support the development of communities and industries, while its long-term vision is to become a global supplier in integrated infrastructure solutions, recognized for innovation, quality and responsible business practices. These objectives are supported by a set of core values - excellence, dedication, continuous improvement and collaboration - which guide the company’s operations and its relationships with stakeholders.

Business Model

Electro-Alfa operates a vertically integrated business model that spans the entire energy infrastructure value chain, enabling the Group to deliver comprehensive, end-to-end solutions tailored to client requirements. This model combines research and development, product design, manufacturing of electrical equipment, engineering and EPC services, as well as after-sales support and maintenance, allowing the company to maintain full control over project execution and quality standards.

At the foundation of this model lies a strong focus on research and development, supported by close collaboration with universities and technology partners. These partnerships enable Electro-Alfa to design innovative products that anticipate market needs and respond to the increasing complexity of energy systems. The Company has developed proprietary solutions, including modular switchgear

designs, plug-and-play substations and digital control systems, which contribute to enhanced efficiency, flexibility and reliability in infrastructure projects.

Electro-Alfa's manufacturing capabilities represent a central pillar of its business model. The Company operates modern production facilities equipped with advanced technologies. These capabilities support the production of a wide range of products, required for the equipment in the portfolio, and enable the Company to deliver customized solutions while maintaining strict quality control. The integration of manufacturing within the Company allows for reduced lead times, improved cost efficiency and the ability to adapt quickly to project-specific requirements.

The EPC services segment forms the second key pillar of the business model, encompassing the design and execution of complex infrastructure projects. Electro-Alfa delivers turnkey solutions across a wide range of applications, including power plants, transmission and distribution networks, industrial facilities, renewable energy projects and public infrastructure. Its EPC teams integrate equipment manufactured in-house with components sourced from established partners, providing a complete service offering that includes design, procurement, construction, installation and commissioning.

The IT services segment complements the Group's integrated business model by supporting the digitalization of operations and the development of technology-enabled solutions. Electro-Alfa provides custom software development services designed to enhance process efficiency, data integration and operational visibility. These capabilities support both internal activities and client-facing projects, contributing to improved coordination, monitoring and control across the lifecycle of infrastructure solutions. By leveraging digital tools and software platforms, the Group strengthens its ability to optimize performance, streamline workflows and respond to increasingly complex technical and operational requirements.

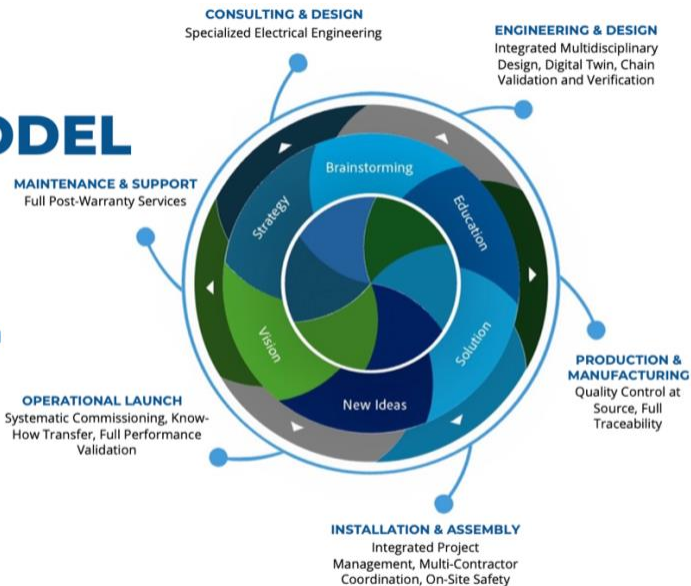
Together, these three pillars form an integrated operating model that enables Electro-Alfa to address the full spectrum of infrastructure project requirements, from product design and manufacturing to project execution and digital enablement. The close interaction between manufacturing, EPC and IT capabilities enhances coordination across project phases, supports efficient resource allocation and allows the Group to deliver tailored, end-to-end solutions to its clients.

INTEGRATED BUSINESS MODEL

ONE-STOP SHOP MODEL
 Eliminate fragmentation and the transfer of responsibility between suppliers.

SPECIALIZED MANAGEMENT SYSTEM
 Based on **KAIZEN** principles – optimized processes, reduced waste and continuous value creation.

MULTIDISCIPLINARY EXPERTISE
 Engineers specialized in all aspects of energy projects.



This integrated approach strengthens operational efficiency and execution reliability, as well as enhances the Group’s ability to generate value across the entire lifecycle of its projects. By combining technical expertise, in-house production and digital capabilities, Electro-Alfa is well positioned to respond to evolving industry demands, capitalize on growth opportunities in energy and infrastructure, and sustain long-term profitability in a dynamic and competitive market environment.

Business Segments

Group’s operations are structured around three core activity segments – Electrical Equipment Manufacturing, EPC Services and IT services – which together form the foundation of its integrated business model.

The Group operates primarily in Romania, a strategically positioned market at the intersection of Central and South-Eastern Europe, benefiting from access to regional energy infrastructure and transport corridors. This positioning supports Electro-Alfa’s participation in both domestic and international projects, including those financed through European Union programs and multilateral institutions. These activities are closely interconnected and supported by internal capabilities in research and development, digitalization and supply chain management, enabling the Group to deliver comprehensive and competitive solutions across the energy infrastructure value chain.

1. Electrical Equipment Manufacturing

The manufacturing segment represents a key pillar of Electro-Alfa's operations, focusing on the design, production and lifecycle support of a wide range of low- and medium-voltage electrical equipment. The Group's product portfolio includes switchgear cells, distribution panels, control systems, modular metal shelters (E-Houses) and containerized substations, all tailored to meet the requirements of modern energy and industrial applications. Among its proprietary solutions are the air-insulated switchgear ranges, both based on SF6-free technology, as well as the SKID 4600 plug-and-play photovoltaic substation and modular compact substations. In addition, Electro-Alfa manufactures transformers through its association with SGB-SMIT, covering capacities from 50 kVA up to 1 MVA.



These products are developed in accordance with international standards, including IEC 62271-200, and incorporate advanced features such as vacuum switching technology, hermetically sealed transformers and modular configurations, ensuring high levels of reliability, safety and operational efficiency. Manufacturing activities are supported by certified quality management systems and internal testing and validation capabilities, ensuring compliance with technical and performance standards. In addition to core equipment, the segment also includes the production of ancillary components such as enclosures, busbars and customized assemblies, contributing to a high degree of vertical integration and flexibility in execution.

Beyond manufacturing, the segment encompasses engineering and after-sale services, supporting the full lifecycle of installed equipment. These include commissioning, preventive and corrective maintenance, spare parts supply, remote monitoring, technical assistance and energy efficiency services, enabling the Group to ensure the long-term performance, reliability and operational continuity of infrastructure assets. These activities contribute to strengthening long-term client relationships and support the generation of recurring revenue streams.

The segment is organized into two main divisions:

- The **Electrical Product Operating Division (DOPE)** manufactures a wide range of low- and medium-voltage electrical distribution equipment, including medium-voltage switchgear, compact transformer substations and low-voltage switchboards. In addition, DOPE integrates engineering and after-sale services, including commissioning, on-site interventions and lifecycle support, effectively incorporating the Group's services and maintenance activities within this operating division.
- The **Metallic Shelter Operating Division (DOSM)** develops modular structures designed to protect critical electrical equipment across various environments, including energy and oil and gas applications.

2. EPC Services

The EPC Services segment represents the second core component of Electro-Alfa's operations, focusing on the delivery of integrated electrical infrastructure projects. Within this segment, the Group provides turnkey solutions covering all major stages of the project lifecycle, including feasibility studies, engineering design, procurement, construction, installation, testing and commissioning, ensuring the effective implementation of complex technical projects.



Electro-Alfa's EPC activities address a wide range of applications, including overhead and underground power networks, transformer substations, as well as electrical installations for industrial and commercial buildings, transport infrastructure, telecommunications and public utilities. The Group also delivers solutions related to water management infrastructure, such as pumping systems, reflecting its capability to integrate electrical equipment into broader infrastructure projects. Through its engineering expertise and project management capabilities, Electro-Alfa ensures compliance with technical and regulatory requirements, while maintaining efficiency in project execution and cost control.

The segment also benefits from the Group's experience in executing complex projects, which require compliance with detailed technical, administrative and reporting requirements. In addition, participation in international tenders organized by multilateral institutions supports the Group's expansion beyond the domestic market and contributes to revenue diversification.

The EPC services segment is structured into three main operating divisions:

- The **Green Energy Operating Division (DOEV)** focuses on the delivery of complete EPC projects, including solutions for energy optimization, cost reduction and the development of renewable energy projects. Its activities include photovoltaic systems and, at an early stage of development, battery-based energy storage solutions. Through these projects, the Group's main electrical products are integrated.
- The **International Tendering Operating Division (DOLI)** is dedicated to participation in international tenders, particularly those organized by multilateral institutions such as USAID and UNDP, enabling the Group to access external markets.
- The **Contracts for Work Operating Division (DOA)** include complex technical solutions, delivering projects ranging from energy networks to industrial and infrastructure applications, including transport, telecommunications and public utility systems. Through these projects, the Group's main electrical products are integrated.

Together, these divisions enable Electro-Alfa to deliver comprehensive EPC solutions, leveraging internal manufacturing capabilities and technical expertise to address increasingly complex infrastructure requirements across domestic and international markets.

3. IT Services – Software Development

The IT services segment represents a newly established component of Electro-Alfa's business model, reflecting the Group's increasing focus on digitalization and technology-driven solutions. This segment was initiated in 2025 following the commencement of operations of a dedicated software development entity focused on custom (client-oriented) software solutions. The development of this activity led to the creation of a third operating segment within the Group, complementing its existing manufacturing and EPC activities.

The segment focuses on the provision of custom software development services, supporting, in an initial phase, the internal operational needs and, subsequently, the requirements of the external clients. The establishment of this segment reflects Electro-Alfa's strategic direction towards integrating digital solutions into its core activities, strengthening its ability to deliver innovative, technology-enabled infrastructure solutions in a rapidly evolving market environment.

Production Facilities

The Company operates four modern production facilities, supported by an integrated industrial platform spanning over 25,000 square meters in Botoșani. The manufacturing footprint is structured as follows:

- The low-voltage equipment factory, with a total area of 2,107 square meters, is located at Calea Națională no. 15, Botoșani, which also hosts the Company's headquarters.
- A dedicated industrial platform located at Strada Peco no. 10 A, Botoșani, accommodates two production facilities: one focused on medium-voltage equipment manufacturing and the other specialized in the assembly of metallic shelters used in E-House solutions and equipped container systems.
- A fourth facility, located at Aleea Sf. Gheorghe no. 9, Botoșani, houses both office space and production activities of SGB-Electroalfa S.R.L., an entity established with SGB-SMIT Group. Within this site, SGB-Electroalfa utilizes 7,243 square meters for the production and storage of oil-filled distribution transformers and 984 square meters for administrative functions, under a lease agreement with the Company. The remaining 4,895 square meters are used by the Company for medium-voltage equipment manufacturing.



In addition to its production infrastructure, the Company operates a network of sales and design offices in key Romanian cities, including Bucharest, Iasi, Craiova and Alexandria, ensuring proximity to clients and supporting project delivery nationwide.

The Company's tangible assets are used in the ordinary course of business and are subject to ongoing monitoring and maintenance, with their level of wear reflected in the depreciation policies applied in accordance with IFRS. Management considers that the current level of wear does not materially affect the Company's ability to conduct its operations. Furthermore, the Company holds ownership rights over these assets in accordance with the relevant legal documentation, and there are no disputes or other circumstances that would materially affect such rights.

The company's technical and material supply activity is based on a combination of domestic and imported sources, with most suppliers located in Romania and other European Union member states. At the same time, the Company also collaborates with suppliers from non-EU countries in order to optimize its value chain. The company partners with a diversified portfolio of suppliers to reduce dependence on single partners and ensure operational continuity.

Regarding the security of supply sources, the company did not record any significant disruptions during the analyzed period. Stable contractual relationships, as well as the existence of alternative suppliers for the main categories of raw materials, contribute to maintaining an adequate level of supply security.

During the financial year, raw material prices experienced stabilization in line with developments in international markets. The company managed the impact of the potential variations through the optimization of procurement processes, contract renegotiations, and, where possible, adjustments to selling prices.

The level of raw material and supplies inventories was adjusted according to operational needs and the dynamics of ongoing projects, being maintained at a level that ensures continuity of production without generating significant capital lock-up.

Intellectual Property

The Company holds a portfolio of solutions covering key components and systems for low- and medium-voltage switchgear, including draw-out units, motorized actuating systems, switchgear cabinets, and electrical contacts.

In addition, the Company holds licenses for technologies developed by third parties, including Schneider Electric and Siemens, allowing the integration of these components into its products under agreed contractual terms.

All medium-voltage switchgear is tested in independent laboratories and delivered as end-customer solutions. In the low-voltage segment, the Company holds intellectual property rights for products above 4,000 A, while products below this threshold are typically type-approved or assembled using kits from international manufacturers.

The Company's products benefit from international certifications confirming compliance with technical, safety, and performance standards.

Markets and Clients

Electro-Alfa operates across a diversified range of markets, with a primary focus on energy infrastructure, public works and industrial applications. The Group's solutions address the needs of both utility operators and industrial clients, reflecting the broad applicability of its capabilities and the essential role of electrical infrastructure across multiple sectors.

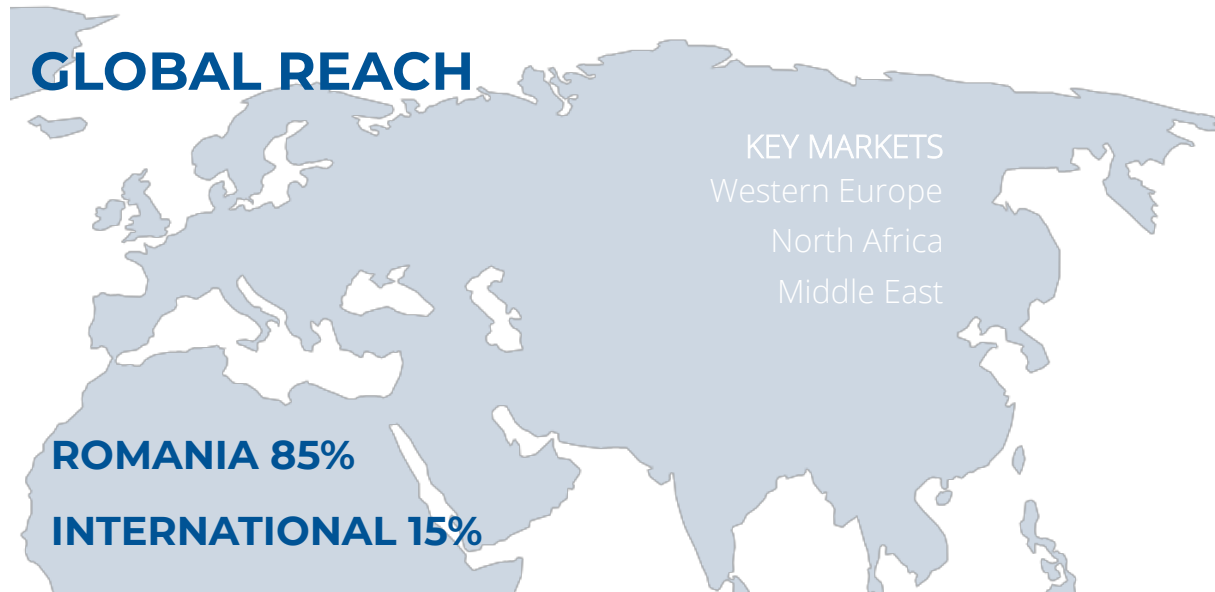
The energy distribution and transmission sector represents the core market for Electro-Alfa. The Company supplies electrical equipment, substations and EPC services to utility companies and grid operators, supporting the development and modernization of energy networks. Its client base includes the national transmission system operator Transelectrica, as well as distribution operators and local authorities. Activity in this segment is driven by ongoing investments in grid modernization, including the integration of renewable energy sources, capacity expansion and improvements in network reliability. In this context, Electro-Alfa's portfolio includes solutions such as SF6-free switchgear and modular substations, which are aligned with evolving European regulatory requirements, including the planned phase-out of SF6 gas in new installations up to 24 kV after January 2026.

In addition to energy infrastructure, Electro-Alfa is active in the public infrastructure sector, where it delivers electrical solutions for projects such as highways, airports, irrigation systems, water treatment facilities and public buildings. These projects are typically supported by national investment programs and European funding mechanisms. In 2025, the Company was involved in projects including the A7 motorway and infrastructure rehabilitation works in Mehedinți and Giurgiu counties, reflecting its participation in the development and modernization of critical infrastructure. The Group's role in these projects is focused on the supply and integration of electrical systems that support operational continuity and safety.

Industrial clients represent another important segment of Electro-Alfa's activity. The Company provides customized electrical solutions for a range of industries, including oil and gas, chemical processing, automotive manufacturing, food production and mining. These projects often involve specific technical requirements and operational constraints, requiring tailored design and execution. Projects such as supplying equipment for the modernization of refineries illustrate the Group's ability to deliver equipment and systems in complex industrial environments. The combination of public and private sector clients contributes to a diversified revenue base and reduces dependence on a single market segment.

Electro-Alfa has also developed an international presence, with exports accounting for approximately 15% of total revenue in 2025. The Company serves clients abroad, supported by its International Tendering division, which facilitates participation in projects funded by international organizations. These projects span multiple sectors, including humanitarian aid, agriculture, medical infrastructure, transport and logistics. Looking ahead, Electro-Alfa's strategy includes further expansion into neighboring markets, such as Ukraine and Moldova, where infrastructure investment is expected to increase in the medium term.

Overall, the Group’s diversified market exposure, combined with its integrated capabilities, supports a balanced business profile and provides access to multiple sources of demand across both domestic and international markets.



The Company diversified its customer portfolio over the 2022–2025 period, with income becoming more broadly distributed across a larger number of counterparties. While the top 20 customers accounted for approximately 59.1% of total income in 2022 and 73.7% in 2025, the “Others” category remained significant, contributing 26.3% of total income in 2025.

In addition, the composition of the top 20 customers changed over time, reflecting the Company’s ability to continuously attract new clients and projects. This dynamic, together with the sustained contribution from a broader customer base, supports a balanced revenue structure and mitigates concentration risk. At the individual customer level, there is ongoing rotation within the top 20, indicating no structural dependence on specific counterparties and demonstrating the Company’s capacity to adapt to evolving projects and markets.

BUSINESS ENVIRONMENT

Market Overview

The global energy sector is undergoing a structural transformation driven by the accelerating pace of decarbonization, electrification and digitalization. Governments and corporations are increasingly directing investments towards renewable energy generation, grid modernization, electric mobility and energy storage, to meet climate targets and strengthen energy security. These developments are reshaping demand for electrical equipment and infrastructure services, creating both opportunities and increased complexity for market participants.

In this context, the role of electrical infrastructure has become more critical, as the integration of renewable energy sources requires more flexible, resilient and digitally enabled networks. At the same time, the expansion of electrification across sectors such as transport, heating and industrial processes is contributing to sustained growth in electricity consumption, further increasing the need for network upgrades and capacity expansion.



In Romania, the energy infrastructure market reflects many of these global trends, while also presenting specific structural characteristics. The existing grid is, in part, ageing and requires modernization, while cross-border interconnections remain limited relative to regional needs. At the same time, the rapid growth of renewable energy capacity is placing additional pressure on the network, highlighting the need for investment in both transmission and distribution infrastructure.

Investment plans at national level indicate a significant pipeline of projects in the coming years. Transelectrica, the national transmission system operator, has outlined an investment program exceeding €130 million for 2025 and more than €380 million for the period up to 2030. This program includes the construction of approximately 740 km of new high-voltage lines, as well as the modernization of existing infrastructure. In 2025 alone, the Company completed several public and private investment projects. These initiatives are supported by multiple funding sources, including the Modernization Fund, the Sustainable Development Programme and the National Recovery and Resilience Plan (NRRP), with approximately €649 million in European Union funding already secured for transmission projects.

At the same time, Romania's electricity demand is expected to increase over the medium to long term, supported by economic growth, rising living standards and the ongoing electrification of transport and industry. The country's National Energy and Climate Plan (NECP) sets a target of increasing the share of renewable energy to 36% of gross final consumption by 2030. Achieving this objective will

require substantial investments in grid reinforcement, smart metering systems and the integration of distributed generation. In parallel, financing mechanisms such as the Modernization Fund are expected to support the development of large-scale renewable energy projects, including solar photovoltaic capacity, energy storage solutions and electrification technologies such as heat pumps.

The regulatory environment is also evolving, with Romania's energy market continuing its process of liberalization. The full liberalization of the electricity market is expected to increase competition and improve efficiency across the sector. At the same time, industry stakeholders, including the Foreign Investors Council, have highlighted the importance of legislative stability, clear investment frameworks and continued infrastructure development in order to attract capital and support long-term growth. The recent energy crisis has further underscored the need to address structural vulnerabilities related to supply security and regulatory consistency.

Overall, the market environment in Romania and the wider region is characterized by a combination of high investment requirements, regulatory developments, technological change and increasing demand for sustainable and resilient energy systems. This creates a dynamic operating context for companies active in the sector, where the ability to adapt to evolving requirements and participate in large-scale infrastructure programs is an important factor in sustaining growth.

Public Investments and EU Funding

Public investment, supported by European Union funding mechanisms, represents a key driver of infrastructure development in Romania and across the wider region. At European level, initiatives such as the Green Deal and the "Fit for 55" package are accelerating the transition towards a low-carbon economy, generating significant demand for investments in energy infrastructure, renewable generation and energy efficiency. For Romania, these initiatives translate into substantial financial resources aimed at modernizing the energy system and supporting long-term structural transformation.

Several major funding instruments are available to support these objectives, including the Modernization Fund, the National Recovery and Resilience Plan (NRRP), the Sustainable Development Programme and the Connecting Europe Facility. These programs provide financing for a broad range of projects, including transmission and distribution upgrades, renewable energy capacity, energy storage solutions and improvements in energy efficiency across industrial and public infrastructure.

The Modernization Fund plays a central role in financing energy sector investments in Romania. Funded through the sale of allowances under the EU Emissions Trading System, it supports projects aimed at modernizing energy systems and increasing efficiency. Proposed investments include large-scale renewable energy projects, such as photovoltaic installations combined with energy storage, as well as the deployment of electrification technologies, including heat pumps. Romania has already secured approximately €649 million in funding for transmission infrastructure projects, with funds being channeled through Transelectrica and distribution operators. These investments are directed towards the construction of new transmission lines, the upgrade of substations, the implementation of digital control systems and the rollout of smart metering infrastructure.

The NRRP provides an additional layer of funding, focusing on infrastructure modernization, renewable energy development and industrial decarbonization. Through this program, investments are directed towards increasing renewable capacity, improving energy efficiency in buildings and supporting the transition of industrial processes. Projects financed under the NRRP often require integrated solutions that combine equipment supply with engineering and execution capabilities, particularly in the case of network upgrades and new infrastructure developments.

In addition to EU funding, public investment at national and local levels continues to support infrastructure development across multiple sectors. These include water and wastewater systems, transport infrastructure such as roads, railways and airports, as well as public buildings. For example, the rehabilitation and expansion of irrigation and drainage systems, driven by the need to adapt to climate change, is generating additional demand for electrical infrastructure and associated services. Such projects typically involve complex coordination between public authorities, funding bodies and contractors, and are often executed through competitive tender processes.

Participation in publicly funded projects requires technical capabilities, compliance with regulatory requirements and experience in managing complex procurement procedures. Companies operating in this space must also navigate the timing and availability of funding, as well as administrative processes associated with project approval and implementation. In this context, the ability to monitor funding programs, engage with beneficiaries and prepare competitive tenders is an important factor in accessing project opportunities.

Overall, public investments and EU funding programs are expected to remain a significant source of demand for energy infrastructure in Romania over the medium term. These funding mechanisms support both the modernization of existing assets and the development of new infrastructure, contributing to the ongoing transformation of the energy sector and creating a sustained pipeline of projects across transmission, distribution and related infrastructure segments.

Competitive Landscape

Electro-Alfa operates in a competitive environment characterized by the presence of both global multinational companies and regional and local players, each with varying degrees of specialization and market presence. Competition in this sector is influenced by factors such as technological capabilities, pricing, project execution capacity and the ability to meet technical and regulatory requirements.

The market in which the Company operates is highly fragmented, and publicly available information regarding the overall market size and Electro-Alfa's aggregate market share is limited. In addition, the Company did not identify a direct competitor covering all of the segments in which it operates, given its integrated business model, which combines production, EPC services and the execution of complex infrastructure projects.

Taking into account the information disclosed in the Company's public offering prospectus as well, at the level of the electrical equipment manufacturing market, defined based on companies registered under NACE code 2711, the top 10 players, including Electro-Alfa, account for approximately 69.95%

of the market, out of a total of 58 companies analyzed. In this context, Electro-Alfa is recognized as one of the top three manufacturers in Romania, with a market share of 32.49% in 2024.

In the low- and medium-voltage electrical equipment segment, the analysis was conducted based on a group of companies with comparable business models, considering only activities relevant to the DOPE division. In this segment, the top 10 players control 85.11% of the market, while DOPE's estimated market share is approximately 25.25% at the national level.

With respect to the activity of the Operational Contracting Division (DOA), market share was assessed based on a sample of the 50 largest general contractors in Romania, including companies participating in the same tenders. In this context, the top 9 competitors (excluding DOA) account for 63.36% of the market, while DOA's estimated market share is approximately 1.74%, calculated based on relevant revenues.

In the photovoltaic project integrators segment, the market share of the DOEV division was determined based on a group of comparable companies, taking into account the specifics of their business models, which may include EPC contracting, commercial and industrial works, as well as operation and maintenance services. Among the top 20 photovoltaic integrators in Romania, the top 10 players, including DOEV, hold 73.68% of the market, while DOEV's estimated market share is approximately 3.59%.

At the international level, the market includes large global manufacturers of electrical equipment, such as ABB, Schneider Electric, Siemens and Eaton. These companies maintain a strong presence in Romania through subsidiaries, partnerships or distribution networks and benefit from economies of scale, established brands and extensive product portfolios. Their offerings typically cover a wide range of standardized equipment and solutions, supported by global supply chains and significant research and development resources. However, in many cases, these players rely on imported equipment and may have more limited flexibility in adapting solutions to specific local requirements or in providing fully integrated, end-to-end project execution services.

At the regional and local level, the competitive landscape includes Romanian and Eastern European companies active in segments such as medium-voltage switchgear, low-voltage panels and EPC contracting. Companies such as Electromontaj, Electroputere, Energomontaj and Delta Romania represent established competitors in specific areas of the value chain. Many of these players are focused either on equipment manufacturing or on engineering and construction services, rather than operating across the full spectrum of activities.

In this context, Electro-Alfa's positioning is defined by its integrated business model, which combines design, manufacturing, EPC execution and maintenance services within a single organizational structure. This integration enables greater control over quality, delivery timelines and cost management, while also allowing for the development of customized solutions tailored to client requirements. The ability to provide post-installation services further supports long-term client relationships and contributes to a more comprehensive offering compared to competitors with narrower scopes of activity.

The competitive environment is also evolving because of technological developments and the growing importance of renewable energy and digital solutions. New entrants, including specialized companies

and start-ups, are focusing on areas such as energy storage, microgrids and smart control systems. These developments are increasing the level of innovation in the sector and require established players to continuously adapt their product portfolios and technical capabilities. In response, Electro-Alfa has pursued investments in research and development, as well as collaborations with technology partners, supporting the introduction of solutions such as SF6-free switchgear and modular photovoltaic substations.

Electro-Alfa's competitive position is supported by several structural factors, including its integrated operating model, diversified product range and established manufacturing base. The Company's track record in delivering infrastructure projects across multiple sectors contributes to its credibility in both public and private tenders. In addition, strategic acquisitions, including Spiact Craiova, Elcomex IEA and Electro Alfa CM, will expand the Group's capabilities into areas such as railway infrastructure, nuclear and industrial installations, and metal component manufacturing. These capabilities will enhance operational flexibility and contribute to the Group's ability to deliver complex, multi-disciplinary projects.

At the same time, the market remains highly competitive, particularly in the context of public procurement processes, where pricing considerations often play a significant role in contract awards. This can place pressure on margins and requires continuous improvements in operational efficiency and cost management. In addition, the need to comply with evolving technical standards and regulatory requirements adds further complexity to the competitive environment.

Overall, Electro-Alfa operates in a market characterized by a diverse set of competitors and increasing technological and regulatory demands. Maintaining a competitive position requires ongoing investment in capabilities, adaptation to market trends and the ability to deliver reliable and cost-effective solutions across a range of infrastructure projects.

ORGANIZATIONAL STRUCTURE

Group Structure

Electro-Alfa International S.A. operates as a parent company, coordinating integrated activities across the entire energy infrastructure value chain through its own operational divisions and affiliated entities. The Company's organizational structure is designed to support its integrated business model, maximize synergies between business units and ensure efficient governance and clear accountability across operations.

At the top level, governance is exercised through the General Meeting of Shareholders (GMS), which appoints the Board of Directors. The Board is responsible for overseeing the Group's strategic direction, risk management and corporate governance framework, while day-to-day management is delegated to the executive team led by the Chief Executive Officer (CEO). This structure enables a clear separation between oversight and operational management, supporting effective decision-making and control.

Electro-Alfa's operational structure combines a **divisional organization** with a **network of subsidiaries**, allowing the Group to coordinate activities across manufacturing, EPC services and IT services. The main operational divisions reflect the Group's core areas of activity and are structured as follows:



Electrical Equipment Manufacturing

This segment focuses on the design, production and lifecycle support of low- and medium-voltage electrical equipment, as well as modular infrastructure solutions. It is structured into the following divisions:

- Electrical Product Operating Division (DOPE)**
 This division is responsible for the design, manufacturing and testing of a wide range of electrical distribution equipment, including medium-voltage switchgear, compact transformer substations and low-voltage switchboards used in industrial and infrastructure applications. In addition to production activities, DOPE also provides engineering and after-sale services, such as design, commissioning, maintenance and on-site technical interventions, supporting the full lifecycle of installed equipment. The division integrates Research & Development and testing capabilities, ensuring product validation, compliance with technical standards and continuous innovation.

- **Metallic Shelter Operating Division (DOSM)**

This division focuses on the design and manufacturing of modular metal structures used to house and protect electrical equipment in various environments. Its activities include the production of E-Houses and prefabricated enclosures tailored for energy, industrial and oil & gas applications. By enabling the integration of electrical systems into compact, transportable and customized structures, DOSM supports the delivery of complete and adaptable infrastructure solutions.

EPC Services

This segment delivers turnkey infrastructure projects, covering all major stages of the project lifecycle, from design and procurement to construction, installation and commissioning. It is structured into the following divisions:

- **Contracts for Work Operating Division (DOA)**

This division is responsible for the execution of complex infrastructure projects by integrating the Group's electrical products into complete technical solutions. Its activities cover a broad range of applications, including overhead and underground power networks, industrial and commercial installations, as well as transport, telecommunications and public utility infrastructure. The division also provides solutions related to water management, such as pumping systems, reflecting its capability to address multidisciplinary infrastructure requirements.

- **Green Energy Operating Division (DOEV)**

This division focuses on renewable energy and energy efficiency projects, delivering complete EPC solutions that cover all major stages from design to operation. Its activities include photovoltaic systems for energy generation and, at an early stage of development, battery-based energy storage solutions. The division contributes to the Group's positioning in the energy transition by supporting projects aimed at energy optimization and cost reduction.

- **International Tendering Operating Division (DOLI)**

This division manages participation in international tenders and projects financed by multilateral institutions, such as USAID and UNDP. Its activities focus on procurement and supply of equipment for externally funded infrastructure projects, enabling the Group to access international markets and diversify its revenue base while leveraging its technical expertise and integrated offering.

IT Services – Software Development

This segment represents the Group's digital capability and supports, in an initial phase, the internal operations optimizing processes, using AI technology.

Through this structure, Electro-Alfa ensures a high degree of operational integration, while leveraging its subsidiaries to expand capabilities across different segments of the value chain and to support the delivery of integrated solutions.

SUBSIDIARIES, INVESTMENTS AND ASSOCIATES (as of 31.12.2025)

Alfa Factory Software (51%)

SGB-Electroalfa (49%)

Electro Alfa Servicii
Mentenananta (30%)

Alfa Factory Software S.R.L. (51% ownership)

A software development company specializing in the development of custom (client-oriented) software solutions for manufacturing, automation and energy management. The company commenced its core business activity in the first half of 2025, marking an important step in the Group's digital transformation. Alfa Factory Software S.R.L. is owned 51% by Electro-Alfa International S.A. and 49% by Keep IT Mobile Development S.R.L., a company specialized in custom software development. The subsidiary plays a key role in supporting both internal operations and potential external client solutions.

SGB-Electroalfa S.R.L. (49% ownership)

An entity established with the German group SGB-SMIT, focused on the production of distribution transformers. The company manufactures oil-immersed transformers with capacities ranging from 50 kVA to 1 MVA, serving utility and industrial clients. The partnership combines SGB-SMIT's design and engineering expertise with Electro-Alfa's manufacturing capabilities and local market knowledge, supporting the expansion of the Group's product portfolio and its ability to deliver integrated and complete substation solutions for infrastructure projects.

Electro Alfa Servicii Mentenananta S.R.L. (30% ownership)

Electro Alfa Servicii Mentenananta S.R.L. provides maintenance services, including for production equipment and infrastructure used by Electro-Alfa. The company is involved in related-party transactions carried out in the ordinary course of business and supports the operational continuity of production and installed systems. Its role complements the Group's broader service and maintenance capabilities across the lifecycle of electrical equipment and infrastructure.

Planned strategic acquisitions

Following the successful Initial Public Offering, part of the capital raised is allocated to support the Group's expansion through targeted acquisitions and the development of additional operational capabilities. In this context, Electro-Alfa has entered into a series of agreements aimed at acquiring

stakes in several companies that complement its existing activities and strengthen its position across key segments of the energy and infrastructure value chain.

PLANNED STRATEGIC ACQUISITIONS

Elcomex IEA (99.99%)

Spiact Craiova (51%)

Electro Alfa CM (33%)

In the course of 2025, the Group signed share purchase agreements with Electro Alfa Servicii Inginerie S.R.L. for the acquisition of equity interests in the following companies:

Elcomex IEA S.A. (99.99% targeted ownership)

A company with over 30 years of experience in the design, execution, repair and maintenance of electrical systems for power stations, transmission and distribution networks, and industrial facilities. Its activities cover low-, medium- and high-voltage installations, as well as low-current systems and specialized services for nuclear power plants and renewable energy projects. The company also provides testing, certification and operational support for complex electrical systems. On 5 November 2025, Electro-Alfa signed an agreement for the acquisition of a 99.99% stake in Elcomex I.E.A. S.A. Cernavodă, for a purchase price of EUR 7.0 million. In addition, the Group has committed to assume, at a later stage, through assignment, a shareholder loan granted by the seller to the target company in the amount of EUR 3.0 million. This transaction is expected to strengthen the Group's capabilities in high- and medium-voltage installations, including nuclear-related services, and to expand its access to projects requiring advanced technical expertise and strict regulatory compliance.

Spiact Craiova S.A. (51% targeted ownership)

A company with a long-standing presence in the railway sector, with origins dating back to 1923, specializing in the manufacturing, installation and maintenance of railway signaling and centralization equipment, as well as related infrastructure works. Its activities include the production of signaling systems, level crossing safety equipment, separation transformers and remote-control solutions, as well as construction, repair and maintenance services for railway signaling, contact lines and telecommunications systems. The company collaborates with international partners such as Siemens and Alstom, demonstrating compliance with European standards. On 5 November 2025, Electro-Alfa signed an agreement for the acquisition of a 51% stake in Spiact Craiova S.A., for a purchase price of EUR 5.1 million. The completion of this transaction is subject to the seller obtaining the necessary approvals from the Competition Council and the Commission for the Examination of Foreign Direct Investments (CEISD). The acquisition is intended to support the Group's expansion into railway electrification and signaling infrastructure, strengthening its capabilities in transport-related infrastructure projects and diversifying its presence across adjacent segments of the energy and infrastructure value chain.

Electro Alfa CM S.R.L. (33% targeted ownership)

A metal fabrication company specializing in the design and manufacturing of sheet metal components and mechanical parts used in electrical equipment and infrastructure projects. Its production facility, covering approximately 6,000 m², is equipped with advanced technologies including laser cutting, CNC punching and bending, robotic welding and powder coating. The company supplies enclosures, cabinets, frames and other components for both internal use and external clients, supporting a wide range of industrial and infrastructure applications. On 5 November 2025, Electro-Alfa signed an agreement for the acquisition of a 33% stake in Electro Alfa CM S.R.L., for a purchase price of EUR 3.96 million. This investment is intended to strengthen the Group's vertical integration by enhancing control over critical components within the manufacturing process, increasing flexibility in production and supporting the efficient delivery of customized solutions across its projects.

At the date of publication of this report, the transactions mentioned above are in the process of being finalized. Management estimates that the fulfillment of the conditions precedent, and implicitly the acquisition of control, will take place in the Q2 2026.

The Group's organizational framework is further supported by central corporate functions, including finance, human resources, procurement, legal, risk management and compliance. These functions ensure consistency in policies and processes across the Group and support alignment with regulatory requirements.

Electro-Alfa's operations are also supported by a geographic footprint that includes production facilities and operational branches across Romania, as well as selected international locations. This network enables the Group to support project execution at national level while maintaining access to international markets.

By aligning centralized coordination with dedicated operational units, Electro-Alfa ensures consistency in technical standards, maintains control over project execution and enhances its ability to deliver complex, multidisciplinary projects. This integrated approach also supports the diversification of revenue streams and reduces dependence on individual business segments, strengthening the Group's resilience and ability to respond effectively to evolving client requirements across multiple sectors.

2025 BUSINESS HIGHLIGHTS

Major Projects

Throughout 2025, Electro-Alfa was involved in a range of projects across energy infrastructure, industrial applications and public works, reflecting the Group's operational capabilities and diversified business model. These projects were delivered for both public and private sector clients and covered areas such as energy generation and distribution, transport infrastructure, industrial facilities and water management systems.



Notable projects in which Electro-Alfa was involved include:

- **Modernization of Refineries** – Electro-Alfa contributed, at national level, to the modernization of the main refineries. The Company supplied and installed electrical panels, protection systems, control equipment and instrumentation, covering activities from design and manufacturing to installation and commissioning. The projects required compliance with strict safety and environmental standards and supports improved operational efficiency and reliability.
- **Moldova Highway (A7) Electrical Infrastructure** – Electro-Alfa supplied the electrical equipment for sections of the A7 motorway, a strategic transport corridor connecting eastern Romania to the European road network. At the same time, Electro-Alfa has also supplied equipment for other important motorway sections in Romania.
- **Drăgășani Substation Rehabilitation** – Electro-Alfa upgraded the 110/20 kV substation in Drăgășani, replacing legacy equipment with modern solutions, transformers and digital control systems. The project contributes to improved reliability and reduced maintenance requirements and was partially supported through European funding mechanisms.
- **Târgu Jiu Distribution Network Expansion** – The Company carried out the extension and modernization of the medium-voltage distribution network in Târgu Jiu. The project included the installation of new feeders, compact substations and automation equipment, with the objective of increasing network capacity and resilience.
- **Irrigation Infrastructure in Mehedinți and Giurgiu** – Electro-Alfa supplied electrical equipment and control systems for the modernization of irrigation infrastructure, including pumping stations and canal systems, in cooperation with public authorities. These projects support improved water management and agricultural productivity.
- **SGB-Alfa Transformers Factory Completion** – During 2025, construction of the transformer manufacturing facility in Botoșani progressed to an advanced stage, reaching approximately 95% completion. The facility includes production areas, testing laboratories and logistics infrastructure and is expected to support future demand for transformers in domestic and regional projects.

- **International Projects** – Electro-Alfa continued to execute projects outside Romania, including the supply of electrical equipment and participation in electrification initiatives in countries such as Ukraine, Moldova, as well as in regions including the Middle East and North Africa. These projects were delivered in compliance with local regulatory frameworks and, in certain cases, international financing requirements.

These major projects demonstrate Electro-Alfa's capacity to deliver across diverse sectors and geographies. They also highlight Electro-Alfa's commitment to innovation, sustainability and customer satisfaction.

Key Contracts Secured

In addition to ongoing project execution, Electro-Alfa secured a number of contracts across its core business segments, contributing to a portfolio of ongoing works across energy, transport, industrial and infrastructure sectors. This contracting activity reflects continued investment in grid modernization, renewable energy and public infrastructure, as well as the Group's ability to deliver integrated solutions combining manufacturing, engineering and execution capabilities. Key contracts include:

- **National Grid Upgrades** – Electro-Alfa entered into framework agreements with electricity distribution operators for the supply of medium-voltage switchgear, compact substations and protection systems. These agreements support the modernization and expansion of electricity networks across multiple regions, including the replacement of aging infrastructure and the integration of distributed generation. The contracts typically extend over multi-year periods and include associated services such as commissioning, technical support and training.
- **Renewable Energy Projects** – The Group secured EPC contracts for several photovoltaic installations with capacities ranging between 10 MW and 50 MW, in certain cases combined with energy storage solutions. These projects are supported by national and European funding programs, including the Modernization Fund and the National Recovery and Resilience Plan (NRRP), and reflect the increasing pace of renewable energy deployment in Romania. Electro-Alfa's scope includes design, equipment supply, construction and grid connection.
- **Industrial Projects and Automation** – Electro-Alfa secured contracts for the modernization of electrical systems within industrial facilities, including projects in the cement and oil and gas sectors. These contracts involve the delivery of medium-voltage installations, motor control centers, automation systems and specialized equipment such as explosion-proof panels and substations for gas processing infrastructure, where compliance with safety standards is critical.
- **Public Infrastructure** – The Company also secured contracts related to infrastructure projects financed through national and European programs, including electrical systems for airport developments in Bacău and Brașov, irrigation systems in Dolj and Ialomița counties, and a wastewater treatment facility in Arad. These contracts are typically awarded through competitive tender procedures and require compliance with detailed technical and environmental requirements.
- **Export Contracts** – Electro-Alfa continued to expand its international activity through supply contracts for, but not limited to, electrical equipment.

The contracts secured reflect Electro-Alfa's exposure to key market drivers, including infrastructure investment supported by public funding, the expansion of renewable energy capacity and the ongoing modernization of industrial facilities. At the same time, the Group continues to pursue opportunities in 2026 in areas such as nuclear power (supporting maintenance of Cernavodă units), railway electrification (leveraging Spiact Craiova's capabilities), hydrogen and energy storage projects and digital grid solutions, where existing capabilities and recent investments support future participation. Electro-Alfa continues to develop its project pipeline across these areas through active participation of the business development teams in tenders and ongoing negotiations.

Capacity Expansion and Investments

To support the Company's growth and meet rising demand, Electro-Alfa continued to develop its production capabilities and operational infrastructure, with the objective of supporting future growth, strengthening vertical integration and responding to increasing demand across its core business segments.



A key development was the completion of the investment in the **SGB-Alfa Transformer Factory** in Botoșani and starting the production process. The facility includes dedicated production lines for winding, core assembly, and testing, supported by modern equipment and automation systems designed to ensure precision and consistency in production.

Investment in **Research & Development** continued to support product development and adaptation to evolving market requirements. Activities focused on areas such as SF6-free technologies, digital control systems and modular solutions for energy infrastructure, particularly in the context of renewable energy projects. The Group's testing capabilities were also enhanced through upgrades to laboratory equipment, enabling more advanced validation processes related to performance, safety and compliance with technical standards. In 2025, the value of the R&D investments amounted to approximately RON 1.2 million (vs. RON 0.3 million in 2024). For 2026, the R&D investments are estimated at RON 3.4 million.

Alongside investments in physical assets and systems, Electro-Alfa continued to develop its **workforce capabilities**. Training and professional development programs were implemented to support skills in areas such as automation, digital tools, project management and quality standards. The Group also maintained collaboration with technical universities, supporting the recruitment and development of engineering and technical personnel.

In addition, the Company took measures to strengthen **supply chain resilience**, including the diversification of suppliers, the development of strategic inventory levels and increased collaboration with local partners. These actions are intended to mitigate potential disruptions, improve lead times and support the stability of production and project execution.

Operational Developments

During the period, Electro-Alfa continued to enhance its operational capabilities through a combination of process improvements, digitalization initiatives and organizational development, supporting the efficient execution of projects across its core business segments. Operational performance remains closely linked to the Group's integrated model, which combines manufacturing, engineering and execution capabilities and allows for coordination across all stages of project delivery.

Operational efficiency was further supported through the application of **lean manufacturing principles** across production activities. These initiatives focused on streamlining workflows, reducing waste and improving resource utilization. Cross-functional teams were involved in identifying bottlenecks and inefficiencies, contributing to more consistent production flows and improved throughput. At the same time, the standardization of modular product platforms, such as substations and switchgear systems, supports repeatability in manufacturing and facilitates integration within EPC projects.

Electro-Alfa's **workforce** continues to play a central role in **operational development**. In addition to technical training, the Group implemented programs aimed at strengthening leadership capabilities and cross-functional collaboration. Employees are increasingly involved in multidisciplinary teams, supporting knowledge transfer and innovation across business units. Training initiatives also address areas such as digital tools, project management and compliance with technical standards, while continued attention is given to workplace safety through targeted training and improvements in equipment and working conditions.

Supply chain management remained an important focus area, particularly in the context of global market volatility. The Group expanded its supplier base, including the increased use of regional partners, and implemented measures such as long-term agreements for critical materials and vendor performance evaluation processes. For certain categories of imported components, dual sourcing strategies were introduced to reduce dependency on single suppliers. These actions, combined with the Group's internal manufacturing capabilities, contribute to greater resilience and continuity in project execution.

In parallel, Electro-Alfa continued to strengthen its **quality management framework**. Internal and external audits were conducted to ensure compliance with applicable standards and client requirements, while continuous improvement initiatives focused on identifying and addressing the root causes of non-conformities. Investments in testing and measurement capabilities, including metrology equipment and test benches, support more accurate validation processes and reinforce product reliability.

Overall, the operational developments undertaken during the period reflect a continued focus on improving efficiency, enhancing process visibility and strengthening resilience. These initiatives support Electro-Alfa's ability to deliver complex projects across multiple sectors while maintaining consistent quality and adapting to evolving market and technological conditions.

2025 FINANCIAL PERFORMANCE

Financial Performance

Revenue Evolution

In FY 2025, the Group recorded total revenues of RON 832.2 million, representing an increase of 28.3% compared to RON 648.4 million in FY 2024. The evolution reflects a strong performance across the Group's core activities, supported by sustained demand in the domestic energy infrastructure market, as well as the continued expansion of international operations.

The Group's revenue structure remains diversified, combining product sales, including finished goods as well as merchandise, and service delivery. Revenues from the sale of finished goods amounted to RON 452.0 million, increasing by 59.8% from RON 282.9 million in the previous year, driven by higher demand for low and medium voltage equipment and the expansion of external markets. Revenues from services rendered reached RON 361.6 million, up by 21.5% compared to RON 297.6 million in FY 2024, reflecting increased activity in EPC projects, particularly within the contracting division. In contrast, revenues from the sale of merchandise decreased significantly by 77.7% to RON 14.9 million from RON 66.9 million in the prior year, while other revenues increased to RON 3.7 million, compared to RON 1.1 million in FY 2024.

	FY 2025	FY 2024	YoY % 2025/2024	FY 2023	YoY % 2025/2023
Revenues from the sale of finished goods	452,022,179	282,933,648	58.8%	246,245,633	83.6%
Revenues from the sale of merchandise	14,889,003	66,881,669	-77.7%	8,216,858	81.2%
Revenues from services rendered	361,616,477	297,573,368	21.5%	180,771,289	100.0%
Other revenues	3,693,393	1,051,912	251.1%	549,390	572.3%
Total	832,221,052	648,440,597	28.3%	435,783,170	91.0%

The decrease in merchandise sales is explained by a temporary slowdown in deliveries under externally funded programs targeting Ukraine. In the first part of 2025, these programs were affected by a period of uncertainty following adjustments in U.S. government support. Although funding flows resumed in the second half of the year, the long implementation cycle of these contracts means that a significant portion of the related revenues will be recognized in FY 2026.

The increase in revenues from finished goods represents the main growth driver during the year and reflects both favorable market conditions and the Group's operational positioning. The Romanian energy system continues to undergo a process of modernization, which has generated sustained demand for electrical equipment. At the same time, the Group continued to develop its international footprint, particularly in the United States, where revenues increased by 40.9% to RON 110.8 million

from RON 78.6 million in FY 2024. Sales of compact transformer substations also contributed significantly, increasing by 43.1% to RON 224.0 million compared to RON 156.5 million in the previous year, supported by a higher number of contracts with clients.

Revenues from services continued to grow, supported primarily by the contracting division, which recorded a significant increase in activity and more than offset a temporary slowdown in the renewable energy segment. In addition, FY 2025 marks the launch of the Group's software development activity through Alfa Factory Software, which generated revenues of RON 0.8 million in its first year of operation, focusing on artificial intelligence solutions.

From a revenue recognition perspective, RON 361.6 million, representing 43.5% of total revenues, was recognized over time, primarily in relation to EPC contracts, while RON 470.6 million, or 56.5%, was recognized at a point in time, reflecting the delivery of equipment. This balanced structure highlights the complementary nature of the Group's activities, combining project-based revenues with product-driven sales.

Operational Segments Performance

The Group operates across three reportable segments: Electrical Equipment Manufacturing, EPC Services, and IT Services. Management evaluates segment performance based on revenue and operating profit, as these indicators best reflect the operational dynamics of each activity.

	Electrical Equipment	EPC	IT Services	Total segments	Intra-group eliminations	Total Consolidated
External revenues	457,224,475	374,180,409	816,168	832,221,052		832,221,052
Intra-company revenues	35,621,479	-	179,685	35,801,164	(35,801,164)	-
Total segment revenues	492,968,002	374,180,409	995,853	868,022,216	(35,801,164)	832,221,052
Other revenues	1,693,483	-	1,071	1,694,554		1,694,554
Total expenses	(417,091,574)	(336,640,191)	(849,115)	(754,951,010)	35,801,164	(719,149,846)
Operating profit	77,569,911	37,540,218	-222,321	114,765,760	-	114,765,760
<i>Operating profit margin</i>	17.0%	10.0%	n/a	13.8%		13.8%

The Manufacturing segment remained the main driver of both growth and profitability in FY 2025. External revenues increased by 55.0% to RON 457.2 million, compared to RON 293.2 million in the previous year, reflecting strong demand and higher production volumes. The segment generated an operating profit of RON 77.6 million, representing an increase of 90.8% from RON 40.7 million in FY 2024. This performance was supported by improved capacity utilization, economies of scale, and the continued expansion into export markets. The segment maintains structurally higher margins, benefiting from in-house production capabilities and a favorable product mix.

The EPC segment continues to play a key role within the Group's integrated business model, providing access to large-scale infrastructure projects and supporting the utilization of internally produced equipment. External revenues increased by 5.3% to RON 374.2 million, compared to RON 355.3 million in FY 2024, while operating profit rose by 41.1% to RON 37.5 million from RON 26.6 million. The improvement in profitability reflects better project execution and a stronger contribution from contracting activities. At the same time, the segment remains more cost-intensive, with a higher share of subcontracting expenses, which is characteristic of EPC-type activities.

The IT services segment represents a newly established line of business, with activity carried out through Alfa Factory Software. In FY 2025, the segment generated external revenues of RON 0.8 million and recorded a marginal operating loss, reflecting its early stage of development. The activity is focused on software development, including artificial intelligence solutions, and is expected to evolve gradually over the coming years.

Operating Expenses and Profitability

The Group's cost base increased in line with the expansion of activity, with all major categories reflecting higher volumes and operational scaling. Expenses with raw materials and goods increased by 30.7% to RON 396.9 million, compared to RON 303.7 million in FY 2024, driven primarily by increased production activity. Expenses with services increased moderately by 6.1% to RON 202.0 million, compared to RON 190.4 million, largely due to subcontracting costs within EPC projects.

Employee benefits expenses rose by 50.9% to RON 80.1 million from RON 53.1 million, reflecting both the growth in the average number of employees, which reached 382 compared to 282 in the previous year, and higher performance-related bonuses.

Other operating expenses, including utilities, transport, maintenance, and depreciation, evolved broadly in line with the growth of the business. Depreciation remained relatively stable, increasing by 3.6% to approximately RON 10.8 million, reflecting the existing asset base.

	FY 2025	FY 2024	YoY % 2025/2024	FY 2023	YoY % 2025/2023
Total expenses	(719,149,846)	(582,703,649)	23.4%	(404,964,374)	77.6%
Employee and collaborator benefits expenses	(80,136,601)	(53,115,839)	50.9%	(34,797,993)	130.3%
Raw materials and merchandise expenses	(396,925,783)	(303,731,329)	30.7%	(241,315,473)	64.5%
Service expenses	(202,024,674)	(190,356,760)	6.1%	(105,663,697)	91.2%
Utilities expenses	(2,167,133)	(1,577,915)	37.3%	(1,067,875)	102.9%
Transportation expenses	(7,813,951)	(6,876,996)	13.6%	(3,462,424)	125.7%
Repair and maintenance expenses	(3,056,644)	(2,365,776)	29.2%	(1,664,495)	83.6%

Amortization of tangible and intangible assets	(10,768,219)	(10,397,605)	3.6%	(8,725,534)	23.4%
Impairment losses on receivables	(1,746,021)	(929,577)	87.8%	(910,307)	91.8%
Other operating expenses	(14,510,820)	(13,351,852)	8.7%	(7,356,576)	97.2%
Operating profit	114,765,760	67,250,413	70.7%	43,546,101	163.6%

As a result of the strong revenue growth and improved operational leverage, the Group recorded a significant increase in profitability. Operating profit reached RON 114.8 million, representing an increase of 70.7% compared to RON 67.3 million in FY 2024, corresponding to an operating margin of approximately 13.8%, up from 10.3% in the previous year.

The financial result remained negative at RON 2.1 million, broadly in line with the previous year, reflecting interest expenses and foreign exchange differences. The effective tax rate remained stable at approximately 11.5%, supported by fiscal incentives, including tax credits and deductions related to sponsorships and reinvested profit. Consequently, at the net level, profit increased by 73.7% to RON 99.7 million, compared to RON 57.4 million in FY 2024, with the net margin improving to approximately 12.0%, from 8.8% registered in FY 2024.

	FY 2025	FY 2024	YoY % 2025/2024	FY 2023	YoY % 2025/2023
EBITDA ¹	123,422,046	76,760,013	60.8%	51,593,796	139.2%
EBITDA margin ²	14.8%	11.8%	+3.0pp	11.8%	+3.0pp
Operating profit	114,765,760	67,250,413	70.7%	43,546,102	163.6%
Operating margin ²	13.8%	10.3%	+3.5pp	10.0%	+3.8pp
Net profit	99,746,604	57,438,739	73.7%	3,852,010	163.5%
Net margin ²	12.0%	8.9%	+3.1pp	8.7%	+3.3pp

¹ EBITDA is calculated as profit before tax, less the net financial result related to interest, plus depreciation and amortization.

² Margins are calculated using revenues from contracts with customers, excluding other income.

Overall, FY 2025 reflects a strong expansion in both scale and profitability, supported by favorable market conditions, a balanced business model, and improved operational efficiency, while also marking the beginning of new development areas, such as IT Services, that are expected to contribute to future growth.

Balance Sheet Analysis

As of 31 December 2025, the Group's total assets amounted to RON 695.5 million, compared to RON 379.7 million at the end of 2024, reflecting an increase of 83.1% year-on-year. The expansion in the balance sheet was driven primarily by the significant increase in commercial activity, higher working

capital requirements, the reallocation of certain exposures within the Group's related-party balances, as well as continued investment in operational capacity.

Non-current assets reached RON 209.8 million at year-end 2025, up by 72.6% from RON 121.6 million at 31 December 2024. The most significant movement within this category was the increase in loans granted to related parties, which rose to RON 96.3 million from RON 5.0 million, reflecting a substantial change in the Group's long-term financial exposures. At the same time, property, plant and equipment increased by 4.6% to RON 78.1 million, from RON 74.6 million in the previous year, as the Group continued to invest in expanding and upgrading its production footprint. The increase was supported by additions to equipment and by investments in assets under construction, including works related to the property acquired in 2024 and intended for the future extension of production facilities. In parallel, the Group also acquired a land plot adjacent to its medium-voltage factory, supporting the long-term development of industrial capacity.

Intangible assets rose to RON 5.3 million, compared to RON 3.7 million a year earlier, representing an increase of 41.7%, mainly as a result of investments in licenses, software and ongoing development projects. These continue to reflect the Group's focus on product development, including RMU cells and other internally developed solutions, as well as the initial build-up of software-related capabilities. Right-of-use assets remained broadly stable at RON 8.0 million, indicating a relatively stable leased asset base.

In non-current assets recorded for 2025 is included restricted cash of RON 16 million, representing funds blocked in connection with performance guarantees for the irrigation infrastructure project in the Răzmirești area. Given the expected completion timeline of the project, this balance was classified as long-term. At the same time, deferred tax assets increased by 82.7% to RON 4.0 million, from RON 2.2 million, mainly reflecting the higher level of deductible temporary differences, particularly those related to employee benefits, receivables and inventories. By contrast, non-current contract assets declined by 73.2% to RON 2.1 million, from RON 7.7 million, while investments in real estate projects, which amounted to RON 20.1 million at the end of 2024, were no longer reflected in the balance sheet at year-end 2025, indicating a change in the structure of these exposures.

Current assets stood at RON 485.6 million as of 31 December 2025, compared to RON 258.2 million a year earlier, marking an increase of 88.1%. The strongest movement was recorded in trade receivables, which rose to RON 305.9 million from RON 106.8 million, an increase of 186.5%, reflecting the sharp increase in revenues in the final part of the year and the corresponding build-up in amounts due from customers. The receivables balance also includes RON 51.3 million in notes and post-dated payment instruments, of which RON 41 million had already been collected by the date the financial statements were authorized, while the remaining balances were not yet due. The increase in receivables is therefore consistent with the scale-up in activity, although it remains one of the most important balance sheet movements in 2025 and will naturally be an area to monitor going forward. At the same time, the impairment allowance on trade receivables increased to RON 5.2 million from RON 3.6 million, in line with the larger portfolio, while the overall provisioning level remains measured relative to the total receivables balance.

Prepayments increased markedly to RON 31.7 million, compared to RON 7.1 million at the end of 2024, representing an increase of 344.8%. This movement was driven mainly by advance payments for services purchased from subcontractors within service contracts, and is therefore consistent with the expansion of EPC activity. Inventories rose to RON 46.1 million from RON 41.7 million, up by 10.6%, reflecting higher raw material stocks and work in progress needed to support the growing level of operations. The increase was concentrated mainly in raw materials and consumables, while finished goods and goods for resale remained broadly stable to slightly lower. Current contract assets increased to RON 11.7 million from RON 6.3 million, up 86.1%, reflecting the higher level of work performed and not yet invoiced under customer contracts.

At the same time, cash and cash equivalents amounted to RON 76 million, compared to RON 87.9 million at the end of 2024, a decrease of 13.5%. While the cash balance remained strong in absolute terms, the slight reduction should be viewed in the context of the substantial increase in working capital, the increase in related-party financing, and the overall scale-up in business volumes. The 2025 cash balance included not only current accounts, but also overnight deposits of RON 30.4 million, showing an active liquidity management approach. Other receivables decreased by 20.9% to RON 1.3 million, while short-term loans granted to related parties declined by 23.9% to RON 5.2 million, as part of the broader reallocation toward long-term related-party exposures.

On the equity side, total equity reached RON 210.2 million as of 31 December 2025, compared to RON 149.6 million at the end of 2024, representing an increase of 40.5%. This improvement was driven primarily by the strong profitability generated during the year, partially offset by dividend distributions. Retained earnings increased to RON 144.1 million from RON 90.9 million, up by 58.5%, reflecting the Group's ability to translate revenue growth into bottom-line expansion. At the same time, share capital increased significantly to RON 30.6 million, compared to RON 0.6 million in the prior year, as a result of the capital increase approved in September 2025 and the reduction in nominal value per share, as part of the preparatory steps for the Company's transition into a joint-stock company and subsequent listing. Legal reserves also increased materially to RON 5.6 million, from RON 0.1 million, reflecting statutory allocations from profit. By contrast, other reserves declined to RON 29.4 million from RON 57.9 million, reflecting the internal movements in reserve categories during the year, while continuing to include both retained amounts capitalized from prior profits and reserves linked to reinvested profit tax exemptions. In addition, the balance sheet includes non-controlling interests of RON 0.4 million at year-end 2025.

Total liabilities amounted to RON 485.3 million as of 31 December 2025, compared to RON 230.2 million at the end of 2024, representing an increase of 110.8%. This evolution reflects both the strong operational expansion and the corresponding funding of working capital. Non-current liabilities reached RON 83.7 million, up by 18.7% from RON 70.5 million in 2024. Within this category, long-term bank borrowings increased by 7.5% to RON 47.3 million, while long-term lease liabilities declined by 10.1% to RON 6.5 million. Long-term provisions increased to RON 9.0 million from RON 7.1 million, up 26.3%, mainly reflecting warranty-related provisions, while retentions withheld from suppliers rose sharply to RON 18.4 million from RON 9.5 million, almost doubling year-on-year, in line with the larger volume of EPC projects and the contractual retention mechanisms attached to them. Deferred

income, representing investment grants to be recognized over future periods, remained broadly stable at RON 2.6 million.

Current liabilities increased significantly to RON 401.5 million, from RON 159.7 million at the end of 2024, a rise of 151.5%. The main driver was the increase in trade payables, which reached RON 183.3 million, compared to RON 79.4 million in the previous year, representing an increase of 130.7%. This reflects the higher procurement volumes and the increased use of subcontractors and suppliers in line with the growth in activity. Contract liabilities also rose materially to RON 58.7 million, from RON 23.3 million, up by 152.2%, mainly due to customer advances received, including a significant advance related to a contract for the delivery of electrical equipment to Ukraine. This increase is important from a business perspective, as it indicates both commercial traction and revenue visibility for future periods, although the related revenues will be recognized as project execution progresses.

Short-term bank borrowings increased to RON 49.6 million from RON 12.8 million, up by 288.0%, reflecting the new working capital facilities contracted during 2025, including the EUR 10 million short-term facility from UniCredit and the EUR 3 million multi-currency working capital line from Banca Transilvania. These facilities supported the larger scale of operations and the associated working capital needs. Other liabilities increased to RON 33.1 million from RON 7.9 million, up by 318.5%, driven mainly by higher amounts due to the state budget, especially VAT payable and social contributions. Employee benefits liabilities rose to RON 24.4 million from RON 12.9 million, representing an increase of 90.0%, largely due to the higher bonus accruals and accrued unused leave, consistent with the increase in headcount and stronger financial performance. Dividends payable stood at RON 36.0 million, compared to RON 13.3 million at the end of 2024, following the dividend distribution approved during the year.

From a funding perspective, total bank borrowings increased to RON 96.9 million at the end of 2025, from RON 56.8 million in the prior year, while lease liabilities amounted to RON 10.2 million, broadly in line with 2024. As a result, the Group moved from a net cash position of RON 21.0 million at the end of 2024 to a net debt position of RON 31.1 million at the end of 2025. Even so, leverage remains moderate, with a net debt to equity ratio of 0.15x, which continues to indicate a solid capital structure and preserves financial flexibility. This is also supported by the fact that the financial covenants agreed with banks were comfortably met during the year, with a DSCR of 10.41 and an indebtedness ratio of 1.16.

Overall, the balance sheet at the end of FY 2025 reflects a business that has expanded materially in size, with growth visible across both operating assets and operating liabilities. The increase in receivables, contract assets, prepayments and trade payables is consistent with the acceleration in activity, while the rise in borrowings reflects the financing of a larger working capital base rather than structural balance sheet stress. At the same time, the Group preserved a solid equity base, strong absolute liquidity and moderate leverage.

Cash Flow

In FY 2025, the Group generated net cash from operating activities of RON 45.8 million, compared to RON 30.7 million in FY 2024, representing an increase of 49.5% year-on-year, supported by the strong improvement in profitability.

Cash flow before working capital movements increased to RON 126.7 million, up 60.7% from the previous year, reflecting the growth in profit before tax and stable non-cash adjustments, including depreciation and impairment. However, operating cash flow was significantly impacted by the expansion in working capital, which reflects the higher scale of activity.

The most notable movement was the increase in trade receivables, amounting to RON 200.9 million, consistent with the strong revenue growth, particularly toward the end of the year. Additional increases were recorded in prepayments, amounting to RON 24.6 million, mainly related to advances paid to subcontractors, as well as in restricted cash of RON 18.9 million, linked to performance guarantees for ongoing projects.

These were partially offset by a strong increase in operating liabilities, with trade payables contributing RON 103.7 million and contract liabilities RON 35.4 million, reflecting both higher procurement volumes and increased customer advances. Overall, the working capital evolution is consistent with the Group's accelerated growth and project-based activity.

Net cash used in investing activities amounted to RON 79.6 million, compared to RON 43.8 million in FY 2024. The increase was driven primarily by loans granted to related parties of RON 64.7 million, while capital expenditures decreased to RON 12.2 million, down 58.6% year-on-year, following a more investment-intensive prior year.

Net cash generated from financing activities reached RON 21.9 million, up 23.5% compared to FY 2024, supported by higher bank financing, with total drawdowns of RON 45.8 million. This was partially offset by loan repayments, lease payments, and dividends paid of RON 13.7 million, reflecting the Group's increased profitability and shareholder distributions.

Overall, cash and cash equivalents decreased by RON 11.9 million during the year, reaching RON 76.0 million at 31 December 2025, compared to RON 87.9 million at the end of 2024. Despite this decrease, the Group maintained a solid liquidity position, with positive operating cash generation and sufficient financial flexibility to support continued growth.

Key Financial Ratios

The main financial ratios of Electro-Alfa International S.A., based on the consolidated results as of December 31st, 2025, are presented below, together with the data from the same period of the prior year.

*Financial data
in RON '000*

	<u>31.12.2025</u>		<u>31.12.2024</u>	
Current ratio				
$\frac{\text{Current assets}}{\text{Current liabilities}}$	485,639,518	= 1.21	258,193,842	= 1.62
	401,549,511		159,661,643	
Debt to Equity ratio				
$\frac{\text{Interest-bearing debt}}{\text{Equity}}$	107,160,748	= 51%	66,842,292	= 45%
	210,194,080		149,557,474	
$\frac{\text{Interest-bearing debt}}{\text{Capital employed*}}$	107,160,748	= 34%	66,842,292	= 31%
	317,354,828		216,399,766	
Trade receivables turnover (days)				
$\frac{\text{Average trade receivables}}{\text{Turnover}} \times 365$	208,767,848	= 91.56	111,082,469	= 62.53
	832,221,052		648,440,597	
Fixed asset turnover				
$\frac{\text{Turnover}}{\text{Non-current assets}}$	832,221,052	= 3.97	648,440,597	= 5.33
	209,835,836		121,550,312	

*Capital employed = equity + interest-bearing debt, in line with ASF methodology.

Consolidated Financial Statements

	FY 2025	FY 2024	YoY % 2025/2024	FY 2023	YoY % 2025/2023
Revenues, of which:	832,221,052	648,440,597	28.3%	435,783,170	91.0%
Revenues from sale of finished goods	452,022,179	282,933,648	59.8%	246,245,633	83.6%
Revenues from sale of merchandise	14,889,003	66,881,669	-77.7%	8,216,858	81.2%
Revenues from services rendered	361,616,477	297,573,368	21.5%	180,771,289	100.0%
Other revenues	3,693,393	1,051,912	251.1%	549,390	572.3%
Other revenues	1,694,554	1,513,464	12.0%	1,378,529	22.9%
Total expenses, of which:	(719,149,846)	(582,703,649)	23.4%	(393,615,597)	82.7%
Employee and collaborator benefits expenses	(80,136,601)	(53,115,839)	50.9%	(34,797,993)	130.3%
Raw materials and merchandise expenses	(396,925,783)	(303,731,329)	30.7%	(229,966,696)	72.6%
Service expenses	(202,024,674)	(190,356,760)	6.1%	(105,663,698)	91.2%
Utilities expenses	(2,167,133)	(1,577,915)	37.3%	(1,067,875)	102.9%
Transportation expenses	(7,813,951)	(6,876,996)	13.6%	(3,462,424)	125.7%
Repair and maintenance expenses	(3,056,644)	(2,365,776)	29.2%	(1,664,495)	83.6%
Depreciation of tangible and intangible assets	(10,768,219)	(10,397,605)	3.6%	(8,725,534)	23.4%
Impairment losses on receivables	(1,746,021)	(929,577)	87.8%	(910,307)	91.8%
Other operating expenses	(14,510,820)	(13,351,852)	8.7%	(7,356,575)	97.2%
Operating profit	114,765,760	67,250,413	70.7%	43,546,102	163.6%
Financial income	3,227,534	786,034	310.6%	695,629	364.0%
Financial expenses	(5,315,453)	(2,861,456)	85.8%	(1,925,004)	176.1%
Net financial result	(2,087,919)	(2,075,422)	0.6%	(1,229,375)	69.8%
Profit before tax	112,677,841	65,174,991	72.9%	42,316,727	166.3%
Income tax expense	(12,931,237)	(7,736,252)	67.2%	(4,464,717)	189.6%
Net profit	99,746,604	57,438,739	73.7%	37,852,010	163.5%

Consolidated Balance Sheet

	31.12.2025	31.12.2024	YoY % 2025/2024	31.12.2023	YoY % 2025/2023
Non-current assets	209,835,836	121,550,312	72.6%	80,883,286	159.4%
Property, plant and equipment	78,054,930	74,628,402	4.6%	51,675,179	51.0%
Intangible assets	5,280,105	3,725,235	41.7%	4,663,531	13.2%
Investments in associates	248,000	248,000	0.0%	3,000	8,166.7%
Loans granted to related parties	96,273,796	5,013,940	1,820.1%	925,424	10,303.2%
Contract assets	2,060,105	7,690,831	-73.2%	6,309,359	-67.3%
Investments in real estate projects	-	20,095,364	-	11,427,200	-
Restricted cash	16,006,722	-	-	-	-
Deferred tax receivables	3,954,916	2,165,196	82.7%	1,713,627	130.8%
Right-of-use assets	7,957,262	7,983,344	-0.3%	4,165,966	91.0%
Current assets	485,639,518	258,193,842	88.1%	252,641,316	92.2%
Inventories	46,059,797	41,655,343	10.6%	35,151,947	31.0%
Contract assets	16,609,169	6,307,846	163.3%	6,505,134	155.3%
Trade receivables	305,902,249	106,765,037	186.5%	115,399,901	165.1%
Prepayments	31,707,942	7,127,998	344.8%	6,188,046	412.4%
Loans granted to related parties	5,182,194	6,808,661	-23.9%	4,756,270	9.0%
Restricted cash	2,856,751	-	-	-	-
Other receivables	1,301,316	1,644,405	-20.9%	1,345,919	-3.3%
Cash and cash equivalents	76,020,098	87,884,552	-13.5%	83,294,099	-8.7%
Total assets	695,475,354	379,744,154	83.1%	333,524,602	108.5%
Equity	210,194,080	149,557,474	40.5%	111,233,141	89.0%
Share capital	30,638,450	638,450	4,698.9%	638,450	4,698.9%
Legal reserves	5,649,855	127,690	4,324.7%	127,690	4,324.7%
Other reserves	29,427,591	57,899,540	-49.2%	56,386,615	-47.8%
Retained earnings	144,097,119	90,891,794	58.5%	54,080,386	166.4%
Non-controlling interests	381,065	-	-	-	-
Non-current liabilities	83,731,763	70,525,037	18.7%	43,222,574	93.7%
Bank borrowings	47,306,425	43,997,762	7.5%	26,787,495	76.6%
Lease liabilities	6,516,151	7,244,506	-10.1%	3,889,164	67.5%
Deferred income	2,573,163	2,699,666	-4.7%	2,937,402	-12.4%
Provisions	8,985,860	7,113,743	26.3%	5,431,687	65.4%
Retention payables	18,350,164	9,469,360	93.8%	4,176,826	339.3%
Current liabilities	401,549,511	159,661,643	151.5%	179,068,887	124.2%
Bank borrowings	49,641,580	12,793,448	288.0%	3,299,446	1,404.5%
Lease liabilities	3,696,592	2,806,576	31.7%	1,811,347	104.1%
Trade payables	183,284,739	79,442,998	130.7%	124,535,268	47.2%
Contract liabilities	58,662,779	23,263,761	152.2%	33,523,751	75.0%
Current income tax liabilities	7,017,788	1,797,789	290.4%	785,897	793.0%
Deferred income	126,504	237,923	-46.8%	345,269	-63.4%
Provisions	3,744,458	3,520,816	6.4%	1,945,998	92.4%
Employee benefits	24,448,107	12,868,982	90.0%	7,037,164	247.4%
Dividends payable	36,032,000	13,273,086	171.5%	331,823	10,758.8%
Retention payables	1,748,591	1,735,094	0.8%	903,713	93.5%
Other liabilities	33,146,373	7,921,170	318.5%	4,549,211	628.6%
Total liabilities	485,281,274	230,186,680	110.8%	222,291,461	118.3%
Total equity and liabilities	695,475,354	379,744,154	83.1%	333,524,602	108.8%

SHAREHOLDERS AND ISSUED CAPITAL

IPO Overview

Electro-Alfa International S.A. was listed on the Bucharest Stock Exchange in on 3 March 2026, marking a significant milestone in the Company's development and its transition to a publicly traded entity. The initial public offering represented one of the most notable transactions in Romania's industrial sector and reflects the Company's evolution from an entrepreneur-led business into an organization with access to capital markets and a broader investor base.



The IPO consisted of a solely of newly issued shares, representing approximately 35% of the Company's share capital post-transaction. The offering included up to 65,990,507 newly issued ordinary shares, each with a nominal value of RON 0.25. The final price per share in the IPO was established at RON 8.85.

The offer was organized through two tranches, targeting institutional investors and retail investors. Initially, approximately 10% of the shares were allocated to retail investors, with the remaining shares offered to institutional investors, subject to reallocation based on demand during the subscription process. The final allocation reflected investor appetite and subscription levels, ensuring an efficient placement of shares across different investor categories.

The offering period spanned eight business days, followed by the allocation and pricing process, with the final offer price determined based on investor demand within the indicated price range. The transaction was coordinated by SSIF Swiss Capital S.A. and UniCredit Bank S.A., acting as joint coordinators and intermediaries.

The IPO generated gross proceeds of RON 579.6 million, providing the Company with additional financial resources to support its medium- and long-term growth strategy. The proceeds are intended to be used for a combination of strategic priorities, including investments in production capacity, technological development, R&D, as well as the financing of acquisitions aimed at strengthening the Group's capabilities, such as the acquisition of stakes in Elcomex IEA, Spiact Craiova and Electro Alfa CM. In addition, part of the funds is allocated to support expansion into new markets, including international projects, and to strengthen working capital to enable participation in larger and more complex infrastructure contracts.

The decision to pursue a public listing was driven by several strategic considerations. Access to capital markets provides a diversified and flexible source of financing, reducing reliance on traditional funding sources and enabling the Company to accelerate its investment plans. At the same time, the listing enhances the Company's visibility and credibility, facilitating relationships with clients, partners and financial institutions.

Shareholding Structure

In the second half of 2025, ahead of the IPO, a series of corporate restructuring steps were implemented in preparation for the listing. On September 24, 2025, the shareholders approved, pursuant to EGM Resolution no. 13, an increase in the share capital by RON 30,000,000, as well as a reduction in the nominal value per share from RON 10 to RON 0.25. As a result, the Company's share capital amounted to RON 30,638,450, divided into 122,553,800 shares with a nominal value of RON 0.25 per share.

Subsequently, on November 3, 2025, the shareholders approved, pursuant to EGM Resolution no. 20, the transformation of the Company's legal form from a limited liability company (S.R.L.) into a joint stock company (S.A.), with the process being finalized and registered with the National Trade Register Office on November 12, 2025.

As of 31 December 2025, Electro-Alfa International S.A. was held in proportion of 80% by Mr. Gheorghe Ciubotaru and 20% by Electro Alfa Management SRL. Electro Alfa Management SRL represents a management and employee shareholding vehicle, holding a minority stake in the Company. This structure supports alignment between management incentives and shareholder value creation, encouraging long-term performance and commitment. The entity was held, as of 31 December 2025, in proportion of 51%, by Mr. Gheorghe Ciubotaru and in rest by the employees of the Group.

Shareholder	Shares held on 31.12.2025	%
Mr. Gheorghe Ciubotaru	98,043,040	80%
Electro Alfa Management S.R.L.	24,510,760	20%
Total	122,553,800	100%

Following the listing, the shareholding structure became more diversified, introducing a broader mix of institutional and retail investors while maintaining a stable core shareholder base. This evolution supports liquidity, enhanced market visibility and a stronger governance framework aligned with public market standards.

Shareholder	Shares held post-IPO	%
Mr. Gheorghe Ciubotaru	98,043,040	52%
Electro Alfa Management S.R.L.	24,510,760	13%
Free float	65,990,507	35%
Total	188,544,307	100%

DIVIDENDS

Dividend Policy

Electro-Alfa International S.A. has adopted a dividend policy designed to balance shareholder remuneration with the need to support long-term growth and investment. The Company intends to distribute, as ordinary dividends, a minimum of 30% of its annual consolidated net profit, prepared in accordance with International Financial Reporting Standards (IFRS), starting with the first financial year following the IPO. This policy reflects a commitment to providing shareholders with a predictable return, while retaining sufficient financial resources to fund capital expenditure, strategic acquisitions, Research & Development and expansion into new markets. The Board of Directors aims to maintain a balanced approach between dividend distribution and reinvestment, considering the Group's financial performance, cash flow generation, working capital requirements and pipeline of investment opportunities.

Dividend distributions are subject to approval by the General Meeting of Shareholders, based on proposals from the Board of Directors. In determining the level of dividend payout, the Company considers a range of factors, including profitability, financial condition, liquidity, contractual obligations, regulatory requirements and future business plans. As a result, while the Company targets a minimum payout ratio of 30%, the actual level of dividends distributed may vary depending on the specific circumstances of each financial year.

Dividends are distributed in accordance with applicable Romanian legislation and the Company's Articles of Association. Each fully paid share entitles its holder to receive dividends, based on the principle of "one share, one vote, one dividend," with all shares carrying equal rights. Dividend distributions are made pro rata to shareholders' participation in the share capital and are limited to distributable profits, considering retained earnings, reserves and any losses carried forward.

The General Meeting of Shareholders approving dividend distribution also establishes key parameters such as the record date, ex-date and payment date, in accordance with regulatory requirements. Dividends are paid only to shareholders registered in the shareholders' registry on the relevant record date, and the Company is required to publish the details of the dividend distribution, including payment methods and timelines, prior to payment.

In addition to cash dividends, the Company may, where appropriate and subject to shareholder approval, consider alternative forms of shareholder remuneration, such as capital increases through the incorporation of reserves and the issuance of new bonus shares. Such mechanisms may be used alongside or instead of cash dividends, while maintaining the overall objective of distributing at least 30% of annual consolidated net profit.

Historically, Electro-Alfa has distributed dividends to its shareholders, including both regular and special dividends. In the prior three years, the Company distributed dividends totaling RON 4.0 million in 2022, RON 4.2 million in 2023 and RON 19.1 million in 2024. In addition to annual distributions,

additional dividends amounting to RON 39.6 million were approved on 31 October 2025 from retained earnings related to prior financial years and paid in January 2026.

Dividend Proposal

The Board of Directors proposes to shareholders a dividend distribution in line with the Company's stated policy of distributing at least 30% of consolidated net profit.

In line with this dividend policy, the Board of Directors proposes to the General Meeting of Shareholders scheduled for 29 May 2026 the distribution of a gross ordinary dividend of RON 0.21 per share, corresponding to the retained earnings balance as at 1 January 2025. Subject to the approval of the shareholders, the proposed dividend payment date is 20 July 2026.

LEADERSHIP AND ORGANIZATION

Governance structure

Electro-Alfa International S.A. operates as a joint stock company (societate pe acțiuni – S.A.) under Romanian law and is governed in accordance with the provisions of the Companies Law (Law no. 31/1990, as subsequently amended), its Articles of Association and applicable capital market regulations. Following its listing on the Bucharest Stock Exchange, the Company's governance framework has been further aligned with the requirements applicable to publicly traded entities and with the principles set out in the Bucharest Stock Exchange Corporate Governance Code.

The General Meeting of Shareholders (GMS) represents the highest decision-making body of the Company. It is responsible for approving the annual financial statements, the distribution of dividends, the appointment and dismissal of members of the Board of Directors, the approval of the remuneration policy, and decisions regarding capital increases or other significant corporate actions. The GMS is convened at least once per year as an Ordinary General Meeting, with additional Extraordinary General Meetings held when required. Shareholders exercise their rights in accordance with the principle of “one share, one vote,” with all shares carrying equal voting and dividend rights.

The Company operates under a unitary governance system, whereby the Board of Directors is entrusted with the overall management and strategic direction of the Company. The Board is responsible for defining corporate strategy, overseeing the performance of executive management, ensuring the integrity of financial reporting, and monitoring compliance with legal and regulatory requirements. It also plays a central role in risk management and internal control oversight, ensuring that appropriate systems and processes are in place across the organization.

The Board delegates the day-to-day management of the Company to the executive management team, led by the Chief Executive Officer (CEO). The executive team is responsible for implementing the strategy approved by the Board, managing operations and ensuring the efficient allocation of resources across business units. It includes senior executives responsible for key functional and operational areas such as finance, operations, commercial activities, human resources and engineering.

The governance framework is further supported by internal policies and procedures designed to ensure transparency, accountability and ethical conduct. These include policies governing conflicts of interest, related-party transactions, insider trading and disclosure obligations. The Company maintains internal control mechanisms and risk management systems appropriate to the scale and complexity of its operations.

Board of Directors

Electro-Alfa's Board of Directors is composed of seven members, combining executive and non-executive profiles with experience across the energy, industrial, financial and governance sectors. The Board is responsible for defining the Group's strategic direction, overseeing risk management and ensuring compliance with corporate governance standards, particularly in the context of its transition to a publicly listed company.

The Board includes a mix of founding members, executive leadership and independent non-executive directors, ensuring both continuity in strategic vision and independent oversight. The current composition is as follows:



Gheorghe Ciubotaru
 Chairman and Executive
 Board Member

Gheorghe Ciubotaru is the founder of Electro-Alfa and has over four decades of experience in the energy sector and industrial management. He has played a central role in the development of the Group from a local manufacturer into an integrated provider of energy infrastructure solutions. Throughout his career, he has led major investment programs, organizational transformation initiatives and the expansion of the Company's operational footprint. As Chairman, he provides strategic guidance and ensures continuity in the Group's long-term vision.

Number of EAI shares held as of 31.12.2025: 98.043.040 shares held directly and Indirect stake of 51% in Electro Alfa Management S.R.L., which in turn held a 20% stake in EAI.

Affiliated companies: Electro Alfa CM, Product & Distribution Energy SRL, Regenerabil Energy Prod SRL, Alpha Power Fotoenergy, Alfa Land Rezidential Park, Electro Alfa Management, Electro Alfa Servicii Inginerie, Electro Alfa Servicii Mentenanță, Alfa Tech Med Care, Servicii Inginerie Alfa Proiect, Servicii Administrare Rezidentială.



George Ciubotaru
 Vice chairman and
 Executive Board Member

George Ciubotaru brings over 15 years of experience in strategic management and corporate development. He is actively involved in shaping the Group's growth strategy, with a focus on investment planning, digitalization and strengthening corporate governance. His role includes supporting the Company's transformation initiatives and contributing to the development of new business lines and international expansion.

Number of EAI shares held as of 31.12.2025: Indirect stake of 7.8% in Electro Alfa Management S.R.L., which in turn held a 20% stake in EAI.

Affiliated companies: Alfa Land Rezidential Park, Eag Cantina Service, Alfa Tech Med Care, Servicii Inginerie Alfa Proiect, Servicii Administrare Rezidențială.



Manuel Gosav

Vice chairman and
Executive Board Member

Manuel Gosav has over 25 years of experience in the energy sector, much of it gained within the Electro-Alfa Group. He has held various operational and leadership roles and has been closely involved in the Company's evolution into a national-level player with growing international activity. His expertise contributes to operational oversight and strategic development within the Board.

Number of EAI shares held as of 31.12.2025: Indirect stake of 25% in Electro Alfa Management S.R.L., which in turn held a 20% stake in EAI.

Affiliated companies: n/a.



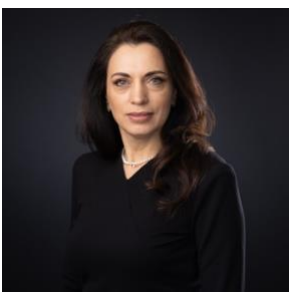
Alexandru Arhip

Executive Board Member

Alexandru Arhip has been involved in the Company's activities for several years, contributing to key development and operational improvement initiatives. His experience within the organization provides valuable insight into internal processes and supports the implementation of transformation and efficiency-enhancement projects.

Number of EAI shares held as of 31.12.2025: Indirect stake of 0.6% in Electro Alfa Management S.R.L., which in turn held a 20% stake in EAI.

Affiliated companies: n/a.



**Simona
Constantinescu**

Independent Board
Member

Simona Constantinescu has over 25 years of experience in leadership roles across hospitality, financial services and capital markets. She is recognized for her expertise in corporate governance, organizational transformation and crisis management. In addition to her role at Electro-Alfa, she serves as an independent board member in other organizations, bringing external perspective and governance expertise to the Board.

Number of EAI shares held as of 31.12.2025: -

Affiliated entities: Federation of the Romanian Hotel Industry, Tourism Advisory Council to the Ministry of Economy, Digitalization, Entrepreneurship and Tourism



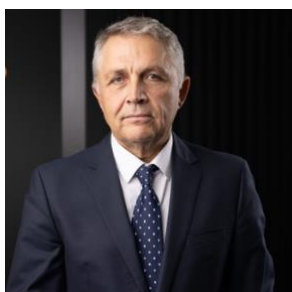
Adrian Florea

Independent Board
Member

Adrian Florea has more than 20 years of experience in strategic management, business development and digital transformation across sectors including construction, energy, telecommunications and infrastructure. He has held senior management positions in various companies and contributes to the Board with expertise in organizational development, innovation and digital strategy.

Number of EAI shares held as of 31.12.2025: -

Affiliated entities: Concelex SRL, Fan Courier Express SRL, The British Romanian Chamber of Commerce.



Marius Perșinaru

Independent Board
Member

Marius Perșinaru has over 30 years of experience in multinational environments, having held senior leadership roles at both national and international levels. His expertise spans commercial strategy, corporate governance and business development. He is also active as an entrepreneur and consultant, contributing to the Board with a strong focus on oversight, governance and strategic control.

Number of EAI shares held as of 31.12.2025: -

Affiliated entities: Channel Advisors SRL, Măr de Bran SRL.

Based on the information available, there are no agreements, arrangements or family relationships between the members of the Board of Directors and any other person that contributed to their appointment as members of the Board of Directors, with the exception of the family relationship between Mr. Gheorghe Ciubotaru and Mr. George Ciubotaru.

Based on the written declarations submitted by the members of the Board of Directors, management confirms that the legal requirements for maintaining the position of member of the Board of Directors were duly complied with. Furthermore, during the same period, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies in which the members of the Board of Directors held positions as members of the board of directors or supervisory board.

In addition, during the last five years, there have been no litigations or administrative procedures involving any member of the Board of Directors in connection with their activity within the Company, nor any procedures relating to their capacity to fulfil their duties within Electro-Alfa International S.A.

Board Committees

In the context of strengthening its corporate governance framework, the Board of Directors intends to establish specialized committees with clearly defined responsibilities in key areas such as audit, risk, remuneration, strategy and sustainability.

As of the date of this report, these committees are in the process of being organized and were not operational during 2025. Their proposed structure and responsibilities are presented below, in line with corporate governance best practices and the Company's development objectives.

1. Audit and Risk Committee

The Audit and Risk Committee is a permanent advisory body independent from the executive structures of the Company and reporting directly to the Board of Directors. It oversees financial reporting, internal control systems, risk management processes and compliance with applicable accounting and regulatory requirements. The committee monitors the statutory audit process, assesses the independence of external auditors and reviews the effectiveness of internal audit functions. In addition, it plays a key role in monitoring financial, operational, strategic and compliance risks, reviewing risk policies and risk appetite, analyzing major incidents and overseeing the implementation of risk management and fraud prevention frameworks.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a permanent consultative body that supports the Board in matters related to governance, leadership and compensation. It is responsible for proposing candidates for Board and senior management positions, defining selection criteria, evaluating the performance of directors and executives, and overseeing succession planning. The committee also develops and monitors the implementation of the Company's remuneration policy, ensuring alignment with the Company's strategy, values and long-term objectives, and prepares annual reports on remuneration for submission to the General Meeting of Shareholders.

3. Committee on Innovation, Technology, Digitalization Transformation and Sustainability

This committee supports the Board in overseeing innovation, technological development, digital transformation and ESG-related matters. Its responsibilities include assessing strategic plans related to innovation and digitalization, monitoring emerging technologies, evaluating the Company's digital maturity and recommending initiatives to enhance operational efficiency and competitiveness. The committee also oversees environmental, social and governance policies, reviews ESG risks and monitors performance against sustainability objectives.

4. Strategy and Investment Committee (IPO, M&A)

The Strategy and Investment Committee supports the Board in defining and monitoring the Company's strategic direction and investment decisions. Its responsibilities include reviewing strategic plans and multi-annual budgets, assessing major investment proposals, including mergers and acquisitions, and monitoring the execution of strategic initiatives. The committee also evaluates strategic risks and scenarios that may impact the Company's financial performance and long-term development.

5. Commercial, Sales, R&D (New Products) and Marketing Committee

This committee focuses on strengthening the Company's commercial performance and market positioning. It is responsible for overseeing commercial and marketing strategies, enhancing customer relationships, identifying growth opportunities and supporting the development of new products and services. The committee also contributes to improving the Company's competitive position through market-oriented innovation and alignment between commercial, Research & Development and operational capabilities.

Executive Management

The executive management team is responsible for the day-to-day operations of Electro-Alfa and for implementing the strategic direction set by the Board of Directors. It consists of the three executive members of the Board of Directors: **George Ciubotaru**, **Manuel Gosav** and **Alexandru Arhip** (whose biography is provided in the section above), together with the Chief Executive Officer (CEO), **Ștefan Petrea**, and combines extensive industry experience with functional expertise across key areas such as operations, finance, commercial strategy, human resources and engineering, supporting the Group's development as an integrated provider of energy infrastructure solutions.



Ștefan Petrea

Chief Executive Officer (CEO)

Appointment date: 28.11.2025

Ștefan Petrea has over 20 years of experience in the energy and industrial sectors, including leadership roles in complex infrastructure and engineering environments. As CEO, he is responsible for the overall management of the Company, including strategic execution, operational performance and business development. He plays a key role in driving Electro-Alfa's transformation into an integrated provider of energy infrastructure solutions, with a focus on sustainable growth, operational efficiency and portfolio diversification.

Number of EAI shares held as of 31.12.2025: Indirect stake of 2% in Electro Alfa Management S.R.L., which in turn held a 20% stake in EAI.

The executive management team operates in close coordination with the Board of Directors and across business divisions, ensuring alignment between strategic objectives and operational execution. This structure enables Electro-Alfa to manage complex projects, develop new capabilities and adapt to evolving market and technological conditions.

Employees of the Group

As of 31 December 2025, the Group had 593 employees working in the Company's places of business across Romania, compared to 302 employees as of 31 December 2024.

The increase in the number of employees was driven by the fact that in order to streamline the structure of the Group as well as increase operating efficiency, the Company took over a total of 129 employees of an affiliate, i.e. Electro Alfa Servicii Inginerie S.R.L., further to termination of their employment agreements with Electro Alfa Servicii Inginerie S.R.L. and conclusion of new employment agreements with the Company. Of them, 60 employees were taken over effective 31 October 2025, and 69 were transferred by 1 December 2025. In March 2025, subsidiary Alfa Factory Software was established, and as of December 31, 2025, it had 10 employees.

As at 31 December 2024, of the 593 full-time employees, approximately 51% were directly productive (electricians, locksmiths, unskilled workers), 10% were productive support staff (planners, production managers, stockkeepers, handlers), 18% were administrative support staff (support departments such as HR, IT, finance, marketing), 19% were involved in engineering and sales and 3% represented the management (top management line).

The relationship between management and employees is governed by the collective bargaining agreement, concluded first in 2009, and updated in 2025, which sets out working conditions, benefits as well as the rights and obligations of both parties. Communication is ensured through the appointed employee representatives – the Company's employees have appointed three representatives. During the 2025 financial year, no significant conflicts between management and employees were recorded.

Note On Corporate Governance Code Comply or Explain Statement

Electro-Alfa International S.A. was admitted to trading on the Main Market of the Bucharest Stock Exchange (BVB) on 3 March 2026, marking its transition to a publicly listed company. As the Company was not listed during the 2025 financial year, the provisions of the Bucharest Stock Exchange Corporate Governance Code were not applicable for the reporting period ended 31 December 2025. Following the listing, the Company has initiated the process of aligning its corporate governance framework with the principles of the BVB Corporate Governance Code, with implementation to be completed over the course of 2026. The Company remains committed to adopting the principles of the BVB Corporate Governance Code, and the corresponding "Comply or Explain" statement will be presented in future annual reports, once the governance framework is fully implemented and has been applied over a complete reporting period.

KEY FACTORS AFFECTING RESULTS

Operational Factors

Electro-Alfa's operational performance and financial results are influenced by a range of factors inherent to its business model, which combines manufacturing activities with the execution of complex EPC projects. These factors affect the timing of revenues, cost structure, cash flow generation and overall profitability, and are closely linked to the dynamics of the energy infrastructure and industrial sectors in which the Company operates.

Project Execution Cycles

A significant portion of Electro-Alfa's revenues is derived from project-based activities, particularly within its EPC segment, where contracts typically involve long execution cycles. These projects encompass multiple phases, including design, engineering, procurement, construction, installation and commissioning, each of which may span several months or, in certain cases, multiple years. As a result, the Company's financial performance is closely tied to the progress of projects and the achievement of contractual milestones.

Revenue recognition in such projects is generally linked to the stage of completion, meaning that delays in execution, whether due to technical challenges, coordination issues, permitting delays or client-related factors, may lead to shifts in revenue between reporting periods. This may result in volatility in quarterly or annual results, even when the underlying project pipeline remains strong. Similarly, delays in project completion may postpone cash inflows, affecting working capital and liquidity.

Project execution cycles are also influenced by the complexity and scale of the works performed. Large infrastructure projects, such as substations, power distribution networks or industrial installations, require coordination among multiple stakeholders, including clients, subcontractors, suppliers and regulatory authorities. Any misalignment among these parties may result in delays, cost overruns or contractual disputes. In addition, changes in project scope initiated by clients or authorities may require redesign, additional procurement or renegotiation of terms, further affecting timelines and profitability.

The Company manages these dynamics through detailed project planning, continuous monitoring of execution progress and active coordination with stakeholders. However, the inherent complexity of such projects means that execution cycles remain a key factor influencing operational and financial outcomes.

Seasonality

Electro-Alfa's operations are subject to a degree of seasonality, particularly in relation to on-site construction and installation activities. Many of the Company's EPC projects involve outdoor works,

including the installation of electrical infrastructure, networks and equipment, which are directly affected by weather conditions.

Execution activity tends to be more intensive during warmer months, when weather conditions are more favorable for construction, installation and commissioning works. Conversely, during winter periods or adverse weather conditions - such as heavy snowfall, low temperatures or excessive rainfall - certain activities may be slowed down or temporarily suspended. This may lead to uneven distribution of project progress throughout the year, with a concentration of execution and revenue recognition in specific periods.

Seasonality may also affect productivity and cost efficiency. For example, harsh weather conditions may require additional protective measures, specialized equipment or extended working hours, increasing operational costs. Delays caused by weather disruptions may also lead to compressed execution schedules in subsequent periods, potentially placing pressure on resources and project management capabilities.

In addition, extreme weather events, which are becoming more frequent in the context of climate change, may further increase the variability of execution timelines and introduce additional operational risks. These factors contribute to fluctuations in revenue, margins and cash flows across reporting periods.

The Company seeks to mitigate the impact of seasonality through careful planning of project timelines, diversification of activities across different segments and geographies, and optimization of resource allocation throughout the year.

Supply Chain Volatility

Electro-Alfa's operations depend on the availability of a wide range of raw materials, components and equipment, including metals, electrical components, transformers and specialized systems. The supply of these inputs is influenced by global market dynamics, geopolitical developments and logistical conditions, making supply chain volatility a significant operational factor.

Disruptions in global supply chains - such as delays in transportation, shortages of key components, trade restrictions or geopolitical tensions - may affect the Company's ability to procure materials in a timely manner. Such disruptions may lead to delays in production and project execution, potentially impacting contractual deadlines and customer satisfaction.

In addition to availability risks, the Company is exposed to volatility in input prices. Prices for raw materials and components may fluctuate significantly due to changes in global demand, energy costs or supply constraints. In the absence of contractual mechanisms allowing for price adjustments, increases in input costs may directly affect margins, particularly in fixed-price contracts.

Supply chain risks may also arise from dependence on specific suppliers for certain components or technologies. While the Company seeks to diversify its supplier base and establish long-term

partnerships, certain specialized products may be sourced from a limited number of suppliers, reducing flexibility in the event of disruption.

To address these challenges, Electro-Alfa has implemented measures aimed at enhancing supply chain resilience, including diversification of suppliers, development of local sourcing capabilities, maintenance of strategic inventory levels and strengthening relationships with key suppliers. The Company also leverages its internal manufacturing capabilities to reduce reliance on external inputs where possible.

Workforce Constraints

Electro-Alfa's ability to deliver complex projects and maintain high-quality manufacturing standards is highly dependent on the availability, expertise and performance of its workforce. The Company relies on a diverse pool of skilled professionals, including engineers, technicians, project managers and specialized operators, whose knowledge and experience are critical to the successful execution of its activities.

The energy infrastructure and industrial sectors are characterized by strong demand for qualified personnel, leading to increased competition for talent. The Company may face challenges in attracting and retaining skilled employees, particularly in the context of expansion, increasing project complexity and technological evolution. Shortages of qualified personnel may limit the Company's capacity to execute projects, affect productivity and increase labor costs.

In addition, the loss of key personnel, including members of senior management or highly specialized experts, may impact operational continuity, decision-making and the implementation of strategic initiatives. Recruiting and training new personnel requires time and resources, and there can be no assurance that replacements will possess the same level of expertise or experience.

Workforce constraints may also arise from broader labor market dynamics, including wage inflation, changes in labor legislation or increased competition from international markets. These factors may lead to higher personnel costs and impact the Company's cost structure.

To mitigate workforce-related challenges, Electro-Alfa invests in training and development programs, collaborates with educational institutions to attract young talent and implements retention strategies aimed at maintaining a stable and skilled workforce. The Company also promotes internal mobility and knowledge transfer to ensure continuity and adaptability.

Public Sector Exposure

A meaningful portion of Electro-Alfa's revenues is derived from contracts with public authorities, state-owned entities and projects financed through national or European programs. As a result, the Company's activity is influenced by public investment cycles, budgetary policies and the availability of funding for infrastructure and energy projects.

Public sector projects are often subject to complex procurement procedures, regulatory requirements and administrative processes, which may affect the timing of project awards and execution. Delays in

tender processes, changes in public investment priorities or budget constraints may lead to postponement or cancellation of projects, affecting the Company's order backlog and revenue visibility.

In addition, payment timelines in public sector contracts may be longer or subject to administrative approval processes, increasing working capital requirements and exposure to delayed cash inflows. In certain cases, payments may depend on the availability of funding from national budgets or European programs, introducing an additional layer of uncertainty.

The Company is also indirectly exposed to the effectiveness of European Union funding mechanisms, including the absorption of funds under programs such as the National Recovery and Resilience Plan. Delays or inefficiencies in the allocation and utilization of such funds may impact the pipeline of infrastructure projects and the Company's growth opportunities.

At the same time, public procurement environments are typically highly competitive, with both local and international players participating in tenders. This may lead to pricing pressure, reduced margins and the need to offer competitive commercial terms.

Electro-Alfa manages public sector exposure by maintaining a diversified client base, balancing public and private sector projects and actively monitoring funding programs and investment trends. The Company also leverages its technical expertise and integrated capabilities to remain competitive in public tenders.

Risks and Risk Management

Electro-Alfa operates in a complex industrial and infrastructure environment characterized by long execution cycles, capital-intensive projects and exposure to both private and public sector clients. The Group's activities - spanning EPC services, manufacturing of electrical equipment and participation in large-scale infrastructure and energy projects - expose it to a broad range of risks that may affect its operational performance, financial position, cash flows and long-term strategic objectives.

The Company has implemented a structured risk management framework designed to identify, assess and mitigate key risks through internal controls, governance mechanisms and operational procedures. However, given the nature of its activities and the external environment in which it operates, it is not possible to eliminate all risks. The occurrence of one or more of the risks described below, individually or in combination, could have a material adverse effect on the Group's business, results of operations and prospects.

Operational Risks

Electro-Alfa's operational performance is fundamentally dependent on its ability to execute complex projects efficiently and to maintain consistent, high-quality manufacturing processes. The Group's EPC activities typically involve long-duration, multi-phase projects that require coordination across engineering, procurement, logistics, construction and commissioning stages. These projects often involve multiple stakeholders - including clients, subcontractors, suppliers and regulatory authorities - each of which may influence project timelines and execution.

The inherent complexity of such projects creates exposure to execution risks, including delays in design finalization, challenges in coordinating subcontractors, disruptions in the supply of materials or equipment, and unforeseen technical issues arising during implementation. Even isolated delays in one component of a project may generate cascading effects across subsequent phases, leading to postponed commissioning, delayed revenue recognition and increased costs. In addition, project execution may be affected by external factors such as permitting delays, changes in regulatory requirements or client-driven modifications to project scope, all of which may extend timelines and increase operational uncertainty.

A particularly relevant operational risk arises from the widespread use of fixed-price or partially fixed-price contracts, especially in public procurement. Under such arrangements, the Company assumes a significant portion of the risk related to cost increases during project execution. In a context of volatile input prices - particularly for metals, electrical components and energy - unexpected increases in costs may not be recoverable from clients, thereby exerting pressure on margins. Furthermore, where contractual mechanisms for variation orders or price adjustments are limited or subject to negotiation, the Company may be exposed to disputes or delays in compensation for additional work.

Manufacturing operations introduce additional layers of operational risk. Electro-Alfa relies on the continuous functioning of its production facilities, which include specialized equipment and integrated production lines. Any interruption caused by equipment failure, maintenance requirements, energy supply disruptions or human error may affect production schedules, leading to delays in fulfilling orders and potential contractual penalties. The ongoing expansion and modernization of production capacities, while strategically important, also introduces execution risks related to installation, testing and integration of new equipment, particularly during the ramp-up phase.

Quality assurance represents a critical dimension of operational performance. The Company's products and services are deployed in essential infrastructure systems, where reliability, compliance and technical performance are paramount. Any deficiencies in product quality, manufacturing precision or installation may result in operational failures, warranty claims, contractual liabilities and reputational damage. In highly regulated environments, such issues may also affect the Company's ability to obtain certifications or participate in future tenders.

Operational risks are further compounded by dependence on suppliers and subcontractors. While the Company seeks to diversify its supplier base and maintain strategic partnerships, disruptions in supplier performance - such as delivery delays, quality deficiencies or financial distress - may affect project timelines and increase costs. In certain cases, specialized components may be sourced from a limited number of suppliers, increasing dependency and reducing flexibility in the event of disruption.

Health and safety risks are inherent in both manufacturing and on-site construction activities. Electro-Alfa operates in environments involving electrical systems, heavy equipment and potentially hazardous conditions. Despite the implementation of safety procedures, training programs and monitoring systems, accidents may occur, potentially leading to injuries, project interruptions, regulatory sanctions and reputational impact.

To mitigate operational risks, Electro-Alfa employs structured project management methodologies, continuous monitoring of project execution, robust quality control systems and preventive maintenance programs. Investments in digitalization, including ERP and manufacturing execution systems, enhance operational visibility and coordination, while supplier diversification and internal production capabilities contribute to increased resilience.

Financial Risks

Electro-Alfa's financial performance is influenced by the structure of its contracts, capital requirements and exposure to external economic variables. A key financial risk relates to liquidity and working capital management, particularly given the long execution cycles associated with EPC projects. The Company typically incurs significant upfront costs in procuring materials, mobilizing resources and engaging subcontractors, while cash inflows are received progressively, based on contractual milestones or certification of works.

This mismatch between expenditures and revenues exposes the Group to liquidity pressures, especially in cases where invoicing is delayed or payments are not received on time. Such situations may arise due to administrative delays, disputes over project progress or financial constraints affecting clients. The risk is particularly relevant in contracts involving public sector entities, where payment timelines may depend on budget allocations, funding availability or procedural requirements.

Credit risk is also significant, as the Company is exposed to the financial stability of its customers and counterparties. In an adverse economic environment, clients may face liquidity constraints, leading to delayed payments, renegotiation of contractual terms or, in extreme cases, default. Given the large value and long duration of certain contracts, such developments may have a material impact on cash flows and financial results.

For financial reporting purposes, credit risk primarily arises from trade receivables and cash and cash equivalents, and is managed through internal credit policies, including customer assessment and ongoing monitoring of payment behavior. Liquidity risk is managed through maintaining adequate cash balances, access to credit facilities and regular cash flow forecasting, to ensure the Company can meet its obligations as they fall due.

Cost volatility represents another major financial risk. The Company's cost base includes raw materials, energy, labor and logistics, all of which may be subject to significant fluctuations. Inflationary pressures, supply chain disruptions or geopolitical developments may lead to increases in input costs that cannot always be passed on to customers, particularly under fixed-price contracts. This may result in margin compression and reduced profitability.

Foreign exchange risk arises from the fact that part of the Company's operations involves transactions denominated in foreign currencies. Exchange rate fluctuations may affect both revenues and costs, leading to variability in financial results. While certain contractual mechanisms may provide partial protection, they may not fully offset exposure in volatile market conditions.

Financing risk is linked to the Company's reliance on bank financing and credit facilities to support investments and working capital needs. Financing agreements may include covenants, restrictions and security over assets, which may limit operational flexibility. Any breach of such covenants or deterioration in financial performance may result in increased financing costs or reduced access to funding.

The Company mitigates financial risks through careful liquidity management, monitoring of receivables, diversification of funding sources and prudent financial planning. Contract structuring, where possible, also aims to balance risk allocation and protect margins.

Strategic Risks (Growth, Expansion and M&A)

Electro-Alfa's growth strategy includes expansion into new business areas, such as energy generation and storage, as well as growth through acquisitions and international market entry. These initiatives involve significant strategic risks related to execution, integration and market positioning.

Acquisition-related risks include challenges in identifying suitable targets, completing due diligence and obtaining regulatory approvals. Even when acquisitions are successfully completed, integration may prove complex, requiring alignment of organizational structures, systems and cultures. Failure to integrate acquired entities effectively may result in operational inefficiencies, increased costs and inability to achieve expected synergies.

Expansion into new sectors introduces additional uncertainties. Energy generation and storage projects are capital-intensive and subject to regulatory, technological and market risks. The Company may face challenges in project development, financing and operation, particularly in areas where it has limited prior experience.

International expansion exposes the Group to geopolitical risks, currency fluctuations and differences in legal and regulatory frameworks. Limited familiarity with local markets may increase operational complexity and execution risk.

There is also a risk that investments may not generate expected returns, due to changes in market conditions, cost overruns or delays in implementation. Such outcomes may affect profitability and financial performance.

The Company mitigates strategic risks through disciplined investment processes, comprehensive due diligence and phased implementation of new initiatives.

Regulatory Risks

Electro-Alfa operates in a highly regulated environment and is required to comply with a broad and evolving framework of legal and regulatory requirements across the sectors in which it is active. These include, among others, regulations related to licensing, environmental standards, public procurement, occupational health and safety, data protection and anti-corruption. Changes in legislation, delays in obtaining permits and approvals, or differing interpretations of regulatory requirements by authorities may lead to increased compliance costs, project delays, operational

constraints or, in certain cases, financial penalties. In addition, the Company's participation in public procurement processes exposes it to a high degree of procedural complexity, competitive pressure and regulatory scrutiny, including the risk of challenges, audits or investigations that may affect both project execution and reputation.

Governance-related risks also arise from the Company's operating structure and stakeholder relationships. Transactions with affiliated entities, while conducted in the normal course of business, may be subject to increased scrutiny from tax authorities and other stakeholders, potentially giving rise to transfer pricing adjustments or perceptions of conflicts of interest. Furthermore, the presence of a controlling shareholder may influence strategic decision-making and create potential divergences between the interests of majority and minority shareholders, particularly in areas such as capital allocation, dividend policy or related-party transactions.

To mitigate these risks, Electro-Alfa has implemented internal compliance policies, governance frameworks and control mechanisms aligned with applicable regulations and market standards. These are supported by Board-level oversight and ongoing monitoring of regulatory developments, with the objective of ensuring consistent adherence to legal requirements, maintaining transparency and safeguarding the Company's operational integrity.

Macroeconomic and Market Risks

Electro-Alfa's activity is closely linked to the broader macroeconomic environment in Romania and, to a certain extent, the wider European region. Key macroeconomic variables - including economic growth, inflation, interest rates, exchange rate movements and access to financing - play a significant role in shaping the level of investment in energy infrastructure, industrial development and public utility projects. As a company operating primarily in capital-intensive sectors, Electro-Alfa is particularly sensitive to shifts in investment cycles, which are themselves influenced by both public and private sector confidence, funding availability and long-term economic outlook.

In periods of economic expansion, increased demand for infrastructure, energy capacity and industrial development typically supports a strong pipeline of projects. Conversely, during periods of economic slowdown or heightened uncertainty, investment decisions may be delayed, scaled down or cancelled altogether. This is particularly relevant for large infrastructure and EPC projects, which require significant upfront capital commitments and long planning horizons. As a result, fluctuations in macroeconomic conditions may directly affect the volume of new contracts, project backlogs and revenue visibility.

Macroeconomic volatility may also impact the financial stability, liquidity position and investment capacity of the Company's customers and business partners. In an environment characterized by high inflation, rising interest rates or constrained access to financing, both public and private sector clients may face increased budgetary pressures or reduced borrowing capacity. This may lead to delays in project initiation, postponement of planned investments or difficulties in meeting contractual payment obligations. For Electro-Alfa, such developments may translate into delayed cash inflows, increased working capital requirements and heightened counterparty risk.

In addition, the Company operates in sectors that are closely tied to public investment programs and European Union funding mechanisms, including initiatives such as national infrastructure plans and energy transition programs. The availability, timing and absorption of such funding play a critical role in sustaining demand for large-scale projects. Delays in the allocation or disbursement of funds, changes in political priorities, administrative bottlenecks or underutilization of available EU funds may lead to postponement or cancellation of projects, thereby affecting the Company's project pipeline and revenue outlook.

Geopolitical developments represent another important dimension of macroeconomic risk. Regional conflicts, trade tensions or broader geopolitical instability may disrupt global supply chains, affect the availability and cost of raw materials and components, and lead to volatility in energy prices. Such developments may increase procurement costs, extend delivery timelines and create additional uncertainty in project execution. At the same time, geopolitical instability may influence investor sentiment, reduce access to financing and slow down economic activity in the regions where the Company operates or intends to expand.

Furthermore, fluctuations in exchange rates and interest rates may have indirect effects on the Company's financial performance. Currency volatility may impact the cost of imported materials and equipment, while changes in interest rates may affect both the Company's cost of financing and the investment capacity of its customers. A sustained increase in borrowing costs, for example, may reduce the attractiveness of large infrastructure investments, thereby affecting demand.

The Romanian economy, as an emerging market within the European Union, may also be exposed to structural vulnerabilities, including fiscal imbalances, changes in the regulatory framework, as well as periods of political instability or frequent shifts in public policy. Any deterioration in the country's credit rating, tightening of fiscal policy, changes in the tax regime or political developments affecting the predictability of the economic environment may have cascading effects on public investment, private sector confidence and overall economic activity.

Electro-Alfa seeks to mitigate macroeconomic and market risks through diversification of its project portfolio across different sectors and client categories, maintaining a balanced mix of public and private sector exposure and focusing on areas with strong structural growth drivers, such as energy infrastructure, grid modernization and renewable energy integration. The Company also monitors macroeconomic indicators and market developments closely, allowing it to adapt its commercial strategy, prioritize resilient market segments and manage its cost base in response to changing conditions.

Litigations

Electro-Alfa operates in a complex regulatory environment that occasionally gives rise to legal disputes. As of the date of this report, the Company is involved in one insignificant litigation, which is not expected to have a material impact on the group's financial position or operational capacity.

During the reporting period, the Company was not involved in any litigation or arbitration proceedings on matters related to environmental compliance.

The Company complies with all court rulings and regulatory decisions and sets aside provisions for potential liabilities as required. Management does not anticipate any significant risks arising from current litigation and continues to monitor legal developments to ensure timely responses and compliance.

SUSTAINABILITY



Environmental

Electro-Alfa operates in sectors that are directly influenced by the global transition toward low-carbon energy systems, electrification and increased energy efficiency. The Company's activities in electrical equipment manufacturing, EPC services and renewable energy infrastructure position it as a contributor to the modernization and decarbonization of energy systems.

A key element of Electro-Alfa's environmental positioning is the development and deployment of equipment that supports cleaner energy technologies. This includes the transition toward SF6-free switchgear solutions, which eliminate the use of sulfur hexafluoride, a greenhouse gas with a high global warming potential. By adopting air-insulated and vacuum-based technologies, the Company aligns its product portfolio with evolving European regulatory requirements and environmental standards.

Electro-Alfa is also involved in projects that support the integration of renewable energy into the grid, including photovoltaic plants, hybrid systems with storage and infrastructure upgrades required to accommodate distributed generation. These activities contribute to increasing the share of renewable energy in the energy mix and improving grid resilience and flexibility.

From an operational perspective, the Company is exposed to environmental factors such as climate-related risks, including extreme weather events that may affect production facilities, logistics and project execution. In response, Electro-Alfa incorporates resilience considerations into project planning and infrastructure design, while also investing in energy efficiency and, where feasible, in the development of internal energy generation capabilities to support its operations.

Environmental compliance remains a priority, with the Company adhering to applicable regulations related to emissions, industrial processes and environmental protection. As regulatory frameworks continue to evolve, particularly in the context of climate transition policies, Electro-Alfa monitors developments closely and adapts its operations and product offerings accordingly.

Social

Electro-Alfa's operations are supported by a large and technically skilled workforce, including engineers, technicians and project personnel. The Company's ability to deliver complex infrastructure projects and maintain high manufacturing standards depends on the availability, development and retention of qualified employees.

Workforce-related considerations represent a key factor in both operational performance and risk management. The Company operates in a competitive labor market, where attracting and retaining

experienced personnel can be challenging. To address this, Electro-Alfa invests in training, professional development and internal knowledge transfer, aiming to maintain a high level of technical expertise across its organization.

Occupational health and safety are critical priorities, given the nature of the Company's activities, which include manufacturing operations and on-site construction and installation works. These activities inherently involve exposure to physical risks. Electro-Alfa has implemented health and safety policies, procedures and training programs designed to reduce the likelihood of workplace incidents and ensure compliance with applicable legislation.

Despite these measures, the Company remains exposed to the risk of workplace accidents, which may result in operational disruptions, legal liabilities or reputational impact. Continuous monitoring, employee training and adherence to safety protocols are therefore essential components of the Company's approach to risk mitigation in this area.

The Company also operates within a legal framework that provides protections and rights for employees, including collective consultation and labor regulations. While these frameworks support workforce stability, they may also introduce constraints in workforce management, particularly in the context of restructuring or efficiency initiatives.

Overall, Electro-Alfa aims to maintain a stable, skilled and safe working environment, recognizing that its workforce is a key driver of long-term performance.

Governance

Electro-Alfa approaches governance as a fundamental component of its sustainability framework, ensuring that business activities are conducted in a transparent, ethical and accountable manner. The Company's governance practices are designed to support long-term value creation, protect shareholder interests and ensure compliance with applicable legal and regulatory requirements.

A key focus area is compliance and ethical conduct, particularly given the Company's involvement in public procurement and regulated infrastructure sectors. Electro-Alfa operates under strict legal and regulatory frameworks and is subject to requirements related to licensing, public tenders, environmental standards, data protection and anti-corruption. To address these obligations, the Company has implemented internal policies and procedures governing conflicts of interest, related-party transactions, integrity standards and regulatory compliance.

Risk management and internal control systems are integral to governance practices. Electro-Alfa maintains mechanisms to identify, assess and monitor operational, financial and compliance risks, supporting informed decision-making and early detection of potential issues. These systems are complemented by internal review processes and ongoing monitoring activities aimed at ensuring the reliability of financial reporting and the effectiveness of control frameworks.

The Company also places emphasis on transparency and disclosure, particularly following its transition to a publicly listed entity. Electro-Alfa complies with ongoing reporting obligations and ensures timely communication with shareholders and the market. This includes the publication of financial results, material events and other relevant information, contributing to investor confidence and market integrity.

Given the presence of a majority shareholder and the existence of related-party relationships, governance practices also address potential conflicts of interest and alignment between shareholders. The Company seeks to ensure that such transactions are conducted on an arm's-length basis and subject to appropriate oversight and disclosure requirements.

Electro-Alfa operates within an evolving regulatory and institutional environment, where legal interpretation and enforcement practices may vary. In this context, the Company continuously monitors regulatory developments and adapts its internal processes to maintain compliance and mitigate potential legal and reputational risks. Electro-Alfa's governance approach supports responsible business conduct, reinforces stakeholder trust and contributes to the Company's long-term resilience.

STRATEGY AND OUTLOOK

Medium-Term Strategy

Electro-Alfa's medium-term strategy for the 2026–2030 period is structured around several key strategic pillars, aligned with the EU Green Deal, the Digital Decade and national investment programs, and focused on strengthening its position in core markets, expanding geographically, and developing new capabilities in energy and infrastructure.

Electro-Alfa's strategy is thus focused on consolidating its position as an integrated provider of energy infrastructure solutions, while expanding into adjacent areas with strong growth potential, particularly energy production and storage. The Group's strategic direction reflects broader market trends, including the modernization of electrical networks, the integration of renewable energy and the increasing demand for resilient and efficient energy systems.

Energy infrastructure growth

A central pillar of Electro-Alfa's strategy is the continued expansion of its core activities in electrical equipment manufacturing and EPC services. The Group aims to capitalize on increasing investments in energy infrastructure, driven by grid modernization, electrification of industry and transport, and the integration of renewable energy sources.

Electro-Alfa intends to strengthen its position in both transmission and distribution infrastructure by leveraging its vertically integrated model, which combines design, manufacturing and project execution capabilities. This approach enables the Group to deliver comprehensive solutions, improve execution efficiency and maintain control over quality and timelines.

The Group also seeks to benefit from public investment programs and European funding mechanisms, which are expected to support significant infrastructure upgrades in Romania and the broader European Union, with selective expansion into neighboring markets such as the Republic of Moldova and Ukraine. By participating in large-scale projects related to substations, distribution networks, industrial facilities and public infrastructure, Electro-Alfa aims to expand its project portfolio and reinforce long-term relationships with key clients, including utilities, public authorities and industrial operators.

In parallel, Electro-Alfa is pursuing growth through strategic acquisitions, aimed at enhancing its capabilities and expanding its presence in complementary segments. The planned acquisitions of companies such as Elcomex IEA, Spiact Craiova and Electro Alfa CM are intended to strengthen expertise in areas such as high-voltage installations, railway infrastructure and metal component manufacturing, further supporting the Group's integrated business model.

Expansion into energy production and storage

In addition to its core infrastructure activities, Electro-Alfa is progressively expanding into the energy generation and storage segment, recognizing the long-term opportunities created by the energy transition and the increasing need for flexible and decentralized energy systems.

The Group's strategy includes the development of renewable energy projects, particularly in photovoltaic generation, as well as hybrid systems that integrate energy storage solutions. These initiatives are expected to complement Electro-Alfa's existing EPC capabilities, allowing the Group to move further along the energy value chain and capture additional sources of revenue.

The expansion into energy production and storage also reflects a strategic objective to increase resilience and diversify business activity. By participating not only in infrastructure development but also in energy generation, Electro-Alfa aims to benefit from recurring revenue streams and improved exposure to long-term energy market dynamics.

At the same time, these new activities introduce additional complexity, including regulatory requirements, capital intensity and operational risks. The Group therefore intends to pursue a gradual and disciplined approach, leveraging partnerships, internal expertise and existing capabilities in engineering and project execution to support this expansion.

Electro-Alfa's medium-term strategy is designed to align with structural trends in the energy and infrastructure sectors, while supporting geographic expansion, capability development and long-term sustainable growth.

2026 Budget

For 2026, Electroalfa International targets consolidated revenues of RON 1,014 million and a gross margin of 24.7%, which translates into an EBITDA of RON 133 million (margin of 13.1%), and a gross profit of RON 111 million (11.0% margin). The budget reflects a disciplined approach to growth, built on operational efficiency, a balanced project portfolio, and the Group's ability to maintain stable profitability in a dynamic environment.

The distribution between domestic and international projects is expected to remain broadly consistent with 2025, reflecting a stable and diversified client base and continued visibility across both markets. At the same time, revenue generation is expected to follow the Group's typical seasonal pattern, with a stronger contribution in the second half of the year. The EPC division is anticipated to record a substantial increase in activity during this period, while the fourth quarter is expected to remain the strongest, driven by the concentration of project completions toward the end of the calendar year.

The budget includes the impact of previously announced acquisitions that will be consolidated in the financial statements, including the integration of a minority stake. Spiact Craiova will be consolidated

starting in the second quarter of 2026, while Elcomex IEA will be included beginning with the third quarter, resulting in a progressively stronger contribution to revenues in the second half of the year.

The Group will also continue to advance its strategic expansion initiatives. On 9 April 2026, Electro-Alfa signed an agreement for the acquisition of the entire shareholding in Solar Technologies Consulting SRL, a company developing an electricity storage project currently at a “ready-to-build” stage, with all required permits obtained and land rights secured. In parallel, the Group is evaluating the establishment of a new subsidiary, in which it would hold a 51% stake, focused on design and engineering activities. The potential financial impact of these initiatives is not included in the 2026 budget.

The cost base incorporates prudent macroeconomic assumptions, including inflationary pressures and labor market conditions. In line with its established policy, the Group has budgeted a 10% increase in the salary fund for existing employees, reflecting annual performance evaluations and the need to remain competitive in attracting and retaining qualified personnel. This increase applies exclusively to the current workforce, while management continues to maintain strict cost control across all operational areas.

Capital expenditures are expected at a moderate level, with a total budget of approximately EUR 3.6 million, primarily allocated to maintenance and replacement investments. At this stage, no significant projects aimed at expanding production capacity have been approved, reflecting a cautious approach to large-scale investments while ensuring the efficiency and reliability of existing operations.

DECLARATION OF MANAGEMENT

Based on the best available information, hereby confirm that:

- the consolidated financial statements for financial year ended December 31, 2025, provide an accurate and real image regarding the financial position and the financial performance of the ELECTROALFA Group, as required by the International Financial Reporting Standards as adopted by the European Union, and
- the report attached to this statement, prepared in accordance with art. 65 of the Law no. 24/2017 (R) on issuers of financial instruments and market operations as well as annex no. 15 to FSA Regulation no. 5/2018 on issuers of financial instruments and market operations for the financial year ended December 31, 2025, comprises accurate and real information regarding the development and performance of the ELECTROALFA Group, including the description of the main risks and uncertainties specific to the business activity.

Furthermore, the provisions regarding sustainability reporting, as set out in Article 29b of Directive 2013/34/EU and Article 8(4) of Regulation (EU) 2020/852, are not applicable to the issuer for the reporting period mentioned above, as the Company did not qualify as a public-interest entity during 2025, a status which would have entailed such reporting obligations.

Gheorghe CIUBOTARU
Chairman of the Board of Directors

Ștefan PETREA
Chief Executive Officer

Constantin TODI
Chief Financial Officer



ELECTROALFA®

Translation for information purposes only

ELECTRO-ALFA INTERNATIONAL SA

CONSOLIDATED FINANCIAL STATEMENTS

**for the financial year ended on
December 31, 2025**

**Prepared in accordance with International Financial Reporting Standards
as adopted by the European Union**

Contents

Consolidated statement of financial position	1 -2
Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5-6
Notes to the consolidated financial statements	7 - 54

Basis of preparation

1. Reporting entity and general information
2. Basis of Accounting
3. Functional currency and presentation currency
4. Use of professional judgment and estimates
5. Basis of Measurement
6. Significant accounting policies
7. Standards issued that are not yet effective

Financial performance

8. Operating segments
9. Revenues
10. Other income
11. Operating expenses
12. Employee and collaborator benefits
13. Financial result
14. Earnings per share

Income tax

15. Income tax

Assets

16. Cash and cash equivalents
17. Inventories
18. Trade receivables
19. Other receivables
20. Property, Plant and Equipment
21. Intangible assets
22. Investments in Associates

Equity and liabilities

- 23. Capital and reserves
- 24. Borrowings
- 25. Trade Payables
- 26. Other Liabilities
- 27. Supplier guarantees
- 28. Provisions
- 29. Lease
- 30. Subsidies

Financial instruments

- 31. Financial instruments - fair values and risk management

Other information

- 32. Related parties
- 33. Contingencies
- 34. Commitments
- 35. Subsequent events

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of financial position
on December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Note	December 31 2025	December 31 2024
Assets			
Non Current- assets			
Property, Plant and Equipment	20	78,054,930	74,628,402
Intangible assets	21	5,280,105	3,725,235
Investments in associates	22	248,000	248,000
Loans granted to related parties	32c)	96,273,796	5,013,940
Contract assets	9	2,060,105	7,690,831
Investments in real estate projects	32c)	-	20,095,364
Restricted cash	16	16,006,722	-
Deferred tax assets	15	3,954,916	2,165,196
Right-of-use assets	29	7,957,262	7,983,344
Total non-current assets		209,835,836	121,550,312
Current assets			
Inventories	17	46,059,797	41,655,343
Contract assets	9	16,609,169	6,307,846
Trade receivables	18	305,902,249	106,765,037
Prepayments	25	31,707,942	7,127,998
Loans granted to related parties	32c)	5,182,194	6,808,661
Restricted cash	16	2,856,751	-
Other receivables	18	1,301,316	1,644,405
Cash and cash equivalents	16	76,020,098	87,884,552
Total current assets		485,639,518	258,193,842
Total assets		695,475,354	379,744,154
Equity			
Share capital	23a)	30,638,450	638,450
Legal reserves	23c)	5,649,855	127,690
Other reserves	23c)	29,427,591	57,899,540
Retained earnings		144,097,119	90,891,794
Equity attributable to the Company's shareholders		209,813,015	149,557,474
Non-controlling interests		381,065	-
Total equity		210,194,080	149,557,474
Long-term liabilities			
Bank borrowings	24	47,306,425	43,997,762
Lease liabilities	29	6,516,151	7,244,506
Deferred income	30	2,573,163	2,699,666
Provisions	28	8,985,860	7,113,743
Supplier guarantees	27	18,350,164	9,469,360
Total long-term liabilities		83,731,763	70,525,037

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

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of financial position
on December 31, 2025
(all amounts are expressed in lei, unless otherwise specified)

	Note	December 31 2025	December 31 2024
Current liabilities			
Bank borrowings	24	49,641,580	12,793,448
Lease liabilities	29	3,696,592	2,806,576
Trade Payables	25	183,284,739	79,442,998
Contract liabilities	9	58,662,779	23,263,761
Current income tax liabilities		7,017,788	1,797,789
Deferred income	30	126,504	237,923
Provisions	28	3,744,458	3,520,816
Employee benefits	12	24,448,107	12,868,982
Dividends payable	32a)	36,032,000	13,273,086
Supplier guarantees	27	1,748,591	1,735,094
Other payables	26	33,146,373	7,921,170
Total current liabilities		401,549,511	159,661,643
Total liabilities		485,281,274	230,186,680
Total equity and liabilities		695,475,354	379,744,154

George Ciubotaru
Chairman of the Board of Directors

Stefan Petrea
Chief Executive Officer

Constantine Todi
Chief Financial Officer

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

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of profit or loss and other comprehensive income
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Note	2025	2024
Revenue	9	832,221,052	648,440,597
Other income	10	1,694,554	1,513,464
Employee and collaborator benefits expenses	12	(80,136,601)	(53,115,839)
Raw materials and merchandise expenses	11	(396,925,783)	(303,731,329)
Service expenses	11	(202,024,674)	(190,356,760)
Utility expenses	11	(2,167,133)	(1,577,915)
Transportation expenses	11	(7,813,951)	(6,876,996)
Repair and maintenance expenses	11	(3,056,644)	(2,365,776)
Depreciation charge	20,21	(10,768,219)	(10,397,605)
Expected credit losses	16	(1,746,021)	(929,577)
Other operating expenses	11	(14,510,820)	(13,351,852)
Operating profit		114,765,760	67,250,413
Financial income	13	3,227,534	786,034
Financial costs	13	(5,315,453)	(2,861,456)
Net financial result		(2,087,919)	(2,075,422)
Profit before tax		112,677,841	65,174,991
Income tax expense	15	(12,931,237)	(7,736,252)
Net profit		99,746,604	57,438,739
Other elements of the comprehensive income		-	-
Comprehensive result		99,746,604	57,438,739
Profit attributable to:			
Shareholders of the Company		99,855,539	57,438,739
Non-controlling interests		(108,935)	-
Total comprehensive income for the year attributable to			
Shareholders of the Company		99,855,539	57,438,739
Non-controlling interests		(108,935)	-
Earnings per share			
Basic and diluted earnings per share	14	0.81	899.66

George Ciubotaru
Chairman of the Board of Directors

Stefan Petrea
Chief Executive Officer

Constantine Todî
Chief Financial Officer

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

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of changes in equity
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Note	Share capital	Legal reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total capital own
Balance as of January 1, 2024		638,450	127,690	56,386,615	54,080,385	111,233,140	-	111,233,140
<i>Total comprehensive income for the year</i>							-	
Profit for the year		-	-	-	57,438,739	57,438,739	-	57,438,739
Total comprehensive income		-	-	-	57,438,739	57,438,739	-	57,438,739
<i>Transactions with the owners of the Company</i>							-	
Dividends		-	-	-	(19,114,405)	(19,114,405)	-	(19,114,405)
Total Transactions with the owners of the Company		-	-	-	(19,114,405)	(19,114,405)	-	(19,114,405)
<i>Other changes in equity</i>							-	
Set up of other reserves		-	-	1,512,925	(1,512,925)	-	-	-
Balance as of December 31, 2024		638,450	127,690	57,899,540	90,891,794	149,557,474	-	149,557,474
Balance as of January 1, 2025	Note	638,450	127,690	57,899,540	90,891,794	149,557,474	-	149,557,474
<i>Total comprehensive income for the year</i>								
Net profit		-	-	-	99,855,539	99,855,539	(108,935)	99,746,604
Total comprehensive income		-	-	-	99,855,539	99,855,539	(108,935)	99,746,604
<i>Transactions with the owners of the Company</i>								
Capital increase	23 a)	30,000,000		(30,000,000)	-	-	-	-
Establishment of legal reserves		-				-	-	-
dividends	23 b)	-	-	-	(39,600,000)	(39,600,000)	-	(39,600,000)
Registration of subsidiaries with non-controlling interests		-	-	-	-	-	490,000	490,000
Total Transactions with the owners of the Company		30,000,000	-	(30,000,000)	(39,600,000)	(39,600,000)	490,000	490,000
<i>Other changes in equity</i>								
Set up of legal reserves	23 c)		5,522,165		(5,522,165)	-	-	-
Set up of other reserves	23 c)	-	-	1,528,051	(1,528,051)	-	-	-
Balance as of December 31, 2025		30,638,450	5,649,855	29,427,591	144,097,119	209,813,015	381,065	210,194,080

George Ciubotaru
Chairman of the Board of Directors

Stefan Petrea
Chief Executive Officer

Constantin Todî
Chief Financial Officer

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

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of cash flows
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Note	2025	2024
Cash flows from operating activities			
Profit before tax		112,677,841	65,174,992
Adjustments for:			
Depreciation	19.19	10,768,219	10,397,605
Expected credit losses trade receivables, net		1,746,021	929,576
(Gains)/Impairment losses on inventories, net		(155,327)	1,152,656
Interest income	13	(2,583,735)	(760,831)
Interest expenses	13	2,559,578	1,937,577
Investment subsidies income	28	(344,518)	(413,956)
Other finance expenses – unwinding of provisions	28	597,179	409,750
Gain on sale property, plant and equipment		(55,444)	-
Other finance costs, net		1,465,404	-
		126,675,217	78,827,369
Changes in:			
Trade receivables		(200,883,235)	7,789,068
Contract assets		(4,670,597)	(1,184,184)
Inventories		(4,249,127)	(7,656,319)
Restricted cash		(18,863,473)	-
Prepayments		(24,579,944)	(938,274)
Other receivables		(1,446,631)	(301,080)
Trade Payables		103,719,778	(45,824,249)
Contract liabilities		35,399,018	(10,260,753)
Subsidies		106,596	68,875
Provisions		1,498,580	2,907,124
Supplier guarantees		8,894,301	6,123,914
Employee benefits		11,579,125	5,833,064
Other payables		24,689,815	4,297,231
		57,869,423	39,681,787
Cash generated from operating activities		57,869,423	39,681,787
Interest paid		(2,520,454)	(1,835,490)
Income tax paid		(9,500,958)	(7,175,929)
		45,848,010	30,670,369
Net cash generated from operating activities		45,848,010	30,670,369
Cash flows from investing activities			
Payments for the acquisition of property, plant and equipment		(12,217,022)	(29,508,084)
Payments for loans granted to related parties		(64,715,650)	(5,756,103)
Proceeds from repayments of loans granted to related parties		1,849,430	-
Pay for contribution to real estate project		(4,682,556)	(8,668,164)
Payments for investments in associates		(510,000)	(245,000)
Proceeds from the sale of property, plant and equipment		86,774	-
Interest collected		594,486	376,026
		(79,594,539)	(43,801,325)
Net cash used in investing activities		(79,594,539)	(43,801,325)

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

ELECTRO-ALFA INTERNATIONAL SA
Consolidated statement of cash flows
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Note	2025	2024
Cash flows from financing activities			
Proceeds from Bank borrowings	24	45,829,367	34,675,471
Repayments of Bank borrowings	24	(7,177,099)	(8,073,289)
Lease payments		(3,097,107)	(2,707,628)
Dividends paid	32 a)	(13,673,086)	(6,173,144)
Net cash generated from financing activities		21,882,074	17,721,410
Net (Decrease)/Increase in cash and cash equivalents		(11,864,454)	4,590,453
Cash and cash equivalents at 1 January		87,884,552	83,294,099
Cash and cash equivalents at 31 December		76,020,098	87,884,552

George Ciubotaru
Chairman of the Board of Directors

Stefan Petrea
Chief Executive Officer

Constantin Todi
Chief Financial Officer

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise specified)

1. Reporting entity and general information

Electro-Alfa International SA (“the Company”) is a company established in 1995, which operates in Romania in accordance with the provisions of Law 31/1990 on commercial companies.

The company has its registered office in Botoșani, 15 Calea Națională Street, Botoșani County.

The Company manufactures electrical equipment and provides services to customers on both domestic and international markets (Europe, Africa, North America).

The Company operates in the electrical equipment manufacturing industry and in the integration of advanced technological solutions, with expertise in the following areas:

Electrical equipment production operational segment

- The company produces medium and low voltage electrical equipment - The company produces a wide range of electrical equipment, designed to ensure efficiency and reliability in energy distribution.
- The company designs and manufactures technical shelters (metal containers), ensuring protection and safety of critical equipment in industrial environments.

Operational service segment

- Integrator of energy efficiency solutions - The company provides integrated solutions that optimize energy consumption and contribute to reducing operational costs.
- EPC type Enterprise Projects - The company manages complete enterprise projects, from concept and design, to implementation and maintenance, offering turnkey solutions
- Procurement services and supplier of goods for sectors and government bodies, through international tenders - The company supports the aid and emergency intervention sector in post-conflict and/or third world countries, by providing essential equipment and services.

Software development operating segment

- Provision of IT services consisting of software development services, the Group's activity carried out through the subsidiary Alfa Factory Software SRL

These consolidated financial statements include the Company and its subsidiary (together referred to as the “Group”).

As of December 31, 2025, the Company is 80% owned by Mr. Ciubotaru Gheorghe and 20% by Electro Alfa Management SRL.

The company is managed by the Board of Directors.

Initial Public Offering (“IPO”)

On February 6, 2026, the public offering was oversubscribed both for institutional investors and retail investors, which led to the early closing decision at the end of the trading session related to the public offering in the Bucharest Stock Exchange (“BVB”) system, with the sale of up to 65,990,507 newly issued shares.

Number of shares actually sold and their price: 65,990,507 shares sold and allocated in the offer, respectively:

- Institutional Investors Tranche: 56,091,932 shares allocated at a price of 8.85 lei per share;
- Retail Investors Tranche: 9,898,575 shares, of which 9,882,434 shares allocated at a price of 8,4075 lei per share and 16,141 shares allocated at a price of 8.85 lei per share.

On 03.03.2026, trading began on the BVB, without the variation limit and the deal market, until the reference price was formed, in accordance with the provisions of Art. 41 (1) and Art. 42 of Title III of the BVB Code - Main Regulated Market.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

List of subsidiaries

As of December 31, 2025, Electro-Alfa International S.R.L. has the following subsidiary:

Subsidiary	Activity	Headquarters	% participation as of December 31 2025	% participation as of December 31, 2024
Alfa Factory Software SRL	IT services	Botosani Romania	51%	0%

Alfa Factory Software SRL was founded in 2025 by Electro-Alfa International SRL, with the main activity of custom software development, with the sole associate being Electro-Alfa International SRL. Subsequently, Electro-Alfa International SRL transferred 49% of the shares to KEEP IT Mobile Development.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS-EU”).

The consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2026.

The financial statements are presented in accordance with the requirements of IAS 1 “Presentation of Financial Statements”. The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is credible and more relevant than those that would have been presented based on other methods permitted by IAS 1.

The Group has opted, in accordance with the provisions of OMFP 1802/2014, to prepare the consolidated financial statements in accordance with IFRS EU.

These financial statements have been prepared on a going concern basis. Information about the Company's accounting policies is included in Note 6.

3. Functional currency and presentation currency

These financial statements are presented in Romanian Lei (RON), which is also the functional currency of the Company. All amounts have been rounded to the nearest RON, unless otherwise indicated.

4. Use of accounting judgments and estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed periodically. Revisions to estimates are recognized prospectively.

a) Judgements

Information regarding the professional judgments in applying the accounting policies that have the most significant effects on the amounts recognized in the financial statements is presented below:

a) Recognition of provisions for guarantees given (IAS 37)

The Company provides contractual guarantees for service work performed, and management has exercised judgment in estimating a reasonable amount to cover potential future costs.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

This analysis was based on:

- complaints history,
- frequency of incidents,
- the duration of the contractual guarantee,
- estimated remediation costs.

The provision was recognized in accordance with IAS 37, to the extent that there was a high probability of an outflow of resources and the amount could be reasonably estimated. Management applied significant judgments in identifying relevant and comparable market data to the projects carried out by the Company that were used to determine the valuation of the provisions for guarantees.

b) Assumptions and uncertainties associated with estimates

Information regarding the estimated assumptions and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is included in the following notes:

- Note 6 i), 6 j), 20 and 21 - estimates of the useful lives of tangible and intangible assets, assets;
- Note 6 m), 18 and 31 b)- estimates regarding the determination of expected credit losses for trade receivables;
- Note 6 h) – estimates regarding the determination of inventory impairment losses;
- Note 28 – estimates related to warranty provisions;

Determining fair values

Certain accounting policies and disclosure requirements of the Company require the determination of fair value, both for financial and non-financial assets and liabilities.

The Company regularly reviews unobservable inputs and significant valuation adjustments. If data provided by third parties, for example quoted prices provided by brokers or through pricing services, is used, the valuation team analyzes whether these data meet the requirements imposed by IFRS-EU, including the level in the fair value hierarchy in which these valuations should be classified.

When measuring assets or liabilities at fair value, the Company uses observable market information to the extent possible. The fair value hierarchy classifies the inputs for the valuation techniques used to measure fair value into three levels, as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Company can access at the valuation date;
- Level 2: inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

If the inputs to the fair value measurement of an asset or liability can be classified into multiple levels of the fair value hierarchy, the fair value measurement is classified in its entirety at the same level of the fair value hierarchy as the input with the lowest level of uncertainty that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

5. Basis of assessment

The financial statements have been prepared on a historical cost basis.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

6. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements include the Company and its subsidiary (together referred to as the “Group”).

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group ceases to control.

(ii) Non-Controlling Interests (“NCI”)

NCI are initially measured at their proportionate share of the identifiable net assets of the acquiree at the acquisition date. Changes in the Group's interest in the equity of a subsidiary that do not result in the loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, as well as any related NCI and other components of equity. Any gain or loss associated with the loss of control is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value when the Group lost control.

(v) Transactions eliminated on consolidation

Intra-Group balances and transactions, as well as any unrealized gains or losses (except for gains or losses on foreign exchange transactions) are eliminated. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Foreign exchange transactions

Foreign currency transactions are converted into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss and presented in finance costs.

c) Revenue from contracts with customers

Revenues is measured based on the consideration specified in the contracts with customers. The Company recognizes Income when it transfers control of a good or service to the customer.

The following table provides information about the nature and timing of performance obligations under contracts with customers, including significant payment terms, as well as the related Income recognition policies.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Nature and performance of contractual obligations	Revenue recognition
<i>Revenue from the sale of finished products and merchandise</i>	<p>The company concludes contracts with its customers. These are usually contracts that establish the selling price, payment terms, delivery and acceptance conditions of the goods sold, the rights and obligations of the parties. The selling price of the goods is established for each commercial contract. The contract is usually concluded based on the order placed by the customer to the company.</p> <p>Customers obtain control of the goods when they are delivered and accepted. The performance obligation is fulfilled at the specific time.</p> <p>The contractual payment terms for issued invoices vary between 60 and 120 days.</p> <p>Transportation services related to goods are usually included in contracts for the sale of goods. If the Company transports the goods to the customer, the transfer of ownership occurs at the time of delivery of the goods to the place of completion of the transport, depending on the delivery terms. Thus, these transportation services are not recognized as a separate performance obligation.</p>	<p>Revenue from the sale of goods is recognized when control is transferred to the customer.</p> <p>After fulfilling the performance obligations, the Company has an unconditional right to their consideration, as provided for in its contracts with customers. Receivables related to these contracts are generally collected in less than 120 days, in accordance with the payment terms. Receivables related to contracts with customers less expected credit losses are presented in the consolidated statement of financial position under the line Trade Receivables.</p>
<i>Revenue from the provision of services</i>	<p>These are usually contracts that establish payment terms, rights and obligations of the parties. The contract price is established between the parties for each individual contract.</p> <p>The performance obligation consists of providing services according to the object of the contract with the customers.</p> <p>The performance obligation is fulfilled as the Company continuously provides the services.</p> <p>Invoices are issued monthly based on documents attesting to the services provided by the Company during the respective month.</p> <p>The payment terms for issued invoices vary between 14 and 90 days.</p>	<p>Revenue is recognized over time because the customer simultaneously receives and consumes the benefits of the services provided by the Company as they are performed and create or enhance an asset controlled by the customer. The asset has no alternative use and the Company has an enforceable right to payment for partial performance.</p> <p>Receivables related to these contracts are generally collected in less than 90 days, in accordance with the payment terms.</p> <p>Services are recognized in accounting on a monthly basis.</p>

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are not discounted and are recognized in the statement of comprehensive income as the related service is rendered.

Short-term employee benefits include salaries, bonuses, and social security contributions.

(ii) Defined contribution plans

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

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

The Company is not engaged in any independent pension scheme and, accordingly, has no other obligations in this regard. The Company is not engaged in any other post-retirement benefit scheme. The Company has no obligation to provide further services to former or current employees.

e) Operating profit

Operating profit is the result generated from the Company's main ongoing revenue-generating activities, as well as from other income and expenses related to operating activities. Operating profit does not include the financial result and income tax.

f) Finance income and finance costs

The Company's finance income and expenses include:

- interest income;
- interest expense;
- gains or losses from exchange rate differences related to financial assets and liabilities;
- impairment losses (and reversals of impairment losses) recognised in respect of financial assets (other than trade receivables);
- unwinding of non-current provisions.

Interest income or expense is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial debt.

When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or the amortized cost of the liability. However, for financial assets that are credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then interest income is calculated by reference to the gross carrying amount.

g) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income .

(i) Current tax

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

Current tax comprises the tax expected to be paid or recovered on the taxable profit or loss of the current year and any adjustment to tax payable or recoverable in respect of previous years. The amount of current tax payable or recoverable is the best estimate of the amount expected to be paid or recovered, reflecting the uncertainty relating to income tax, if any. It is determined using tax rates that have been enacted or substantially enacted by the reporting date.

Current tax receivables and payables are offset only if certain criteria are met.

Starting with fiscal year 2024, Law no. 296 on certain fiscal and budgetary measures to ensure the long-term financial sustainability of Romania, issued on October 26, 2023, as subsequently amended and supplemented, introduced a 1% tax on income for entities with a turnover exceeding EUR 50 million in the previous fiscal year. This tax is applied only if its value is higher than the value of the corporate income tax and is calculated based on total income, from which certain types of income are excluded, the value of assets under construction realized during the year and the value of depreciation of assets acquired or produced during the year. The Company accounts for this as a “hybrid tax”, conceiving the component based on a net amount as the minimum tax and recognizing that amount as a current expense with income tax under IAS 12. Any excess of the minimum amount is then recognized as an operating expense.

Law 431/2023 on ensuring a global minimum level of taxation for large multinational and national enterprise groups transposes into national legislation the provisions of Directive 2523/2022 on ensuring a minimum level of taxation. Also, according to Article 5 of Law 431/2023, for the application of this law, the explanations and examples from the Administrative Guidelines issued by the Organization for Economic Cooperation and Development (“OECD”) are used.

(ii) Deferred tax

Deferred tax is recognized in relation to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognized for:

- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and that, at the time of the transaction:
 - (i) does not affect either accounting profit or taxable profit or loss, and
 - (ii) does not give rise to equal taxable and deductible temporary differences.
- temporary differences associated with investments in subsidiaries, associates and joint ventures, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which they can be utilized. Future taxable profits are determined based on the reversal of the relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits are considered, adjusted for the reversal of existing temporary differences, based on the Company's business plans.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would result from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

h) Inventories

Inventories are valued at the lower of cost and net realizable value.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

Raw materials are valued at purchase price, including transportation, handling costs and net of trade discounts.

The cost of inventories is based on the first-in, first-out (FIFO) principle and includes expenses incurred to purchase the inventories, production or processing costs and other costs incurred to bring the inventories to their present form and location.

In the case of inventories produced by the Company and those in the process of production, the cost includes the appropriate share of administrative expenses related to production based on normal operating capacity.

i) Property, Plant and Equipment

(i) Recognition and measurement

Property, Plant and Equipment recognized as assets are initially valued at cost by the Company. The cost of an item of tangible fixed assets consists of the purchase price, including non-recoverable taxes, after deducting any discounts of a commercial nature and any costs that can be directly attributed to bringing the asset to the location and condition necessary for it to be able to be used for the intended purpose of management, such as: employee expenses that result directly from the construction or acquisition of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

The cost of an item of property, plant and equipment constructed by the entity includes:

- the cost of materials and direct personnel expenses;
- other costs directly attributable to bringing the assets to the condition necessary for their intended use. When the Company has an obligation to remove the asset and restore the site, an estimate of the costs of dismantling and removing the elements and restoring the site where they were capitalized.

When certain components of a tangible asset have different useful lives, they are accounted for as distinct items (major components) of tangible assets.

Property, plant and equipment are classified by the Company into the following classes of assets of the same nature and with similar uses:

- lands;
- buildings;
- equipment, technical installations and machinery;
- vehicles;
- other tangible assets.

Land, buildings and equipment are presented in the statement of financial position at cost less accumulated depreciation and less any accumulated impairment losses.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

(ii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the value of the future economic benefits embodied in the asset for which they are intended. Repairs and maintenance expenses are recognized in the profit or loss account as incurred.

(iii) Depreciation

Property, plant and equipment are depreciated from the date they are available for use or are in working condition and, for assets constructed by the entity, from the date the asset is completed and ready for use.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

- Land improvements 3-10 years
- Building 30-60 years
- Equipment and other tangible assets 3-20 years

Land is not subject to depreciation.

Depreciation is generally recognized in the profit or loss account, unless the amount is included in the carrying amount of another asset.

The depreciation methods, estimated useful lives and residual values are reviewed by the Company's management at each reporting date and adjusted, if necessary.

(iv) Sale/disposal of tangible assets

Property, plant and equipment that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation is included in current profit or loss.

j) Intangible assets

(i) Recognition and measurement

Research and development

Expenses related to research activities are recognized in profit or loss as incurred.

Development costs are capitalized only if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends and has sufficient resources to complete the development and use or sell the asset. Otherwise, they are recognized in profit or loss as incurred. Subsequent to initial recognition, development costs are measured at cost, less accumulated Depreciation charge and any accumulated impairment losses.

Other intangible assets

Intangible assets acquired by the Company and having finite useful lives are measured at cost less accumulated Depreciation charge and accumulated impairment losses.

(ii) Subsequent expenses

Subsequent expenses are capitalized only when they increase the value of the future economic benefits embodied in the asset to which they are allocated. All other expenses, including expenses for goodwill and internally generated brands, are recognized in profit or loss when incurred.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

(iii) Depreciation

Amortization is calculated on the cost of the asset less its residual value. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use.

The estimated useful lives for the current period and comparative periods are as follows:

- Patents, Licenses, Software 3 years
- Development expenses 2-10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary.

k) Non-current financial assets

Financial assets comprise of shares held in associates and jointly controlled entities, loans granted to related parties and jointly controlled entities, as well as other investments held as assets.

Investments in associates are initially measured at cost and subsequently at cost less any impairment losses.

Investments in real estate project are recognised at fair value and subsequently measured at fair value through profit or loss (FVTPL)..

l) Financial instruments

(i) Initial recognition and measurement

Trade receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the instrument.

Cash and cash equivalents include cash balances, demand deposits and deposits with maturities of up to three months from the date of establishment that have an insignificant exposure to fair value risk and are used by the Company to manage short-term commitments.

A financial asset (except for trade receivables that do not have a significant financing component) or a financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issuance. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

(ii) Classification and further measurement

Financial assets

Upon initial recognition, a financial asset is classified into one of the following business models: held to collect contractual cash flows, held to collect contractual cash flows and for the purpose of selling, or other.

Financial assets are not reclassified after their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

A financial asset is classified as held for the purpose of collecting contractual cash flows and measured at amortized cost if it meets the following two conditions:

- is held within a business model whose objective is to hold assets for the purpose of collecting contractual cash flows; and
- its contractual terms give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount owed.

All of the Company's financial assets are classified as held for the purpose of collecting contractual cash flows.

Financial assets – Subsequent measurement and gains and losses

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss resulting from derecognition is recognized in profit or loss .

Financial liabilities – Classification, subsequent measurement and gains or losses

Financial liabilities are classified as financial liabilities measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss resulting from derecognition is recognized in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows arising from the financial asset expire; or
- transfers the contractual rights to receive cash flows in a transaction in which:
 - substantially all the risks and rewards of ownership of the financial asset are transferred; or
 - The Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the financial asset.

Financial liabilities

The Company derecognises a financial liability when the obligations specified in the contract are extinguished or cancelled or expire. The Company also derecognises a financial liability when the terms of the contract are modified and the cash flows of the modified liability differ significantly, in which case a new financial liability is recognized at fair value based on the modified contractual terms.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a current legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

m) Depreciation

(i) Non-derivative financial assets

The Company recognizes an impairment adjustment for expected credit losses (“ECL”) in relation to financial assets measured at amortized cost and assets related to contracts with customers.

The Company assesses impairment adjustments at a value equal to the lifetime ECL.

When assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's experience of past events and informed credit risk analysis, which includes forecasts of future conditions.

The Company considered that the credit risk associated with a financial asset had increased significantly if it was more than 30 days past due.

The Company considers that a financial asset presents a risk of default when:

- it is unlikely that the debtor will pay its obligations to the Company in full, without resorting to actions such as enforcement of the guarantee (if any); or
- the financial asset is overdue for more than 90 days.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

The maximum period taken into account when estimating ECL is the maximum contractual period during which the Company is exposed to credit risk.

ECL assessment

ECL is a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive).

Impaired financial assets due to credit risk

At each reporting date, the Company analyzes whether financial assets measured at amortized cost are impaired due to credit risk. A financial asset is “credit-impaired” when one or more events have occurred that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired due to credit risk includes observable data regarding the following events:

- the debtor's significant financial difficulty;
- breach of contract, for example failure to fulfill obligations or a delay in payment of more than 365 days;
- restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider; or
- it is likely that the debtor will enter bankruptcy or other form of financial reorganization.

Presentation of adjustments for ECL in the statement of financial position

Loss adjustments related to financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Full reduction following depreciation

The gross carrying amount of a financial asset is fully reduced following impairment when the Company has no reasonable expectation of full or partial recovery of a financial asset.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, assets under contracts with customers and deferred tax assets) to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss,

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount, net of depreciation, that would have been determined if no impairment loss had been recognized. A reversal of an impairment loss is recognized in profit or loss.

n) Share capital

The Company recognizes changes in the share capital in accordance with applicable legislation and after their approval by the General Meeting of Associates and registration with the Trade Register.

Until December 31, 2003, the statutory share capital in nominal terms was restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", through a corresponding adjustment of the retained earnings.

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction in equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

o) Leases

At the inception of a contract, the Company assesses whether that contract is or contains a lease. A contract is or contains a lease if that contract grants the right to control the use of an identified asset for a certain period of time in exchange for consideration.

As a lessee

At the commencement date or upon modification of a contract containing a leasing component, the Company allocates the contract consideration to each leasing component based on the relative individual prices.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, less any incentives received under the lease.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date until the end of the lease term, unless the lease agreement transfers ownership of the underlying asset to the Company until the end of the lease term or the cost of the right-of-use asset reflects the fact that the Company will exercise a purchase option.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined similarly to tangible assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain rmeasurements of the lease liability.

The liability arising from the lease contract is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract, discounted using the interest rate implicit in the lease contract or, if this rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The Company determines its marginal borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease agreement and the type of underlying asset.

The lease payments included in the measurement of the liability arising from the lease contract include the following:

- fixed lease payments, including fixed payments into the fund;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the inception of the contract;
- the amounts expected to be paid under residual value guarantees; and the exercise price of a purchase option if the Company is reasonably certain that it will exercise it, lease payments related to an optional extension period if the Company is reasonably certain that it will exercise the extension option and lease termination penalties, unless the Company is reasonably certain that it will not terminate the lease.

The liability arising from the lease contract is measured at amortized cost using the effective interest method. The liability is rmeasured when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the Company's estimate of the amounts expected to be due under the residual value guarantee, if the Company changes its assessment of the probability of exercising a purchase, extension or termination option, or if there is a revision to a fixed lease payment in the fund.

When the liability arising from the lease contract is revalued in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or the rmeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents the assets related to the right of use separately in the statement of financial position.

Sale and leaseback

The Company accounts for sale and leaseback transactions in accordance with IFRS 16 – Leases and applies IFRS 15 – Income from Contracts with Customers to assess whether the transfer of the asset meets the criteria to be considered a sale.

The Company evaluates whether the transfer of the asset satisfies the criteria for a sale under IFRS 15. If the criteria are met, the transaction is accounted for as a sale and leaseback. If the criteria are not met the transaction is treated as a financing arrangement, and the related asset is not derecognized.

If the transaction qualifies as a sale, the asset is derecognized, a right-of-use asset is recognized for the leaseback component, a lease liability is recognized based on the lease payments, and any gain or loss is recognized only to the extent that the rights have been transferred to the buyer-lessor.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Short-term leases and leases for low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (below EUR 1,000) and for short-term leases (below 12 months). The Company recognizes lease payments related to these contracts as an expense, on a straight-line basis, over the term of the lease. For these leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the lease term.

Following the application of the provisions of IFRS 16 in the current financial year, the Company recognized right-of-use assets as assets, simultaneously with the increase in total liabilities by the same amount.

The right-of-use assets that the Company holds and records in accordance with IFRS 16 refer to buildings and land, cars and equipment. The breakdown of the values of the right-of-use assets by the mentioned categories is found in Note 29. The right-of-use assets are presented at cost in accordance with IAS 16 and depreciated over the term of the lease agreement.

p) Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and are recognized as a liability to the extent that they are unpaid at the reporting date. Dividends are disclosed in the notes to the financial statements when their distribution is proposed after the reporting date and before the date of issue of the financial statements.

q) Related parties

Related parties are those parties that have, through ownership, contractual rights, family relationships or otherwise, the ability to directly or indirectly control or significantly influence the other party. Related parties also include persons who are the main shareholders, management and members of the board of directors and members of their families. Details of transactions with related parties are presented in Note 32.

r) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the estimated future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Depreciation charge of the discount is recognized as a financial expense.

Provisions for guarantees

A provision for warranties is recognized when the related products or services are sold, based on historical data regarding warranties and an assessment of possible outcomes, weighted by the probabilities associated with them.

Subsequent to the initial measurement, the obligation is measured at the end of each reporting period to reflect the time value of money and any changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the time value of money is recognized in finance expenses, while changes in the estimated future cash flows are recognized in operating expenses.

s) Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are determined by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilution effects of potential ordinary shares.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

t) Government subsidies

Investment grants are initially recognized as deferred income, at fair value, when there is certainty that they will be received and the Company will comply with the associated conditions. Grants that compensate the Company for the cost of an asset are recognized in the statement of comprehensive income, in "Other income" on a systematic basis over the useful life of the asset, as the subsidized asset is depreciated. Grants that compensate the Company for expenses incurred are recognized in the statement of comprehensive income, in "Other income" on a systematic basis in the same periods in which the expenses are recognized.

u) Segment reporting

A segment is a component of the Company that engages in divisions of activity from which it may earn revenues or incur expenses (including revenues and expenses corresponding to transactions with other components of the same entity), whose operating results are reviewed regularly by the Company's chief operating decision maker.

The purpose of this analysis is to make decisions regarding the resources to be allocated to the segment and to evaluate its performance, based on the distinct financial information available.

Segment information is presented with respect to the Company's business divisions, which are established based on the management structure and internal operational reporting.

Segment results, assets and liabilities include items that can be directly attributed to a segment, as well as items that can be allocated on a reasonable basis. Unallocated items consist primarily of investments and related income, loans and borrowings and related expenses, corporate assets (mainly the Company's headquarters), administrative expenses, and tax receivables and payables.

v) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but is disclosed when an inflow of economic benefits is virtually certain.

w) Subsequent events

Events occurring after the reporting date until the date these financial statements were authorized for issue that provide additional information about the conditions that existed at the reporting date (adjusting events) are reflected in these financial statements.

Events occurring after the reporting dates up to the date on which these financial statements were authorized for issue, which provide information about events that occurred after the reporting dates (non-adjusting events), when significant, are presented in the explanatory notes to the financial statements.

7. Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2025, and earlier application is permitted; however, the Company has not early adopted the new amended standards in preparing these consolidated financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax. Entities are also required to present a subtotal of the newly defined operating profit. Entities' profit will not change.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Improved guidance is provided on how to group information in financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method. The Company is still in the process of assessing the impact of the new standard, in particular with regard to the structure of the Company's financial statements of profit or loss, the statement of cash flows and the additional descriptions required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as "other".

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company's consolidated financial statements.

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Non-Publicly Liable Subsidiaries: Disclosures (IFRS 19 Issued on May 9, 2024 and applicable for annual periods beginning on or after January 1, 2027, not yet endorsed by the European Union);
- Sale or contribution of assets between an investor and its associate or joint venture – (Amendments to IFRS 10 and IAS 28)

8. Operating segments

A. Basis of segmentation

The Company has identified three reportable operating segments, which are determined based on the internal analysis method by the Company's chief decision maker.

The following table describes the activities of each reportable segment:

Reportable segment	Operations
Production of electrical equipment	Production of low and medium voltage electrical equipment, production of metal shelters, with various degrees of equipment (mechanical and/or electrical)
Provision of engineering, procurement and construction services ("EPC")	Providing EPC (engineering and construction) activities in the area of power stations, irrigation infrastructure works, photovoltaic parks. This segment also includes the international tenders business line, having a similar specifics.
Providing IT services – software development	Provision of IT services consisting of software development services, the Group's activity carried out through the subsidiary Alfa Factory Software SRL

The Company's management reviews the management reports of each segment. The operating results (sales, margin, EBITDA and profit) are the indicators used to evaluate the performance by segments, as Management believes that this information is the most relevant in evaluating the results of the segments.

ELECTRO-ALFA INTERNATIONAL SA

Notes to the consolidated financial statements

for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise specified)

B. Information about operating segments

Year ended December 31, 2025	Manufacture of electrical equipment	Provision of EPC services	Providing IT services	Total reportable segments	Inter-segment eliminations	Total consolidated
External revenue	457,224,475	374,180,409	816,168	832,221,052	-	832,221,052
Inter-segment revenue	35,621,479	-	179,685	35,801,164	(35,801,164)	-
Segment revenue	492,968,002	374,180,409	995,853	868,022,216	(35,801,164)	832,221,052
Other income	1,693,483	-	1,071	1,694,554	-	1,694,554
Employee benefit expenses	(60,160,529)	(19,399,942)	(694,703)	(80,255,174)	118,573	(80,136,601)
Raw materials and merchandise	(313,562,260)	(118,985,002)	-	(432,547,262)	35,621,479	(396,925,783)
Service expenses	(14,475,454)	(187,240,202)	(370,130)	(202,085,786)	61,112	(202,024,674)
Utilities expenses	(1,482,149)	(681,685)	(3,299)	(2,167,133)	-	(2,167,133)
Transportation expenses	(6,329,103)	(1,484,696)	(152)	(7,813,951)	-	(7,813,951)
Repairs, maintenance and materials	(3,010,663)	(38,286)	(7,695)	(3,056,644)	-	(3,056,644)
Depreciation of fixed assets	(8,684,764)	(2,080,566)	(2,889)	(10,768,219)	-	(10,768,219)
Expected credit losses	(718,825)	(1,027,196)	-	(1,746,021)	-	(1,746,021)
Other operating expenses	(8,667,827)	(5,702,616)	(140,377)	(14,510,820)	-	(14,510,820)
Segment operating profit	77,569,911	37,540,218	(222,321)	114,765,760	-	114,765,760

Year ended December 31, 2024	Manufacture of electrical equipment	Provision of EPC services	Providing IT services	Total reportable segments	Inter-segment eliminations	Total consolidated
External revenue	293,175,762	355,264,835	-	648,440,597	-	648,440,597
Intersegment revenue	24,829,227	-	-	24,829,227	(24,829,227)	-
Segment revenue	318,004,989	355,264,835	-	673,269,824	(24,829,227)	648,440,597
Other income	414,180	1,099,284	-	1,513,464	-	1,513,464
Employee benefit expenses	(38,303,073)	(14,812,766)	-	(53,115,839)	-	(53,115,839)
Raw materials and merchandise	(208,995,250)	(119,565,306)	-	(328,560,556)	24,829,227	(303,731,329)
Service expenses	(6,773,009)	(183,583,751)	-	(190,356,760)	-	(190,356,760)
Utility expenses	(1,177,655)	(400,260)	-	(1,577,915)	-	(1,577,915)
Transportation expenses	(3,951,717)	(2,925,279)	-	(6,876,996)	-	(6,876,996)
Repairs, maintenance and materials	(2,250,498)	(115,278)	-	(2,365,776)	-	(2,365,776)
Depreciation of fixed assets	(9,528,659)	(868,947)	-	(10,397,605)	-	(10,397,605)
Expected credit losses	(768,557)	(161,020)	-	(929,577)	-	(929,577)
Other operating expenses	(6,019,922)	(7,331,930)	-	(13,351,852)	-	(13,351,852)
Segment operating profit	40,650,830	26,599,582	-	67,250,413	-	67,250,413

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise specified)

Inter-segment revenues are represented by the equipment from its own production that the Company uses within the "EPC" service projects and which are invoiced to the beneficiaries of these projects.

Total assets and liabilities by segment are not included in the management reports reviewed by Management.

9. Revenue

A. Income from contracts with customers

The group derives income from:

	2025	2024
Revenue from the sale of finished products	452,022,179	282,933,648
Revenue from the sale of merchandise	14,889,003	66,881,669
Revenue from services rendered	361,616,477	297,573,368
Other revenue	3,693,393	1,051,912
Total	832,221,052	648,440,597

The Group generates Income from the sale of medium and low voltage electrical equipment and related equipment such as technical shelters for this equipment, as well as from services provided within contracted projects.

Sales of goods

During 2025, the Company contracted through dedicated auction platforms financed by non-reimbursable aid funds financed by the European Energy Community and the United States of America through accredited entities the sale of electrical equipment delivered to Ukraine in the amount of 4,537,108 lei, a significant decrease compared to the similar period of 2024, when these sales amounted to 60,497,517 lei. The explanation is given by the period of uncertainty caused by the resetting of government support from the United States of America in the first part of 2025. Non-reimbursable financing, aid to Ukraine, returned to a flow close to normal in the second part of 2025, but the long implementation time of the contracts means that these revenues, although contracted in 2025, will be delivered in 2026.

Sales of finished products

Sales of finished products increased as a result of market demand for electrical equipment in Romania, as the Romanian energy system is undergoing a modernization process, which has attracted significant investments in this area.

Regarding sales of finished products - low-voltage equipment, the Group expanded its collaboration with its customers to foreign markets, starting with 2023, starting deliveries of electrical equipment from its own production to private customers in the United States of America, recording income from these contracts in the amount of 78,602,926 lei in 2024 and, respectively, in the amount of 110,799,766 lei during 2025.

Sales of finished products (compact transformer stations) increased to 224,011,918 lei in 2025 compared to 156,542,714 lei in the previous year, as a result of the sharp increase in the number of contracts concluded amid increased customer demand.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Sales from the provision of services

During 2025, the Group generated revenues from services in the amount of 361,616,477 lei (2024: 297,573,368 lei). In the line of business services, the revenues recorded by the corporate division in 2025 were 257,320,678 lei compared to 155,238,484 lei in the same period of 2024, offsetting the decrease recorded by the green energy division (94,743,730 lei for the period ended December 31, 2025 compared to 133,398,307 lei for the period ended December 31, 2024).

During 2025, the Group started providing software development services through the Alfa Factory Software subsidiary, recording revenues in 2025 in the amount of 636,483 lei. We note that these services were aimed at developing artificial intelligence software programs.

The Company's customers are generally companies in Romania, with exports accounting for approximately 14.86% of total sales. No single customer is significant in terms of share in the Company's total sales.

Timing of Revenue recognition

	2025	2024
Revenue recognized over time	361,616,477	298,434,260
Revenue recognized at a point in time	470,604,575	350,006,337
Total	832,221,052	648,440,597

B. Balances related to customer contracts

The table below presents information on the balances of contracts concluded at the end of each reporting period.

	December 31, 2025	December 31, 2024
Trade receivables	305,902,251	106,765,037
Contract assets	18,669,274	13,998,677
Contract liabilities	(58,662,779)	(23,263,761)
Total	265,908,746	97,499,953

Contract assets

Contract assets represent assets related to service contracts for the portion of the work performed that is the subject of the contract and not invoiced for which the Company has the unconditional right to collect according to the contractual clauses and the legal provisions in force.

Contract liabilities

Contractual liabilities represent amounts received in advance from customers according to contractual clauses.

On December 31, 2025, they recorded growth significantly thanks to collection an advance payment in the amount of 22,660,332 lei related to a contract for the delivery of electrical equipment in Ukraine.

Advances are generally recognized as income in the following financial year, as the related contracts are executed. During 2025, income of 18,785,433 lei was recognized from the opening balances of contractual liabilities. Advances that were not recognized as income in the amount of 4,827,420 lei are related to the contract with the final beneficiary Syndicat Mixte Ileva, a French public entity, for a project that is currently suspended but is expected to continue in a short period of time.

10. Other income

	2025	2024
Income from investment subsidies	237,923	345,081
Income from expenditure subsidies	344,518	413,956
Net gain from the sale of property, plant and equipment	55,444	-
Other operating income	1,056,668	754,427
Total	1,694,553	1,513,464

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

11. Operating expenses

Raw materials and merchandise expenses

	2025	2024
Raw material expenses	386,295,733	259,085,261
Merchandise expenses	10,630,049	44,646,068
Total	396,925,782	303,731,329

Service expenses

	2025	2024
Subcontractors for construction projects	201,157,086	188,656,622
Other expenses	867,588	1,700,138
Total	202,024,674	190,356,760

The expenses for services provided in the contract include expenses for subcontractors in projects for the execution of development, rehabilitation and modernization works for electrical networks and irrigation systems.

Statutory auditor fees

In 2025 and 2024, the fees of the statutory auditor KPMG Audit SRL were as follows:

Services (EUR)	2025	2024
Audit fee for financial statements	79,200	23,694
Audit fee for financial statements prepared for listing	-	136,645
Non-audit services	130,897	-

Non-audit services mainly refer to services for reviewing simplified interim financial statements and services related to the issuance of comfort letters.

Repairs, maintenance and materials

	2025	2024
Maintenance and repair expenses	1,169,952	991,912
Material expenses	1,886,692	1,373,864
Total	3,056,644	2,365,776

Utility expenses

	2025	2024
Energy expenses	1,090,060	800,523
Water expenses	268,271	201,781
Gas expenses	808,802	575,611
Total	2,167,133	1,577,914

Transportation expenses

	2025	2024
Transportation expenses	7,813,951	6,876,996
Total	7,813,951	6,876,996

Other operating expenses

	2025	2024
Commission expenses	184,430	725,614

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Rental expenses	710,769	195,590
Banking and similar services expenses	875,128	1,177,488
Insurance premium expenses	729,342	700,735
Other taxes and fees expenses	1,263,579	948,405
Donations expenses	2,596,348	1,932,346
Travel, secondments and transfers expenses	1,552,803	1,333,083
Postal and telecommunications fees	542,177	436,888
Protocol, advertising and publicity expenses	2,221,585	1,726,294
Compensation, fines and penalties expenses	588,535	548,169
Movements in provisions, net	1,498,581	2,825,797
Other operating expenses	1,747,543	801,443
Total	14,510,820	13,351,852

12. Benefits for employees and collaborators

Employee benefit liabilities were as follows :

	December 31, 2025	December 31, 2024
Salaries due to employees and collaborators	3,172,803	1,461,497
Performance bonuses benefits	19,387,586	10,416,000
Untaken holiday	1,828,744	944,316
Other	58,974	47,169
Total	24,448,107	12,868,982

Employee benefits are entirely current liabilities.

In 2025 the average number of employees in the Group was 382 (2024: 282). Employee benefit expenses include base salaries, mandatory health insurance contributions, mandatory social insurance contributions, performance bonuses and unused vacations.

	2025	2024
Salaries and other remuneration	73,147,116	48,730,257
Social security contributions	2,418,995	1,576,422
Meal tickets	4,570,490	2,809,160
	80,136,601	53,115,839

13. Financial result

	2025	2024
Interest income	2,583,592	760,831
Other finance income	643,942	25,203
Total income	3,227,534	786,034
Interest expenses	2,559,578	1,948,246
Expenses from exchange rate differences. net	2,104,809	437,141
Expenses related to updating provisions	597,179	431,077
Other finance expenses	53,887	44,991
Total expenses	5,315,453	2,861,455

14. Earnings per share

The calculation of basic earnings per share was performed based on the profit attributable to shareholders:

	2025	2024
Profit attributable to shareholders	99,746,604	57,438,739
Weighted average number of ordinary shares	122,553,800	63,845
Basic and diluted earnings per share	0.81	899.66

15. Income tax

(a) Amounts recognized in profit or loss

	2025	2024
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The accompanying notes are an integral part of the financial statements.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Current tax expense	14,720,957	8,187,821
Deferred tax benefit	(1,789,720)	(451,569)
Total	12,931,237	7,736,252

(b) Reconciliation of the effective tax rate

	2025		2024	
Profit before tax		112,677,841		65,174,991
Tax using the tax rate	16%	18,064,025	16%	10,427,999
The effect of:				
Non-deductible expenses	0.83%	934,813	1.13%	736,299
Tax exempt income	0%	-	0%	-
Deductions:				
Legal reserve	(0.78%)	(883,546)	0.00%	-
Exemptions for sponsorships	(2.30%)	(2,596,348)	(2.96%)	(1,932,346)
Tax credit	(2.13%)	(2,396,435)	(1.92%)	(1,253,632)
Exemptions for reinvested profit	(0.14%)	(155,701)	(0.37%)	(242,068)
Income tax	11.5%	12,931,237	11.7%	7,736,252

(c) Movement in deferred tax balances

	Net balance as of January 1, 2024	Recognized in profit or loss	Net balance as of December 31, 2024	Deferred tax assets	Deferred tax liabilities
Property, Plant and Equipment	167,336	(46,409)	120,928	-	120,928
Inventories	(706,872)	(184,425)	(891,297)	(891,297)	-
Trade receivables	(327,135)	57,746	(269,389)	(269,389)	-
Other receivables	(38,028)	12,760	(25,267)	(25,267)	-
Provisions	296,778	186,142	482,920	-	482,920
Trade Payables	(84,306)	84,306	-	-	-
Debts to employees	(1,021,400)	(561,690)	(1,583,091)	(1,583,091)	-
Total deferred tax liabilities (assets) before offsets	(1,713,627)	(451,569)	(2,165,196)	(2,769,043)	603,847
Offset tax				603,847	(603,847)
Net deferred tax liabilities (assets)				(2,165,196)	-
	Net balance as of January 1, 2025	Recognized in profit or loss	Net balance as of December 31, 2025	Deferred tax assets	Deferred tax liabilities
Property, Plant and Equipment	120,928	(26,176)	94,752	-	94,752
Inventories	(891,297)	24,853	(866,444)	(866,444)	-
Trade receivables	(269,389)	(233,381)	(502,770)	(502,770)	-
Other receivables	(25,267)	(46,360)	(71,627)	(71,627)	-
Provisions	482,920	(20,107)	462,813	-	462,813
Trade Payables	-	-	-	-	-
Debts to employees	(1,583,091)	(1,488,548)	(3,071,639)	(3,071,639)	-
Total deferred tax liabilities (assets) before offsets	(2,165,196)	(1,789,719)	(3,954,915)	(4,512,480)	557,564
Offset tax				557,564	(557,564)
Net deferred tax liabilities (assets)				(3,954,916)	-

Deferred income tax is mainly generated by depreciation adjustments for inventories, customers and benefits granted to employees in the form of bonuses and unused vacations treated as non-deductible.

16. Cash, cash equivalents and restricted cash

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	December 31, 2025	December 31, 2024
Current accounts at banks and other values	45,597,958	87,864,345
Deposits set up for a period of less than 3 months	30,408,063	-
Petty cash	14,077	20,207
Total cash and cash equivalents	76,020,098	87.884.552

As of December 31, 2025, the restricted cash in the amount of 18,863,473 lei is mainly related to performance guarantees, for a project having as investment objective the irrigation network under the administration of the National Land Improvement Agency (ANIF) in the Răzmirești area. The Company has opened a special performance guarantee account at the Botoșani Treasury, the Company can access cash only upon completion of the project and after signing the acceptance protocol by the contracting authority. The restricted cash is classified as long-term in accordance with the estimated completion of the project.

17. Inventories

	December 31, 2025	December 31, 2024
Raw materials and consumables	25,589,597	21,124,270
Finished products and merchandise	8,784,753	9,784,748
Work under construction	11,685,447	10,746,325
Total	46,059,797	41,655,343

The amount of inventories recognized in the profit and loss account for 2025 is 396,925,783 lei (2024: 303,731,329 lei).

18. Trade receivables

	December 31, 2025	December 31, 2024
Trade receivables from third parties. gross	262,341,938	69,069,627
Trade receivables from related parties. gross	2,289,201	1,207,084
Effects to be received	51,322,554	40,068,463
Allowance for expected credit losses	(5,183,034)	(3,580,137)
Total	310,770,659	106,765,037

The bills receivable represent CEC bills and promissory notes issued by customers in favor of the Company. By the date of authorization of these financial statements, the bills receivable in the amount of 41,008,585 lei had been collected, the bills receivable not collected at this date in the amount of 9,991,006 lei had not reached maturity.

The movement of Expected credit losses is as follows :

	2025	2024
Balance as of January 1	3,580,137	2,957,936
New adjustments during the period	1,720,692	2,012,900
Cancel adjustments during the period	(117,795)	(1,390,699)
Balance as of December 31	5,183,034	3,580,137

The aging analysis of trade receivables is presented in Note 31. Trade receivables from related parties are presented in Note 32.

19. Other receivables

	December 31, 2025	December 31, 2024
Miscellaneous debtors	907,187	1,357,220
Receivables related to the state budget	100,039	266,695
Other assets	741,759	287,503
Impairment loss on other receivables	(447,669)	(267,014)
Total	1,301,316	1,644,404

Miscellaneous debtors with a balance of 907,186 lei as of December 31, 2025, mainly include receivables resulting from receivables assignment operations in the amount of 447,669 lei (December 31, 2024: 714,683 lei) and third party loans 405,671 lei (December 31, 2024: 497,410 lei).

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

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

20. Property, Plant and Equipment

	Land and land developments	Buildings	Equipment and other fixed assets	Assets under construction	Total
<i>Cost</i>					
On January 1, 2024	9,720,425	31,283,379	41,026,827	229,949	82,260,581
Additions	6,306,052	15,577,373	3,175,648	4,696,740	29,755,812
Transfers from assets under construction		673,738	141,183	(814,921)	-
Disposals					-
On December 31, 2024	16,026,477	47,534,491	44,343,658	4,111,768	112,016,393
<i>Accumulated depreciation and impairment losses</i>					
On January 1, 2024	945,440	6,469,220	23,170,741	-	30,585,402
Depreciation charge	322,477	1,548,685	4,964,052	-	6,835,213
Disposals	-	-	(32,623)	-	(32,623)
On December 31, 2024	1,267,917	8,017,905	28,102,170	-	37,387,991
<i>Net book value</i>					
On December 31, 2024	14,758,560	39,516,586	16,241,488	4,111,768	74,628,402
	Land and land developments	Buildings	Equipment and other fixed assets	Property, plant and equipment under construction	Total
<i>Cost</i>					
On January 1, 2025	16,026,477	47,534,491	44,343,658	4,111,768	112,016,393
Additions	-	-	3,779,501	6,973,114	10,752,614
Transfers from assets under construction	1,482,832	155,080	50,828	(1,688,741)	-
Disposals	-	(32,550)	(752,201)	-	(784,751)
As of December 31, 2025	17,509,309	47,657,021	47,421,786	9,396,141	121,984,256
<i>Accumulated depreciation and impairment losses</i>					
On January 1, 2025	1,267,917	8,017,905	28,102,170	-	37,387,991
Depreciation charge	322,631	1,789,727	5,173,841	-	7,286,199
Disposals	-	(1,221)	(743,643)	-	(744,863)
As of December 31, 2025	1,590,548	9,806,411	32,532,368	-	43,929,327
<i>Net book value</i>					
As of December 31, 2025	15,918,761	37,850,610	14,889,418	9,396,141	78,054,929

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Land and buildings

Land and buildings comprise properties held by the Company for use in the production of goods, respectively for administrative purposes. The increases during 2025 refer to the acquisition of a building, consisting of urban land with an area of 19,777 sq m, located in the vicinity of the medium voltage factory, located at 10A Peco Street, with the aim of further expanding the production facilities.

Equipment and other fixed assets

This category mainly includes equipment used by the Company in the production of goods. The increases during 2025 refer to the acquisition of computer systems both for use by employees and for improving the internal computer network in the amount of 900,225 lei, the equipment of the electrical equipment production facility with technological equipment of 969,231 lei and the equipment and renewal of the internal car park of 905,154 lei.

Property, plant and equipment under construction

On December 31, 2025, the Company recognized assets under construction, which mainly refer to investment and development works of the building acquired in 2024 in the amount of 8,064,385 lei. We estimate that the work will be completed and received during 2026.

21. Intangible assets

	Development expenses	Licences	Software and other intangible assets	Intangible assets under construction	Total
<i>Cost</i>					
On January 1, 2024	8,119,050	811,835	2,286,494	-	11,217,380
Additions	302,841	-	109,506	-	412,347
Disposals	-	-	-	-	-
On December 31, 2024	8,421,892	811,835	2,396,001	-	11,629,728
<i>Cumulative depreciation</i>					
On January 1, 2024	4,326,422	534,369	1,693,058	-	6,553,849
Depreciation charge	953,181	52,280	345,182	-	1,350,643
Disposals	-	-	-	-	-
On December 31, 2024	5,279,603	586,649	2,038,240	-	7,904,492
<i>Net book value</i>					
On December 31, 2024	3,142,289	225,186	357,761	-	3,725,235
<hr/>					
	Development expenses	Licence	Software and other intangible assets	Intangible assets under construction	Total
<i>Cost</i>					
On January 1, 2025	8,421,892	811,835	2,396,001	-	11,629,728
Additions	-	995,100	524,134	1,197,155	2,716,389
Disposals	-	-	-	-	-
As of December 31, 2025	8,421,892	1,806,935	2,920,135	1,197,155	14,346,117
<i>Cumulative depreciation</i>					

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

On January 1, 2025	5,279,603	586,649	2,038,240	-	7,904,492
Depreciation charge	792,065	47,759	321,696	-	1,161,520
Disposals	-	-	-	-	-
As of December 31, 2025	6,071,668	634,408	2,359,936	-	9,066,012
<i>Net book value</i>					
As of December 31, 2025	2,350,224	1,172,527	560,199	1,197,155	5,280,105

Development expenses

Capitalized development costs refer to the costs of development projects for new RMU cell products. These intangible assets are amortized over a period of 5 years, except for the project for the development and testing of a DISMOD-T3 assembly which is amortized over a period of 10 years, based on management's estimate of the life cycle of this new product. Additions to intangible assets under construction refer to the project under development that will be put into operation and whose Depreciation charge will be recorded upon completion.

22. Investments in Associates

	December 31, 2025	December 31, 2024
SGB Electro-Alfa SRL	245,000	245,000
Electro-Alfa Maintenance Services SRL	3,000	3,000
Total	248,000	248,000

The details of the ownership percentages are as follows :

	December 31, 2025	December 31, 2024
SGB Electro-Alfa SRL	49%	49%
Electro-Alfa Maintenance Services SRL	30%	30%

SGB Electro-Alfa SRL (Entity 1) was established at the beginning of 2024 with the aim of producing, designing, developing and marketing oil-filled distribution transformers, with a nominal power between 50 and 1000 kva and a maximum voltage of 36 kv.

Electro-Alfa Servicii Mentenanta SRL ("Entity 2") was established in 2020, and is a private company with Romanian capital, having as majority shareholder Mr. Ciubotaru Gheorghe with 55% of the shares. The main activity of this subsidiary is to provide maintenance and upkeep services for the technological equipment and machinery of Electro-Alfa International and Electro-Alfa CM.

The company analyzed the need to establish value adjustments regarding investments in subsidiaries and considered that such adjustments were not necessary.

23. Share capital and reserves

a) Share capital

The company's shareholder structure

December 31, 2025	Number of shares	Amount (lei)	(%)
Gheorge Ciubotaru	98,043,040	24,510,760	80%
Electro Alfa Management SRL	24,510,760	6,127,690	20%
Total	122,553,800	30,638,450	100%

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

December 31, 2024	Number of shares	Amount (lei)	(%)
Gheorge Ciubotaru	51,076	510,760	80%
Electro Alfa Management SRL	12,769	127,690	20%
Total	63,845	638,450	100%

On September 24, 2025, the Company's shareholders decided, according to the AGM Decision no. 13, to increase the share capital by incorporating a part of other reserves with the amount of 30,000,000 lei by issuing new shares, as well as to reduce the nominal value of a share from 10 lei to 0.25 lei. Thus, the Company's share capital is 30,638,450 lei with a number of 122,553,800 shares with a nominal value of each share of 0.25 lei.

On November 3, 2025, the Company's associates decided, according to the AGM Decision no. 20, to change the legal form of the Company from a limited liability company to a joint stock company. On November 12, 2025, the National Trade Register Office issued the documents certifying the completion of this process.

b) Dividends

The company declared dividends as follows:

	2025	2024
Dividends distributed	39,600,000	19,114,407
Dividend per share	0.32	299

Companies in Romania can distribute dividends only from profits according to the statutory financial statements prepared in accordance with Romanian accounting regulations .

On October 31, 2025, the Company's associates decided, according to AGM Decision no. 19, to distribute dividends in the amount of 39,600,000 lei.

c) Reserves

	December 31, 2025	December 31, 2024
Legal reserves	5,649,855	127,690
Other reserves	29,427,591	57,899,540
Total reserves	35,077,446	58,027,230

Legal reserves

According to legal requirements, the Company establishes legal reserves in the amount of 5% of the registered profit up to the level of 20% of the share capital. The value of the legal reserve as of December 31, 2025 is 5,649,855 lei (December 31, 2024: 127,690 lei). Legal reserves cannot be distributed to shareholders.

Other reserves

As of December 31, 2025, other reserves include:

- a) 17,834,529 lei represent amounts distributed from the results of previous years from the net profit obtained by the company for the purpose of capitalizing the company according to the decision of the associates.
- b) 11,593,061 lei which will be taxed upon use or change of destination, since their use can only be decided by the shareholders, no deferred tax was calculated for these reserves. During 2025, the Company benefited from tax exemption on Exemptions for reinvested profit according to the provisions of the Fiscal Code (art. 22). The value of the reserve established in 2025 related to Exemptions for reinvested profit is 1,528,051 lei (in 2024: 1,512,925 lei).

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

d) Capital management

The Group manages its capital in such a way as to ensure the continuity of its activity and to maximize the profit of its shareholders by optimizing the balances of equity and debt.

The Company's capital structure comprises liabilities, which include Bank borrowings and lease liabilities, cash and cash equivalents and equity attributable to shareholders. Equity comprises share capital, reserves and retained earnings.

The company monitors capital based on the gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as liabilities including Bank borrowings and lease liabilities minus cash and cash equivalents. The company's goal is to maintain a balance between equity and borrowed amounts.

	December 31, 2025	December 31, 2024
Bank borrowings	96,948,005	56,791,210
Lease liabilities	10,212,743	10,051,082
Cash and cash equivalents	(76,020,098)	(87,884,552)
Net debt	31,140,650	(21,042,260)
Total equity attributable to shareholders	210,194,080	149,683,074
Debt ratio	0.15	(0.14)

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

24. Bank borrowings

The terms and conditions of Bank borrowings are detailed below :

December 31, 2024

Bank	Description	Total value of the credit facility	Value used - bank letters of guarantee - lei	Value used cash -lei-	Maturity	Interest rate
Unicredit	Line of credit letters of guarantee	12,000,000 RON	6,142,783	-	07.05.2034	3M ROBOR + 2%
Unicredit	Credit line	6,000,000 RON	-	-	07.05.2025	ROBOR3M + 2%
Unicredit	Investment credit	EUR 4,380,000	-	15,503,499	18.11.2029	EURIBOR 1M+ 2.08%
Unicredit	Investment credit	EUR 2,980,000	-	11,164,263	04.07.2030	EURIBOR 1M+2.1%
Unicredit	Investment credit	180,000 EUR	-	98,667	19.07.2026	EURIBOR 1M + 1.85%
Unicredit	Multi-product credit line letters of guarantee	40,000,000 RON	25,296,770	6,526,750	03/28/2034	3M ROBOR + 2%
Unicredit	Investment credit	EUR 5,850,000	-	21,421,176	07.04.2035	EURIBOR 6M + 1.5%
Unicredit	Investment credit	1,800,000 EUR	-	1,858,978	08.02.2029	EURIBOR 6M + 1.4%
Unicredit	Facilitate factoring	6,000,000 RON	-	-	10.08.2025	ROBOR 1M + 2%
BCR	Facilitate credit multiproduct	1,200,000 RON	-	-	19.09.2025	3M ROBOR + 2%
BCR	Facilitate credit multiproduct	9,000,000 RON	-	-	08/21/2026	3M ROBOR + 2%
BCR	Facilitate credit letters of guarantee	EUR 5,000,000	11,953,030	-	11/24/2034	0%
BCR	Facilitate credit multiproduct	1,250,000 EUR	-	-	19.09.2025	EURIBOR 3M + 2.75%
BCR	Facilitate credit multiproduct	EUR 1,500,000	-	-	19.09.2025	ROBOR 3M + 2%. EURIBOR 3M + 2.75%
BCR	Credit facility letters of guarantee	25,000,000 RON	37,055	-	10.09.2034	0%
br	Facilitate credit multiproduct letters of guarantee	EUR 12,000,000	15,552,622	-	03.10.2025	ROBOR 3M + 1.9% EURIBOR 3M + 1.9%
Total loans			58,982,260	56,573,333		
Current portion				12,575,571		
Non-current portion				43,997,762		

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

December 31, 2025

Bank	Description	Total value of the credit facility	Value used - bank letters of guarantee - lei	Value used cash -lei-	Maturity	Interest rate
Unicredit	Line of credit letters of guarantee	12,000,000 RON	9,306,271	-	07.08.2035	3M ROBOR + 2%
Unicredit	Credit line	EUR 10,000,000	-	40,501,551	06.08.2026	EURIBOR 3M + 1.2% ROBOR 3M + 1.2%
Unicredit	Investment credit	EUR 4,380,000	-	13,602,447	18.11.2029	EURIBOR 1M+ 2.08%
Unicredit	Credit – treasury line	EUR 1,300,000	-	-	01.02.2034	EURIBOR 1M+10%
Unicredit	Investment credit	EUR 2,980,000	-	10,048,538	04.07.2030	EURIBOR 1M+2.1%
Unicredit	Investment credit	180,000 EUR	-	37,261	19.07.2026	EURIBOR 1M + 1.85%
Unicredit	Multi-product credit line letters of guarantee	40,000,000 RON	29,636,981	-	07.08.2035	ROBOR 3M +1.2%
Unicredit	Investment credit	EUR 5,850,000	-	24,332,621	07.04.2035	EURIBOR 6M + 1.5%
Unicredit	Investment credit	EUR 2,528,011	-	8,168,638	02.05.2030	EURIBOR 6M + 1.4%
Unicredit	Facilitate factoring	6,000,000 RON	-	-	07.12.2026	ROBOR 1M + 2%
BCR	Facilitate credit multiproduct	1,200,000 RON	-	-	18.09.2026	ROBOR 3M + 1.8%
BCR	Facilitate credit multiproduct	9,000,000 RON	-	-	08/20/2027	ROBOR 3M + 1.8%
BCR	Facilitate credit multiproduct letters of guarantee	EUR 5,000,000	10,840,883	-	11/23/2035	3M ROBOR + 3% EURIBOR 3M + 3%
BCR	Facilitate credit multiproduct	EUR 1,250,000	-	-	18.09.2026	EURIBOR 3M + 1.8%
BCR	Credit facility letters of guarantee	25,000,000 RON	11,220,773	-	09.09.2035	3M ROBOR +3%
br	Facilitate credit multiproduct letters of guarantee	EUR 7,082,000	1,616,086	-	03.10.2026	ROBOR 3M + 1.9% EURIBOR 3M + 1.5%
BT	Multicurrency credit line	EUR 3,000,000	-	-	01.10.2026	ROBOR 3M + 1.25% EURIBOR 3M + 1.25%
BT	Investment credit ceiling	EUR 2,700,000	-	-	01.10.2032	EURIBOR 3M + 1.45%
Total loans			62,620,994	96,948,005		
	Current portion			49,384,577		
	Non-current portion			47,306,480		

The Company has agreed through the Bank borrowings contracted to comply with a number of financial and non-financial conditions. Failure to comply with these conditions in the case of long-term loans may lead to the declaration of early maturity and other sanctions. The financial indicators agreed with the financing institutions are the Debt Service Coverage Ratio (DSCR) at a minimum level of 1.2 and a positive Debt Ratio and at a maximum level of 5. These were met by the Company with a Debt Service Coverage Ratio (DSCR) at a minimum level of 8.28 and a Debt Ratio of 0.87.

The interest rate for loans in RON is determined as Robor + margin. The final interest rate is in the range of 7% - 10%. The interest rate for loans in EUR is determined as Euribor + margin. The final interest rate is in the range of 4% - 6%.

To secure the loans, the Group has established the following movable real guarantees in favor of the banks: on the stock of raw materials, finished and semi-finished products, on the balances of accounts opened with banks, on the receivables arising from present and future contracts and on the rights resulting from insurance policies having as object the goods brought as guarantee. Also, tangible fixed assets in the land and construction class are mortgaged in favor of the banks (see Note 20).

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

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Reconciliation of debt movements with cash flows from financing activities

	2025	2024
Bank borrowings		
Opening balance	56,791,210	30,086,941
Withdrawal	45,829,367	34,675,471
Repayment	(7,177,099)	(8,073,289)
Interest in period	2,034,218	1,483,533
Interest payments	(1,995,095)	(1,280,656)
Net exchange rate differences	1,465,404	(55,790)
Closing balance	96,948,005	56,791,210

In July 2025, the Group contracted a short-term loan from Unicredit Bank for working capital financing, with a ceiling of EUR 10,000,000. The interest on this facility is related to the ROBOR index, respectively EURIBOR depending on the currency of use, at 3 months plus a margin of 1.20% per annum, this facility is due on August 6, 2026.

On October 2, 2025, the Group contracted a short-term loan from Banca Transilvania for working capital financing, with a ceiling of 3,000,000 euros, the interest on this facility is related to the 3-month ROBOR index plus a margin of 1.25% per annum, this facility is due on September 30, 2026.

On October 2, 2025, the Group contracted a loan from Banca Transilvania to finance the acquisition of shares, with a ceiling of 2,700,000 euros, the interest on this facility is related to the 3-month EURIBOR index plus a margin of 1.45% per annum, this facility is due on October 1, 2032.

25. Trade Payables

	December 31, 2025	December 31, 2024
Trade payables to third parties	163,741,229	59,671,783
Trade payables to related Parties	19,543,510	19,771,215
Total	183,284,739	79,442,998

Trade payables in relation to related parties are presented in Note 32 .

Other balances related to contracts with suppliers are advance payments, which mainly include advance payments for the purchase of services from subcontractors under service contracts.

26. Other Liabilities

	December 31, 2025	December 31, 2024
Payable to the state budget	32,732,691	7,659,034
Other payables	413,684	262,135
Current other payables	33,146,375	7,921,169

Payable to the state budget mainly include VAT payable in the amount of 26,416,660 lei as of December 31, 2025 (December 31, 2024: 5,101,320 lei) and liabilities related to social contributions in the amount of 2,741,849 lei as of December 31, 2025 (December 31, 2024: 1,301,551 lei).

27. Supplier guarantees

	December 31, 2025	December 31, 2024
Supplier guarantees	20,098,755	11,204,454
	20,098,755	11,204,454
Current portion	1,748,591	1,735,094
Non-current portion	18,350,164	9,469,360

The guarantees are retained by the service providers of works according to the contractual clauses within the projects carried out in the enterprise according to the contractual clauses. The division between long term and short term is based on the maturity of the guarantee period.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

28. Provisions

	December 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Litigations	-	358,193	-	207,500
Warranty	3,744,458	8,627,667	3,520,816	6,906,243
Total	3,744,458	8,985,860	3,520,816	7,113,743

The movements in provisions are presented below:

	Litigations	GUARANTEES	Total
			-
Balance as of January 1, 2004	112,500	7,265,185	7,377,685
Provisions recognized in profit or loss	95,000	3,771,622	3,866,622
Provisions used/ reversed	-	(1,040,825)	(1,040,825)
Unwinding of provisions (Note 13)	-	431,077	431,077
Balance as of December 31, 2024	207,500	10,427,059	10,634,559
Balance as of January 1, 2025	207,500	10,427,059	10,634,559
Provisions recognized in profit or loss	150,693	5,318,322	5,469,015
Provisions used/reversed	-	(3,970,435)	(3,970,435)
Unwinding of provisions (Note 13)	-	597,179	597,179
Balance as of December 31, 2025	358,193	12,372,125	12,730,318

Provisions for litigation

The Company is involved in a lawsuit with the company Modern Calor, according to file 2099/40/2024, for which the Company has established a provision on December 31, 2024 and December 31, 2025. There are no other ongoing litigations at the mentioned reporting dates. Provisions for litigations are estimated based on the most probable outcome.

Provisions for guarantees given to customers

The company grants warranty periods for its goods and services in its contracts with its customers, depending on the characteristics of the goods and services, this period can vary from 24 and 60 months in the case of equipment sales from the moment of delivery, respectively 36 months and 120 months from the date of signing the acceptance report upon completion of the works in the case of the provision of services. In the case of warranties granted to customers for product deliveries, the company does not constitute a provision, given the usual term of the warranty but also the fact that the warranties are covered by the warranty of the subassemblies supplied by the suppliers. In the case of services, the provision is estimated based on historical data regarding the remedial works carried out under warranty for similar projects and according to the contractual provisions.

The presentation of provisions for warranties was made based on the expiration date of the warranty period.

29. Leases

a) Lease agreements in which the Company is lessee

In assessing the application of IFRS 16 Leases, the Company considered the following criteria to determine whether the arrangements contain a lease:

- i) The lessee has the right to obtain substantially all of the economic benefits from use of the identified asset during the period of use; and
- ii) The lessee has the right to direct the use of the identified asset during the period of use.

The Company leases buildings, equipment and vehicles. Leases typically last between 5 and 10 years. Most of these leases transfer ownership of the underlying asset at the end of the lease term.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

In the case of leases without transfer of ownership of the underlying asset at the end of the lease period , only a portion of these contracts include renewal options, which can be exercised if the Company notifies the lessor in advance, before the original lease term, thus the Company considered the renewal option when determining the lease term.

The Company established the incremental borrowing interest rate based on the interest rate applied by the financial institution to similar entities for loans with the same characteristics as the leasing contracts (in terms of currency and duration).

The Company does not include in lease payments costs incurred in connection with the lease that are not part of the cost of the right-of-use asset (such as maintenance or insurance). Information about leases for which the Company is the lessor is presented below.

	December 31 2025	December 31 2024
Non-current lease liabilities	6,516,151	7,244,506
Current lease liabilities	3,696,592	2,806,576

i) Right-of-use assets

The reconciliation of right-of-use assets recognized as a result of the application of IFRS 16 is presented in the following tables :

Right of use	Buildings	Equipment and other fixed assets	Total
On January 1, 2024	1,039,747	3,126,219	4,165,966
Additions	4,520,818	1,546,013	6,066,831
Depreciation charge	(1,022,056)	(1,227,397)	(2,249,453)
Net book values as of December 31, 2024	4,538,509	3,444,835	7,983,344
On January 1, 2025	4,538,509	3,444,835	7,983,344
Additions	1,131,850	2,115,659	3,247,509
Disposal, net value	-	(579,503)	(579,503)
Depreciation charge	(1,190,173)	(1,503,915)	(2,694,088)
Net values as of December 31, 2025	4,480,186	3,477,076	7,957,262

The reconciliation of lease liabilities recognized as a result of the application of IFRS 16 is presented in the following tables :

Lease liabilities	Buildings	Equipment and other fixed assets	Total
On January 1, 2024	1,070,312	3,209,338	4,279,651
Debt creation for rental contracts	4,553,618	1,548,263	6,101,880
Interest and exchange rate differences	224,363	199,212	423,575
Lease payments	(1,157,254)	(1,358,509)	(2,515,763)
As of December 31, 2024. of which:	4,691,039	3,598,304	8,289,343
Non-current lease liabilities	3,717,298	2,255,868	5,973,165
Current lease liabilities	973,741	1,342,436	2,316,178

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

	Buildings	Equipment and other fixed assets	Total
On January 1, 2025	4,691,039	3,598,304	8,289,343
Debt creation for rental contracts	1,131,850	2,115,659	3,247,509
Contract changes	-	(552,554)	(552,554)
Interest and exchange rate differences	364,366	300,201	664,567
Lease payments	(1,342,703)	(1,684,334)	(3,027,036)
As of December 31, 2025. of which:	4,844,552	3,777,277	8,621,829
Non-current lease liabilities	3,566,279	1,890,644	5,456,923
Current lease liabilities	1,278,273	1,886,633	3,164,906

b) Leasing contracts in which the Company is the lessor

The Company does not have significant leases in which it acts as lessor. These insignificant contracts are classified as operating leases from the lessor's perspective, as they do not transfer substantially all the risks and rewards incidental to ownership of the assets. The Company ensures through contractual clauses that ownership rights are retained by the lessor, and the lessees are required to return the leased assets in the same condition in which they were leased.

30. Grants

Subsidies classified as current liabilities represents the portion of government grants received that will be recognized as income in the next financial year. Subsidies classified as long-term liabilities represent the portion of government grants received that will be recognized in periods exceeding one year.

The table below presents the remaining investment subsidies received:

	December 31, 2025	December 31 2024
POSCEE European funds	2,166,337	2,346,048
Photovoltaic system	533,329	591,542
Total	2,699,666	2,937,589

Investment subsidies are related to European funds accessed through the Sectoral Operational Program for Increasing Economic Competitiveness (POSCCE) for project no. 1028 entitled "Development of research and development activity in order to increase the innovation and competitiveness capacity of Electro-Alfa International SRL" obtained in 2011. respectively, the investment subsidy related to the project "Design and execution of a photovoltaic system for self-consumption within the premises of the MT Electro-Alfa International factory" implemented in 2023.

31. Financial instruments – Fair values and risk management

a) Accounting classifications and fair values

In accordance with IFRS 9, the Company's financial assets and liabilities are measured at amortized cost. In accordance with the Company's business model, financial assets and liabilities are held to collect contractual cash flows, and these cash flows are exclusively payments of principal and interest. The Company has not included fair value information for financial assets and liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

b) Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency risk

These notes present information regarding the Company's exposure to each of the risks mentioned above. objectives. the Company's policies and processes for assessing and managing risk and the procedures used for managing capital. Also. other quantitative information is included within these financial statements.

The Company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company. the establishment of appropriate limits and controls. as well as the monitoring of risks and compliance with the established limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that the Company will incur a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. and this risk arises mainly from trade receivables. cash and cash equivalents.

Cash and cash equivalents are placed in financial institutions that are considered to have high creditworthiness.

The Company's current credit risk classification framework includes the following categories:

Category	Description	Basis for recognizing expected credit losses (ECL)
Performing financial assets	The counterparty has a low risk of default and is not more than 30 days past due.	ECL measured at an amount equal to 12-month expected credit loss
Uncertain financial assets	The amount is more than 30 days past due or there has been a significant increase in credit risk since initial recognition.	ECL calculated over the lifetime
Non-performing financial assets	The amount is more than 90 days past due or there is evidence that the asset is credit-impaired.	ECL calculated over the lifetime
POCI financial assets	Financial assets that are credit-impaired from the time of origination or transaction.	ECL calculated over the lifetime
Derecognized financial assets	There is evidence indicating that the debtor is in serious financial difficulty and the company has no realistic prospects of recovering the amount.	The amount has been derecognized.

As at December 31, 2025 and 2024, there are no significant changes between the levels existing at the reporting dates.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk:

December 31, 2025	Note	ECL termination mode	Gross book value	Impairment loss allowance	Net book value
Trade receivables	18	ECL calculated at the level of expected losses over a period of 12 months (simplified model)	311,085,284	(5,183,033)	305,902,251
Loans to related parties	32	Lifetime ECL (credit-impaired)	101,455,990	-	101,455,990
Investments in real estate projects	32	Lifetime ECL (credit-impaired)	-	-	-
Contract assets	9	ECL calculated over the life cycle (simplified model)	18,669,274	-	18,669,274
Restricted cash	16	ECL calculated over the life cycle (simplified model)	18,863,473	-	18,863,473
Cash and cash equivalents	16	ECL calculated over the life cycle (simplified model)	76,020,098	-	76,020,098
			526,094,119	(5,183,033)	520,911,086

December 31, 2024	Note	ECL termination mode	Gross book value	Impairment loss allowance	Net book value
Trade receivables	18	ECL calculated at the level RELEASE expected for a period of 12 months (simplified model)	110,345,174	(3,580,137)	106,765,037
Loans granted to related parties	32	Lifetime ECL (credit-impaired)	11,822,601	-	11,822,601
Investments in real estate projects	32	Lifetime ECL (credit-impaired)	20,095,364	-	20,095,364
Contract assets	9	ECL calculated over the life cycle (simplified model)	13,998,677	-	13,998,677
Cash and cash equivalents		ECL calculated over the life cycle (simplified model)	87,884,552	-	87,884,552
			244,146,368	(3,580,137)	240,566,231

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk was:

Book value	December 31, 2025	December 31, 2024
Trade receivables	305,902,251	106,765,037
Loans granted to related parties	101,455,990	11,822,601
Investments in real estate projects	-	20,095,364
Contract assets	18,669,274	13,998,677
Restricted cash	18,863,473	-
Cash and cash equivalents	76,020,098	87,884,552
Total	520,911,086	240,566,231

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each partner.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Management has established a credit policy whereby each new customer is individually assessed for creditworthiness before being offered the Company's standard payment and delivery terms. Purchase limits are set for each customer. Customers who do not meet the conditions set by the Company may only transact with the Company on a prepayment basis.

The Company does not require collateral for trade receivables and other receivables.

In the process of estimating impairment adjustments for receivables, the Company uses an impairment model whose operating principle reflects the requirements of the impairment model introduced by IFRS 9. The estimation principle is based on the historical average rates of probability of non-collection from the last three financial years.

Adjustments for Expected credit losses reflect expected credit losses, calculated based on loss rates.

The credit risk exposure and expected credit losses (ECL) for trade receivables is presented below:

December 31, 2025	Weighted average loss rate	Gross book value	Impairment loss allowance	Net trade receivables
not past due	0.1%	286,211,725	240,250	285,971,474
Past due between 1 and 30 days	0.5%	8,795,073	44,638	8,750,435
Past due between 31 and 60 days	1.3%	7,763,845	100,733	7,663,111
Past due between 61 and 90 days	7.5%	225,936	16,961	208,975
Past due between 91 and 120 days	5.1%	2,772,302	142,014	2,630,288
Past due between 121 and 180 days	31.9%	418,094	133,279	284,815
Past due between 181 and 365 days	79.3%	1,895,187	1,502,035	393,153
More than 365 days	100.0%	3,003,123	3,003,123	-
Total		311,085,284	5,183,033	305,902,251

December 31, 2024	Weighted average loss rate	Gross book value	Impairment loss allowance	Net trade receivables
non past due	0.1%	102,740,162	128,131	102,612,031
Past due between 1 and 30 days	1.1%	2,082,274	22,122	2,060,151
Past due between 31 and 60 days	2.7%	1,964,278	53,859	1,910,419
Past due between 61 and 90 days	5.0%	5,342	269	5,073
Past due between 91 and 120 days	8.9%	22,702	2,031	20,671
Past due between 121 and 180 days	17.9%			89,279
Past due between 181 and 365 days	51.6%	108,680	19,401	67,413
More than 365 days	100.0%	139,335	71,922	-
Total		110,345,174	3,580,137	106,765,037

(b) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in meeting obligations associated with financial liabilities that are settled in cash or by transferring another financial asset.

The Company's approach to liquidity management consists of ensuring, to the extent possible, that it will always have sufficient liquidity to pay its due obligations, both under normal and stressed conditions, without incurring unacceptable losses or endangering the Company's reputation.

The company has cash and cash equivalents, therefore it does not face a significant liquidity risk.

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Exposure to liquidity risk

The table below shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts are presented at gross, undiscounted value, include contractual interest payments and exclude the impact of netting agreements.

December 31, 2025	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Bank borrowings	96,948,005	105,338,804	52,598,572	43,560,813	9,179,418
Lease liabilities	10,212,743	10,718,214	3,989,348	6,728,866	-
Trade Payables	183,284,739	183,284,739	183,284,739	-	-
Total	290,445,487	299,341,757	239,872,659	50,289,679	9,179,418

December 31, 2024	Book value	Contractual cash flows	less than 1 year	1 - 5 years	over 5 years
Bank borrowings	56,791,210	65,927,782	14,854,168	37,948,022	13,125,592
Lease liabilities	10,051,082	10,620,202	3,198,494	7,421,708	-
Trade Payables	79,442,998	79,442,998	79,442,998	-	-
Total	146,285,290	155,990,982	97,495,660	45,369,730	13,125,592

(c) Market risk

Market risk is the risk that changes in market prices – exchange rates and interest rates – will affect the Company's profit or the value of financial instruments held. The objective of market risk management is to control market risk exposures within acceptable limits, while optimizing results.

Interest rate risk

The Company is exposed to interest rate risk, particularly with regard to loans with variable interest rates.

Exposure to interest rate risk

For financing purposes, the Company uses both medium and long-term loans and short-term loans in the form of overdraft facilities.

The Company does not have any fixed interest rate financial assets and financial liabilities recognized at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not result in a gain or loss in profit or loss.

At the reporting date, the interest rate risk exposure profile related to interest-bearing financial instruments held by the Company was:

Variable rate instruments	December 31 2025	December 31 2024
Bank borrowings	96,948,004	56,791,210
Liabilities related to leasing contracts	10,212,743	10,051,082
Total	107,160,747	66,842,292

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Sensitivity analysis of cash flows for floating interest rate instruments

A reasonable 100 basis point change in interest rates at the reporting date would have increased (decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit before tax	
	100 pp increase	decrease by 100 pp
December 31, 2025		
Variable rate instruments	(501,253)	501,253
December 31, 2024		
Variable rate instruments	(259,499)	259,499

(d) Currency risk

The Company is exposed to foreign exchange transaction risk to the extent that there is an imbalance between the currencies in which sales, purchases, receivables and loans are expressed and the functional currency. The Company's functional currency is the Romanian Leu (RON).

The currency in which these transactions are denominated is mainly RON. Certain liabilities are denominated in currencies such as EUR and USD. The Company's risk management policy is to use mainly local currency. The Company does not use derivative instruments or hedging instruments.

The Company's exposure to currency risk is presented in the following tables:

December 31, 2025	TOTAL				Other currencies
	RON	than EUR	USD		
Trade receivables	305,902,251	296,343,736	9,558,514	-	-
Prepayments	31,707,942	7,262,515	2,209,387	22,234,696	1,344
Loans granted to related parties	101,455,990	53,328,971	48,127,019	-	-
Restricted cash	18,863,473	18,863,473	-	-	-
Cash and cash equivalents	76,020,097	72,788,144	3,000,890	241,277	-
Financial assets	533,949,754	448,586,840	62,895,812	22,475,973	1,344
Bank borrowings	96,948,005	257,003	96,691,002	-	-
Lease liabilities	10,212,743	471,532	9,741,211	-	-
Trade Payables	183,284,739	167,374,988	12,902,937	988,228	2,018,586
Contract liabilities	58,662,779	19,481,651	39,146,024	35,104	-
Financial liabilities	349,108,266	187,585,175	158,481,174	1,023,332	2,018,586
Total net financial assets/(liabilities)	189,709,896	265,859,859	(95,585,362)	21,452,641	(2,017,242)

December 31, 2024	TOTAL				Other currencies
	RON	than EUR	USD		
Trade receivables	106,765,037	88,056,402	2,174,279	16,534,356	-
Loans to related parties	11,822,601	11,769,548	27,644	-	25,409
Cash and cash equivalents	87,884,552	56,212,454	30,833,025	839,073	-
Financial assets	206,472,190	156,038,403	33,034,948	17,373,430	25,409
Bank borrowings	56,791,210	6,742,188	50,049,022	-	-
Lease liabilities	10,051,082	-	10,051,082	-	-
Trade Payables	79,442,998	65,564,657	12,357,172	407,294	1,113,875
Contract liabilities	23,263,761	14,140,024	7,894,157	1,229,580	-

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Financial liabilities	169,549,051	86,446,869	80,351,433	1,636,874	1,113,875
Total net financial assets/(liabilities)	36,923,139	69,591,535	(47,316,486)	15,736,556	(1,088,466)

The following exchange rates were applied:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
RON / EUR	5.0985	4.9741
RON / USD	4.3417	4.7768

Sensitivity analysis

A reasonable appreciation (depreciation) of the RON against the EUR and USD at 31 December would have affected the valuation of financial instruments denominated in a foreign currency and would have affected the statement of profit or loss before tax and equity by the amounts presented below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>Profit or loss before tax</u>	
	<u>appreciation</u>	<u>depreciation</u>
December 31, 2025		
EUR (10%)	9,558,536	(9,558,536)
USD (10%)	(2,145,264)	2,145,264
December 31, 2024		
EUR (2%)	946,330	(946,330)
USD (3%)	(472,097)	472,097

32. Related Parties

a) Shareholders

As of December 31, 2025 and December 31, 2024, the shareholders are Ciubotaru Gheorghe with 80% and Electro Alfa Management SRL with 20%.

Balances related to shareholders are related to dividends payable, as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Gheorge Ciubotaru	28,112,000	10,075,204
Electro Alfa Management SRL	7,920,000	3,197,882
Total	36,032,000	13,273,086

Transactions with shareholders represent dividend payments, as follows:

	<u>2025</u>	<u>2024</u>
Gheorge Ciubotaru	10,475,204	3,993,000
Electro Alfa Management SRL	3,197,882	956,822
Total	13,673,086	4,949,822

b) Management remuneration

Affiliated parties are considered the persons who are part of the Board of Directors and the Board of Directors, together with the other companies controlled by them.

Starting with April 2024, the Management of the Company is ensured by the Board of Directors, appointed by the decision of the associates. Previously, this was ensured by the Board of Directors with another component - the composition of the Board of Directors for the years 2025 and 2024 is described below.

List of persons who were part of the Board of Directors as of December 31, 2025:

<u>Name</u>	<u>Quality</u>
Gheorge Ciubotaru	Chairman of the Board of Directors – executive member
George Ciubotaru	Vice President – Executive Member
Gosav Manuel	Vice President – Executive Member
Arhip Mihai Alexandru	Member – executive member

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Florea Adrian Razvan	Member – independent non-executive member
Marius Persinaru	Member – independent non-executive member
Simona Constantinescu	Member – independent non-executive member

List of persons who were part of the Board of Directors as of December 31, 202 4:

Name	Quality
Gheorge Ciubotaru	Chairman of the Board of Directors – executive member
George Ciubotaru	Vice President – Executive Member
Gosav Manuel	Vice President – Executive Member
Florea Adrian Razvan	Member – independent non-executive member
Marius Persinaru	Member – independent non-executive member
Simona Constantinescu	Member – independent non-executive member

Transactions with key management personnel:

	2025	2024
Remuneration of Management Members	9,071,669	4,665,680

The amounts mentioned include the total remuneration (fixed and variable). in gross amount, for the financial years 2024 and 2025, for all members of the Board of Directors, as well as the total remuneration of the executive management, which consists of the three executive members of the Board of Directors, together with the general manager.

c) Balances with related parties

The table below presents the nature of the relationship and transactions with related parties:

Affiliated party	Relationship	Nature of operations
SGB-Electroalfa SRL	Associates	lending and service provision
Electro Alfa Maintenance Services SRL	Associates	sale and purchase services
Electro Alfa CM SRL	Entity under common control	granting loans, selling goods and services, purchasing goods and services
Electro Alfa Engineering Services SRL	Entity under common control	sale of goods and services, purchase of goods and services
EAG Cantina Service SRL	Entity under common control	lending, sales services, procurement services
Alfa Land Residential Park SRL	Entity under common control	lending, selling services and purchasing services
Residential Management Services SRL	Entity under common control	granting a loan
Electro Alfa Engineering SRL	Entity under common control	loan granting and service procurement
Alpha AID LTD	Entity under common control, the entity exited the common control perimeter in December 2025	granting a loan
Alpha Power Fotoenergy SRL	Entity under common control	-
Product & Distribution Energy SRL	Entity under common control	-
Renewable Energy Prod SRL	Entity under common control	-
Alfa Proiect Engineering Services SRL	Entity under common control	-
Elcomex IEA SA	Entity under common control	-

Trade receivables

	December 31, 2025	December 31, 2024
Associates		
SGB-Electroalfa SRL	403,213	250,796
Electro Alfa Maintenance Services SRL	301	60
Entities under common control		
Electro Alfa CM SRL	276,977	110,894
Electro Alfa Engineering Services SRL	1,534,472	399,347
EAG Cantina Service SRL	69,826	27,225
Alfa Land Residential Park SRL	4,013	418,829

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Residential Management Services	400	-
Total	2,289,201	1,207,151

Trade Payables

	December 31, 2025	December 31, 2024
Associates		
SGB-Electroalfa SRL		-
Electro Alfa Maintenance Services SRL	429,071	71,400
Entities under common control		
Electro Alfa CM SRL	3,691,408	3,424,300
Electro Alfa Engineering Services SRL	15,401,872	16,241,008
EAG Cantina Service SRL	12,019	14,553
Alfa Land Residential Park SRL	7,400	-
Residential Management Services SRL	1,740	-
ALPHA AID LTD	-	19,954
Total	19,543,240	19,771,215

Loans to related parties

On June 2, 2025, the Group granted Electro Alfa Servicii Inginerie SRL a loan in the maximum amount of 5 million euros equivalent to lei with an interest rate of 8% per annum.

On July 10, 2025, the Group granted to the company Electro Alfa Servicii Inginerie SRL, based on contract no. 2, a loan in the maximum amount of 3,000,000 euros, with an interest rate related to the 3-month EURIBOR plus a margin of 2.0%. Subsequently, by additional act no. 1 dated October 6, 2025, the value of this loan was supplemented by the amount of 213,540 euros .

These loans were granted for the purpose of financing the acquisitions by Electro Alfa Servicii Inginerie SRL of majority stakes in Elcomex IEA SA Cernavoda and Spiact Craiova SA.

The Group granted a loan to the associated company SGB-Electroalfa for working capital financing on 26 February 2025. The maximum amount of the loan is EUR 2 million, with an interest rate of 8% per annum. The interest will be capitalized until 31 December 2026. The loan will be granted in tranches, as needed, until 31 December 2026 and will be repaid starting in January 2027, in 24 monthly installments. The sum of the equal installments will be calculated in January 2027 for the 24-month repayment period.

On October 24, 2025, a new loan agreement was signed in the amount of 2 million euros with the following clauses: the loan will have an interest rate of 8.0%., the interest to be calculated for each amount granted starting from the date on which the amount was transferred to the borrower. The interest will be capitalized until March 31, 2026 and subsequently paid monthly, including the capitalized amounts.

In November 2025, the Company signed an addendum to the association agreement with Alfa Land Residential Park SRL and converted the investment in the real estate project into a loan granted to Alfa Land Residential Park SRL with a principal amount of 25,847,234 lei, with an interest rate of 8% per annum. The repayment of this loan will be made in equal monthly installments, over a period of 24 months, starting with the 13th month from the date of signing the addendum.

The classification of interest receivable was made based on the expected collection period.

At the reporting date, Management performed an analysis of the recoverability of loans granted to related parties, taking into account their capacity to generate sufficient cash flows to meet contractual obligations. Based on the assessments made, Management did not identify any indicators of impairment, which is why no value adjustments were made for these loans.

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

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Loans granted to related parties as of December 31, 2025

Description	Type	Date	Maturity	Interest rate	Currency	Main	Interest	Total balance	
Associates									
SGB-Electroalfa SRL	Long term	25.02.2025	01/24/2029	8%	than EUR	10,928,484	-	10,928,484	
SGB-Electroalfa SRL	Long term	01.07.2024	12/31/2028	8%	than EUR	15,118,400	-	15,118,400	
Entities under common control									
ALFA LAND RESIDENTIAL PARK SRL	Long term	30.11.2025	29.11.2028	8%	RON	25,847,234	-	25,847,234	
ALFA LAND RESIDENTIAL PARK SRL	Short term	06.07.2020	12/31/2026	ROBOR 3M +2.0%	RON	485,000	508,775	993,775	
ELECTRO ALFA ENGINEERING SERVICES	Long term	10.07.2025	10.07.2035	EURIBOR 3M+ 2.0%	than EUR	16,456,913	228,420	16,685,333	
ELECTRO ALFA ENGINEERING SERVICES	Long term	02.06.2025	05/30/2035	8%	RON	21,960,813	842,794	22,803,607	
ALPHA POWER FOTOENERGY SRL	Short term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	24,000	27,311	51,311	
EAG CANTEEN SERVICE	Short term	21.12.2022	12/31/2026	0%	RON	1,444,182	-	1,444,182	
Electro Alfa CM	Short term	10.08.2023	12/31/2026	ROBOR 3M +2.0%	RON	1,833,333	40,828	1,874,161	
Electro Alfa CM	Long term	25.06.2024	08/25/2029	EURIBOR 3M+ 2.0%	than EUR	5,077,700	159,504	5,237,204	
ELECTRO ALFA ENGINEERING SRL	Long term	03.04.2024	30.06.2027	6.5%	than EUR	140,478	17,121	157,599	
PRODUCT & DISTRIBUTION ENERGY SRL	Short term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	13,000	6,235	19,235	
REGENERABIL ENERGY PROD SRL	Short term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	18,352	7,530	25,882	
RESIDENTIAL ADMINISTRATION SERVICES SRL	Long term	06.09.2022	05.09.2027	ROBOR 3M +2.0%	RON	235,000	34,584	269,584	
Total						99,582,889	1,873,102	101,455,991	
Loans granted to related parties as of December 31, 2024						short term	3,817,867	1,364,327	5,182,194
						Long term	95,765,022	508,775	96,273,797
Description	Type	Date	Maturity	Interest rate	Currency	Main	Interest	Total balance	
Associates									
SGB-Electroalfa SRL	Long term	01.07.2024	12/31/2028	8%	than EUR	2,162,718	-	2,162,718	
Entities under common control									
ALFA LAND RESIDENTIAL PARK SRL	Long term	06.07.2020	12/31/2026	ROBOR 3M +2.0%	RON	248,000	464,129	712,129	
ALFA LAND RESIDENTIAL PARK SRL	Long term	06.07.2020	12/31/2026	ROBOR 3M +2.0%	RON	237,000	-	237,000	
ALPHA AID LTD	Short term	07.04.2023	06.04.2025	6%	GPB	137,887	14,084	151,971	
ALPHA POWER FOTOENERGY SRL	Long term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	24,000	17,936	41,936	
EAG CANTEEN SERVICE	Short term	21.12.2022	12/31/2025	0%	RON	877,016	-	877,016	
Electro Alfa CM	Long term	25.06.2024	08/25/2029	ROBOR 3M +2.0%	RON	1,850,000	24,168	1,874,168	
Electro Alfa CM	Short term	08/22/2024	12/31/2025	EURIBOR 3M+ 2.0%	than EUR	4,974,100	364,423	5,338,523	
ELECTRO ALFA ENGINEERING SRL	Short term	03.04.2024	30.06.2025	6%	than EUR	129,327	8,181	137,508	
PRODUCT & DISTRIBUTION ENERGY SRL	Long term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	13,000	4,579	17,579	
REGENERABIL ENERGY PROD SRL	Long term	01.08.2021	12/31/2026	ROBOR 3M +2.5%	RON	18,352	5,410	23,762	
RESIDENTIAL ADMINISTRATION SERVICES SRL	Short term	06.09.2022	05.09.2027	ROBOR 3M +2.0%	RON	235,000	13,291	248,291	
Total						10,906,401	916,201	11,822,601	
						short term	6,353,330	455,331	6,808,661
						Long term	4,553,070	460,870	5,013,940

Electro-Alfa International SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Reconciliation of movements with cash flows from investing activities

	2025	2024
Loans granted to related parties		
Opening balance	11,822,601	5,681,694
Withdrawal	64,827,886	5,756,103
Conversion of real estate project investment into loan granted	24,777,920	-
Repayment	(1,849,430)	-
Recognized interest	2,302,944	384,804
Interest collected	(594,486)	-
Exchange rate effect	168,556	-
Closing balance	101,455,991	11,822,601

Investments in real estate projects

As of December 31, 2024, investments in real estate projects referred to the association agreement between the Company and Alfa Land Rezidential Park SRL, an entity under common control. According to the association agreement, Electro Alfa International SRL held a 58.67% stake (of which 5% represents the project management share, according to the association agreement no. 102/30.06.2023) in the real estate project "Alfa Land Rezidential Park", located in Botoșani. The purpose of this association is to develop a modern residential complex, together with the following partners:

- Alfa Land Residential Park SRL – owned by the project's lead associate, with a 15.61% stake plus an additional 10% share for project management;
- Mr. Ciubotaru Gheorghe and Ms. Ciubotaru Mioara – with a cumulative stake of 25.72% (of which 5% management share).

In November 2025, the Company signed an addendum to this contract and converted the investment in the real estate project into a loan granted to Alfa Land Rezidential Park SRL with a principal amount of 25,847,234 lei as mentioned above.

d) Transactions with related parties

Sales (excluding VAT)

	2025	2024
Associates		
SGB-Electroalfa SRL	3,795,630	210,753
Electro Alfa Maintenance Services SRL	7,979	600
Entities under common control		
Electro Alfa CM SRL	338,289	119,298
Electro Alfa Engineering Services SRL	1,707,486	1,191,959
EAG Cantina Service SRL	94,232	48,192
ALFA LAND RESIDENTIAL PARK SRL	55,933	2,160
Residential Management Services SRL	2,006	7,507
Total	6,001,555	1,580,470

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

Interest income

	2025	2024
Associates		
SGB-Electroalfa SRL	753,364	33,567
Entities under common control		
Electro Alfa CM SRL	384,807	309,303
Electro Alfa Engineering Services	1,070,827	-
ALFA LAND RESIDENTIAL PARK SRL	44,646	39,121
Residential Management Services SRL	21,293	7,407
Electro Alfa Engineering SRL	8,670	8,181
ALPHA AID LTD	6,185	8,284
ALPHA POWER FOTOENERGY SRL	9,375	8,950
PRODUCT & DISTRIBUTION ENERGY SRL	1,656	1,582
REGENERABIL ENERGY PROD SRL	2,120	1,977
Total	2,302,944	418,373

Purchases (without VAT)

	2025	2024
Associates		
Electro Alfa Maintenance Services SRL	693,612	360,000
Entities under common control		
Electro Alfa CM SRL	24,804,505	15,180,521
Electro Alfa Engineering Services SRL	70,036,548	52,502,212
EAG Cantina Service SRL	85,354	55,036
Alfa Land Residential Park SRL	18,327	13,400
Electro Alfa Engineering SRL	-	54,735
Residential Management Services SRL	1,215	-
Alpha AID LTD	195,611	1,413,312
Total	95,835,172	69,579,216

33. Contingencies

Fiscal environment

The Romanian tax system is under consolidation and constantly changing, and there may be different interpretations of the authorities in relation to the tax legislation, which may give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may determine, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment surcharges (applied to the actual remaining payment amounts). Therefore, tax sanctions resulting from violations of the legal provisions may reach significant amounts to be paid to the State.

The Romanian Government has a significant number of agencies authorized to conduct audits of companies operating in Romania. These audits are similar to tax audits in other countries and may cover not only tax matters, but also other legal and regulatory matters of interest to these agencies. The Company may be subject to tax audits as new tax regulations are issued.

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025
(all amounts are expressed in lei, unless otherwise stated)

The amounts declared to the State for taxes and duties remain open to tax audit for five years. The Romanian tax authorities carried out controls regarding the calculation of taxes and duties until 31 December 2013, the period until 31 December 2013 being covered by the substantive tax control carried out by the tax authorities. All amounts due to the State for taxes and duties were paid or recorded at the balance sheet date. The Company considers that it has paid all taxes, duties, penalties and penalty interests on time and in full, to the extent applicable.

Law No. 431/2023 transposes the provisions of Directive (EU) 2022/2523 (hereinafter referred to as "Pillar 2"), introducing in Romania a complex system of rules for the effective minimum taxation of 15% of multinational enterprise groups and large national groups with annual consolidated revenues of at least 750 million Euros, from at least two of the four previous financial years.

The company does not fall under the Pillar 2 rules in 2024 as the minimum income thresholds were not met in two years of the applicable reference period.

By Law no. 207/2015 on the Fiscal Procedure Code, in the context of compliance with European and international directives and regulations, Country-by-Country Reporting (hereinafter referred to as "CbCR") is adopted.

The company is not subject to the CbCR rules in 2024 as the minimum Income thresholds were not met in the financial year of the applicable reference period.

Transfer price

In accordance with the relevant tax legislation, the tax assessment of a transaction with related parties is based on the concept of the market price of that transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between entities that are not affiliated and act independently, based on "normal market conditions".

It is likely that transfer pricing checks will be carried out in the future by tax authorities, to determine whether those prices comply with the principle of "normal market conditions" and whether the tax base of the Romanian taxpayer is not distorted.

34. Commitments

(i) Contractual commitments

The Group signed during 2025, the following contracts for the acquisition of shares from Electro Alfa Servicii Inginerie SRL:

- On November 5, 2025, the contract for the acquisition of 99.99% of the shares of Elcomex IEA SA Cernavoda was signed, with a purchase price of EUR 7,000,000. Additionally, the Group undertakes to take over by assignment at a later date the loan granted by the seller to the Company that is the subject of the contract in the amount of EUR 3,000,000.
- On November 5, 2025, the contract for the acquisition of 51% of the shares of Spiact Craiova SA was signed, with a purchase price of EUR 5,100,000. This transaction is conditional on the seller obtaining the necessary approvals from the Competition Council and the Commission for the Examination of Foreign Direct Investments (CEISD) for the acquisition of the share package subject to the transaction.
- On November 5, 2025, the contract for the acquisition of 33% of the shares of Electro Alfa CM SRL was signed, with a purchase price of 3,960,000 euros.

(ii) Endorsements and guarantees received from third parties

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

ELECTRO-ALFA INTERNATIONAL SA
Notes to the consolidated financial statements
for the financial year ended December 31, 2025

(all amounts are expressed in lei, unless otherwise stated)

There are no significant situations to present.

(iii) Endorsements and guarantees issued to third parties

The Company has issued performance guarantees in the form of bank guarantee letters in the amount of 62,620,994 lei as of December 31, 2025 (December 31, 2024: 58,982,260 lei) mainly granted in favor of beneficiaries of service contracts, contracts that are subject to public procurement legislation. See also Note 24 Bank borrowings.

35. Subsequent events

On February 6, 2026, the public offering was oversubscribed both for institutional investors and retail investors, which led to the early closing decision at the end of the trading session related to the public offering in the Bucharest Stock Exchange ("BVB") system, with the sale of up to 65,990,507 newly issued shares.

Number of shares actually sold and their price: 65,990,507 shares sold and allocated in the offer, respectively:

- Institutional Investors Tranche: 56,091,932 shares allocated at a price of 8.85 lei per share;
- Retail Investors Tranche: 9,898,575 shares, of which 9,882,434 shares allocated at a price of 8,4075 lei per share and 16,141 shares allocated at a price of 8.85 lei per share.

On 03.03.2026, trading began on the BVB, without the variation limit and the deal market, until the reference price was formed, in accordance with the provisions of Art. 41 (1) and Art. 42 of Title III of the BVB Code - Main Regulated Market.

On April 9, 2026, the agreement was signed to acquire the entire package of shares of the Company SOLAR TECHNOLOGIES CONSULTING SRL to ELECTRO ALFA INTERNATIONAL SA at a price of 1,850,000 euros, an entity that is developing an electricity storage project in the "ready for construction" stage, this project having all the authorizations obtained and the real rights have been obtained over the necessary land plots. In addition, the contract also provides for the takeover by assignment of receivables (having as its object the receivable resulting from the loan contract contracted by the Company, in the amount of 200,000 euros) concurrently with this contract; the assignment contract will be concluded under suspensive and resolutive conditions and will take effect on the date of receipt of the price by the Sellers. The assignee is GRENBOX ENERGY ASSETS BETELIGUNGSGESELLSCHAFT MBH.

Gheorge Ciubotaru
Chairman of the Board of Directors

Stefan Petrea
Chief Executive Officer

Constantin Todi
Chief Financial Officer