

PRESENTATION FOR INVESTORS 2023



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Report Date: 10/18/2023
Issuer Name: MECANICA FINA SA
Registered Office: Bucharest, Sector 2, Popa Lazăr Street, No. 5 – 25
Phone / Fax Number: 0212520085 / 021.252.76.09
Unique Registration Code at the Trade Registry Office: 655
Registration Number in the Trade Registry: J40 / 2353 / 1991
Regulated Market where the issued securities are traded:
BVB Standard Category Shares
Subscribed and Paid-Up Share Capital: 9,264,890 Romanian Lei
Main Characteristics of the Securities Issued by the Company:
3,705,956 dematerialized registered shares

1. Analysis of the Company's Activities

1.1. a) Description of the Company's Core Business Activity

The company is engaged in the leasing of real estate properties owned (CAEN activity code 6820 included in the company's scope as a secondary activity: leasing and subleasing of real estate properties, either owned or leased) and activities that include providing utility services to tenants in the rented spaces. Additionally, the company has carried out, as in previous years, primary accounting activities (with an insignificant share of total revenue), exclusively for companies in which it holds total or majority capital ownership, namely Itagra SA with its registered office in Boranesti, Ialomita County, ORC J21/316/2006, VAT 18792370, along with its subsidiary, Itagra Bio Terra SRL, ORC J21/35/2020, VAT 42145490, Mollo Re SA with its registered office in Bucharest, Sector 2, Popa Lazar Street No. 5 – 25, ORC J40/15010/2006, VAT 19034870, Industrial Cefin SA with its registered office in Bucharest, Sector 2, Popa Lazar Street No. 5 – 25, ORC J40/9492/1995, VAT 7867787, and MODERN SELF WASH SRL (ORC J40/15041/2022, VAT 44390738).

An important source of the company's revenue is represented by dividends obtained from its direct and indirect capital investments, which are included in the individual and consolidated annual financial statements.

Regarding the company's activities, we make the following clarifications in this report: Since Mecanica Fina SA no longer conducts activities related to its main object of activity as stated in its articles of incorporation, namely CAEN activity code 2651 - Manufacture of instruments and devices for measurement, verification, control, navigation, the Administration is currently assessing the methods and conditions for changing the company's main object of activity and the impact it may have in relation to the applicable legal provisions as established by the Companies Law no. 31/1991 and the legislation regarding financial instrument issuers and market operations (Law no. 24/2017, Art. 91) and ASF Regulation no. 5/2018, Art. 182.

In this regard, an extraordinary general shareholders' meeting has been convened (to be held on the date when we will present this report to the general meeting of shareholders), where we will present the objective reasons for the proposed change in the main object of the company's activity and request, in the initial phase, a principle approval for the Board of Directors to undertake the necessary formalities and legal procedures as stipulated by the above-mentioned regulatory acts and to convene a final extraordinary general meeting to decide whether or not to change the main object of activity of Mecanica Fina SA, the proposed main activity being CAEN code 6420 - "Activities of holding companies."

b) Establishment Date of the Company

MECANICA FINA S.A. was established under Law 15/1990 regarding the reorganization of state economic units as autonomous companies and commercial companies, through the Romanian Government Decision no. 157 dated March 7, 1991, following the division of the former Fine Mechanics Enterprise in Bucharest, derived in turn from the Technical Exploitation Society (S.E.T.) founded in 1923.

c) Description of any significant mergers or reorganizations of the company, its subsidiaries, or controlled companies during the financial year.

No significant mergers or reorganizations have taken place at the level of Mecanica Fina SA or its subsidiaries or controlled companies during the financial year 2022.

d) Description of asset acquisitions and/or disposals.

In accordance with the resolution of the General Shareholders' Meeting no. 4 dated April 29, 2022, approving the activity and investment program, during the year 2022, the company made the following two significant investments, which were promptly disclosed to the shareholders/investors in the capital market:

1. On July 14, 2022, the company took control of MODERN SELF WASH S.R.L., a Romanian legal entity located in the commune of Modelu, Culturii Street No. 1, Călărași County, with registration number J51/453/07.06.2021, unique registration code 44390738, engaged in the maintenance of vehicles (automated car wash) with a business location in the immediate vicinity of the property in Bucharest, Sector 2, Pantelimon Road No. 1-3, owned by Mecanica Fina SA. After this transaction, Mecanica Fina SA, as the sole associate of Modern Self Wash SRL, moved the registered office of this company to Bucharest, Sector 2, Popa Lazar Street No. 5-25, registered with the Trade Registry Office attached to the Bucharest Tribunal under number J40/14041/2022. The location where this company continues to operate (automated car wash) is a property registered in the land register of Bucharest Municipality - Sector 2, under number 230028, with cadastral number 230028, consisting of 398 sqm of land and a building built on it for the purpose of a car wash, with a built area on the ground of 206.30 sqm, equipped with all the equipment and facilities of an automated car wash, acquired by Mecanica Fina SA from Davidex Clean SRL Calarasi (J51/82/2013, VAT 31221710) at a total price of 308,000 euros (equivalent in Lei) through a sale-purchase contract.
2. On December 15, 2022, the company acquired, through a share purchase agreement, a package of shares representing 50% of the total share capital of Industrial Cefin SA, a closed-type company, with its registered office in Bucharest, Sector 2, Popa Lazar Street No. 5-25, Building C16, 1st Floor, Module 6, registered with the Trade Registry Office under number J40/9492/1995 and unique registration code 7867787, at a total price of 1,248,210 euros, a price determined through negotiation based on an appraisal report. Following this transaction, the company increased its share in the share capital of Industrial Cefin SA from 38.72789% to 88.72789%. The transfer of ownership rights over the shares, along with all corporate rights and obligations related to them, took place on the date of signing the contract, and the buyer has the right to vote at the general shareholders' meeting of Industrial Cefin SA according to the new shareholding proportion in the share capital resulting from the share acquisition, regardless of the domain, nature, and purpose of the adopted resolutions. Industrial Cefin SA engages in similar activities as Mecanica Fina SA, specifically "Property management" for the real estate portfolio in Sector 2 of Bucharest, consisting of C.c. category lands with an area of 3,000 sqm, on which buildings with a useful area of over 3,000 sqm are located, nearly entirely rented at Pantelimon Road No. 6-8, as well as the 3rd and 4th floors (partially) with a useful area of 400 sqm in a building with a ground area of S+P+9E at Pantelimon Road No. 10-12. By taking control of Industrial Cefin SA, Mecanica Fina SA diversifies and increases its real estate portfolio and ensures superior conditions for promoting, managing, and increasing the profitability of that portfolio, with 88.72789% of the profit of this company being accounted for in the consolidated financial statements of Mecanica Fina SA.

e) Description of the Main Results of the Company's Activity Evaluation:

1.1.1 General Assessment Elements:

NR	CRITERIA	RESULT (IN LEI)
1	Gross Profit	11.296.840
2	Net Profit	10.068.263
3	Turnover	8.346.184
4	Costs (Total Expenses)	7.662.547
5	Liquidity (Available in Accounts, etc.)	200.033

1.1.2 Evaluation of the Technical Level of the Company.

Description of the main products manufactured and/or services provided, including:

a) Specification of the main market for each product or service and distribution methods

The company currently exploits a total area of approximately 20,000 square meters through the leasing of its properties and has about 40 leasing contracts in progress. The company provides its tenants with the utilities necessary for conducting activities in the leased spaces (electricity, thermal energy, natural gas, water/sewerage), as well as maintenance and repair services for the facilities within the leased spaces.

b) Specification of the weight of each product or service category in the company's revenue and total turnover for the last three years.

NR. CRT.	PRODUCT GROUPS / SERVICES	PERCENTAGE OF PRODUCT CONTRIBUTION TO TOTAL TURNOVER		
		2020	2021	2022
1	Leasing	79,04	75,17	71,46
2	Services related to providing utilities to tenants and other service	20,96	24,83	28,54
	TOTAL	100	100	100

c) Specification of new products considered for which a substantial volume of assets will be allocated in the upcoming financial year, as well as the development status of these products.

There are ongoing rehabilitation, modernization, and development works for one of the properties owned by the company, namely the building located at the postal address Bucharest, Sector 2, Pantelimon Road No. 1-3. This building is planned to be leased after the completion of the works.

1.1.3 Evaluation of Technical Material Procurement Activity

a) Sources of Supply:

NR.CRT.	SPECIFICATION	SUPPLIER(S)
1	Electricity	Enel Energie Muntenia SA, Electrica Furnizare SA
2	Thermal Energy	Termoenergetica SA
3	Natural Gas	Engie SA
4	Materials and Components	Romstal, Power Electric, Avi Compact
5	Property Modernization	Romtam , Expert Instal, Class Instal

b) Prices for Materials: Through negotiation with suppliers.

c) Inventory Size: In accordance with the internal needs of the company's activities.

1.1.4 Evaluation of Sales Activity:

a) Description of the sequential evolution of sales in the domestic and/or international market and the medium to long-term sales prospects.

The company has continued its investment policy focused on the rehabilitation, modernization, and maintenance of the properties owned in order to ensure optimal conditions for leasing to various tenants and negotiating/establishing competitive rental prices.

The sources of financing for these investments have included both internal funds and borrowed funds (bank loans). Future investments will be directed towards the same type of activities.

As a medium to long-term perspective, as mentioned in previous annual reports, the company's management intends to carry out a large-scale real estate development project that can be completed in the coming years. This plan is based on the fact that similar projects have been developed in the area (such as Noua Piata OBOR and Veranda Mall), which have increased and will continue to increase the attractiveness of the area.

Management has continued the analyses initiated earlier to identify the best solutions for implementing the proposed real estate project. Discussions have been initiated with property owners and holders (land and buildings) in the vicinity of the company's locations to explore mutually profitable cooperation methods for the realization of the project, with the possibility of entering into a collaboration agreement for this purpose.

Management will continue its investigations and diligence to achieve the proposed goals, especially as the impact and effects of the crisis triggered by the coronavirus epidemic have significantly diminished. Additionally, we will closely monitor how local authorities manage to finalize and approve the General Urban Plan and the Zonal Urban Plan, which are crucial for the solutions we are planning to adopt regarding this real estate project.

b) Description of the competitive situation in the issuer's field of activity, the market share of the issuer's products or services, and the main competitors.

In the leasing sector, major real estate developers represent the strongest competition, and an even more significant presence of these developers is expected in the area where the company operates (the northeastern area of the capital).

c) Description of any significant dependence of the issuer on a single customer or a group of customers, whose loss would have a negative impact on the company's revenue.

As previously highlighted in the annual reports, approximately 27% of Mecanica Fina SA's revenue comes from contracts with event organizers, whose activities were suspended and/or restricted due to regulatory acts issued during the state of alert decrees in Romania. Therefore, certain modifications to the contractual conditions were necessary, with clear negative implications for rental income, both in 2020 and 2021. We had to renegotiate some contract clauses, particularly payment methods, and added necessary addenda to the lease contracts to regulate the mandatory payment of utilities consumed in the leased spaces and minimum payments of 30% of the monthly rent. Tenants were required to pay the outstanding rent differences as soon as the restrictions were lifted, and their activities resumed.

In 2022, with the lifting of the state of alert caused by the coronavirus pandemic and the definite resumption of activities by event organizers, there was a recovery of overdue rent payments and improved collection of current (monthly) receivables from tenants.

It is also true that the issuer's management closely monitors and will continue to closely monitor events in Ukraine, the evolution of which could affect Romania. In this regard, we will take the necessary measures to counteract any potential effects on the company.

1.1.5 Evaluation of Employee-Related Aspects / Company Personnel:

a) Specification of the number and level of training of the company's employees and the degree of labor unionization:

In 2022, the company had an average of 13 employees, employed under indefinite-term employment contracts. These employees are highly qualified and work in the economic, technical, commercial, and administrative departments of the company, as well as in the maintenance of buildings and facilities.

Regarding labor unionization, it is important to note that there is no labor union within the company. Furthermore, the number of employees at Mecanica Fina SA is below the legal threshold required for establishing a labor union.

b) Description of the relationships between management and employees and any conflict elements characterizing these relationships:

The relationships between the administration and employees are normal employment relationships institutionalized through individual employment contracts. There are no elements or conflictual situations in the course of these employment relationships. At the company level, there is no negotiation and conclusion of a collective labor agreement, and in light of recent changes in labor legislation, all necessary measures will be taken to ensure compliance with applicable legal provisions.

1.1.6 Evaluation of Aspects Related to the Impact of the Issuer's Core Activity on the Environment. A concise description of the impact of the issuer's core activities on the environment, as well as any existing or anticipated disputes related to the violation of environmental protection legislation.

Significant environmental impact (metal coatings, heat treatment) and no longer engages in As previously reported in the annual reports, the company has discontinued activities with production activities that require an environmental permit. There have been no, are no, and are not anticipated to be disputes related to the violation of environmental protection legislation.

1.1.7 Evaluation of Research and Development Activity. Specification of the expenses in the current financial year and those anticipated for the next financial year for research and development activities.

Not applicable.

1.1.8 Evaluation of the Company's Risk Management Activity. Description of the issuer's exposure to price risk, credit risk, liquidity risk, and cash flow risk. Description of the company's risk management policies and objectives.

Credit Risk: The company is primarily exposed to the risk of financial loss that arises in leasing or trade activities if a customer fails to meet contractual obligations. In such cases, amicable solutions are sought for resolution, and if necessary, legal action is taken.

Foreign Exchange Risk: The company is primarily exposed to foreign exchange risk with bank loans. The company has limited exposure to currency fluctuations compared to the value of the loans obtained because the majority of revenues are derived from lease contracts negotiated in euros.

Liquidity Risk: Liquidity risk arises from managing current assets, financing expenses, and principal repayments for its debt instruments. The company's policy is oriented towards ensuring a cash flow that allows it to meet its maturing obligations by maintaining cash balances or arranging suitable facilities to meet payment needs. The company's management receives periodic cash flow and cash availability analyses and forecasts through specialized departments to ensure that the company has sufficient liquid resources to meet payment obligations in all reasonable anticipated circumstances. Regarding bank liquidity, the company's management periodically analyzes the situation of funds in bank accounts to prevent any operational issues.

Operational Risk: Operational risk is the risk associated with the occurrence of losses - whether direct or indirect - arising from causes related to the company's processes, personnel, technology, and infrastructure, as well as external factors (other than credit, market, and liquidity risk), such as those arising from legal and regulatory requirements and generally accepted standards for organizational behavior. Operational risk can arise from all of the company's operations. The company's management conducts controls related to operational risk, with responsibilities directed toward the development/improvement of the company's general risk management standards in the following areas: segregation of duties, authorization, reconciliation and monitoring of transactions, compliance with legal and regulatory requirements, documentation of controls and procedures, and their adequacy to prevent identified risks, reporting of operational losses and remediation of the root causes, development of operational continuity plans, establishment of ethical standards, risk prevention and insurance, risk reduction, and efficient use of insurance, where applicable.

Adequacy of Capital: The company's capital policy is focused on maintaining a solid capital base to ensure the company's consistent growth and achievement of its investment objectives.

1.1.8 Prospects for the Company's Activity:

a) Presentation and analysis of trends, elements, events, or factors of uncertainty that affect or could affect the issuer's liquidity compared to the same period of the previous year.

We believe that there will be fewer factors of uncertainty affecting the company's liquidity.

Unfortunately, as mentioned above, it is necessary to continuously analyze the evolution and effects of events in the vicinity of Romania, specifically in Ukraine. This is crucial to assess and implement the best measures to counter the potential effects of the escalation of these events, and, more importantly, the potential spillover of the war to Romania, ensuring control for the continuation of the issuer's and its subsidiaries' activities and maintaining the highest possible level of liquidity.

b) Presentation and analysis of the effects of current or anticipated capital expenditures on the issuer's financial position compared to the same period of the previous year.

In 2022 and beyond, the company's resources have been, are, and will be primarily directed toward financing the program of rehabilitation, modernization, and furnishing of the buildings owned in order to make them attractive for profitable rentals. Based on this, we expect to achieve better results in the company's core activities. However, forecasts are and can continue to be affected by the risks and uncertainties associated with the events mentioned above.

c) Presentation and analysis of events, transactions, and economic changes that significantly affect revenue from core activities.

The company's management is counting on maintaining and even increasing revenue from core activities as it anticipates income from rentals in other locations of the company where modernization and improvement works have been or will be completed. A significant portion of Mecanica Fina SA's revenue comes from the execution of leasing contracts for the built spaces owned by the company. As we have outlined in the annual reports for the past two years, the most significant event in 2020, with considerable effects on the activities carried out in 2021, was the COVID-19 pandemic, which led to the declaration of a state of emergency nationwide starting from March 16, 2020, and continued with the state of alert extended until March 8, 2022.

The cessation of the state of alert on March 8, 2022, allowed for the elimination of the negative effects resulting from the measures taken by the authorities to combat the pandemic, enabling a much better resumption of the company's activities in 2022 and achieving the results presented in this report. Taking into account these realities, but subject to potential negative phenomena that the war situation in Romania's vicinity could create, we continue to expect the normal conduct of activities both at the issuer's level and that of its subsidiaries.

2. Corporate Assets of the Issuer

2.1. Specification of the location and characteristics of the main production facilities owned by the issuer.

LANDS

Nr. crt.	Location	Exclusive Area (sq. m)	Indivisible Area (undivided share / sq. m)
1	Str. Popa Lazăr, nr. 5-25, sector 2 Bucuresti	21.088,21	-
2	Str. Pantelimon, nr. 1-3, sector 2 Bucuresti	16.808,00	504,67
3	Str. Christigiilor, nr. 46, sector 2 Bucuresti	2.117,50	-
4	Str. Popa Lazăr, nr. 12, sector 2 Bucuresti	-	615,60
5	Str. Popa Lazăr, nr. 10, sector 2 Bucuresti	795,90	-
6	Sos Pantelimon, nr. 10 – 12, sector 2 Bucuresti	-	131,84
7	str. Ion Heliade Radulescu, nr. 12-14, sect. 2 Bucuresti	91,00	-
8	str. Ion Heliade Radulescu, nr. 33, sector 2 Bucuresti	478,00	-
9	Sos. Pantelimon nr. 1, sector 2 Bucuresti	398,00	-
10	Loc. Boranesti, jud. Ialomita - terenuri arabile si Cc	2.676,58	-

BUILDINGS

Nr. crt.	Year of Constr.	Construction Indicator	Building Name	Usable Built Area (sq. m)	Location
					Bucharest, Sector 2
1	1974	C 1	Vopsitorie-vulcanizare	456	Str. Popa Lazar 5-25
2	1974	C 1	Magazie neferoase	546	Str. Popa Lazar 5-25
3	1940	C 14	Pavilion administrativ	1408	Str. Popa Lazar 5-25
4	1976	C 14	Anexa tehnica	1327	Str. Popa Lazar 5-25
5	1962	C 14	Hala	1876	Str. Popa Lazar 5-25
6	1964	C 14	Hala	348	Str. Popa Lazar 5-25
7	1948	C 14	Hala	1072	Str. Popa Lazar 5-25
8	1957	C 14	Centrala termica	164	Str. Popa Lazar 5-25
9	1941	C 15	Hala	1088	Str. Popa Lazar 5-25
10	1940	C 16	Cladire birouri	994	Str. Popa Lazar 5-25
11	1935	C 16	Hala 1	522	Str. Popa Lazar 5-25
12	1956	C 16	Hala 2	522	Str. Popa Lazar 5-25
13	1960	C 16	Grup social / sala festivitati	980	Str. Popa Lazar 5-25
14	1975	C 27	Hala 100	23504	Str. Popa Lazar 5-25
15	1977	C 31	Bloc turn s+p+et. 1	735	Sos. Pantelimon 10-12
16	2004	C 31	Bloc turn et. 2	352	Sos. Pantelimon 10-16
17	2003	C 31	Bloc turn et. 7, 8 si 9	1054	Sos. Pantelimon 10-12
18	1974	C 1	Hala 50	7728	Sos. Pantelimon 1-3
19	1961	C 4	Hala 60	6854	Sos. Pantelimon 1-3
20	1914	C 2	Debitaj 1	239	Sos. Pantelimon 1-3
21	1970	C 3	Debitaj 2	60	Sos. Pantelimon 1-3
22	1975	C 1	Cantina	2112	Str. Christigiilor 46
23	1973	C1	Camin 1	2365	Str. Popa Lazar 10
24	1980	C1	Camin 3	1715	Str. Popa Lazar 12
25	1928	C1	Imobil locuinta	230	Str. I. H. Radulescu 33
26	2022	C1	Spalatorie auto	206	Sos. Pantelimon 1

2.2. Description and analysis of the degree of wear and tear of the issuer's properties.

Some of the company's buildings have significant age (see the table above), but they have undergone consolidation, rehabilitation, modernization, and ongoing maintenance measures. This is a continuous process that requires constant investments to ensure the attractiveness of the spaces offered for rent.

2.3. Specification of any issues related to the ownership rights of the issuer's tangible assets.

The company "Societatea Mecanica Fina SA Bucuresti" owns a plot of land measuring 1068 square meters in the locality of Boranesti – Ialomita, on which there is a building owned by Mr. Aeleni Petru. Mr. Aeleni Petru resides in this house with his family.

Both the land and the house were formerly owned by the former IAS Boranesti, which became the company CERES SA Boranesti, currently deregistered from the trade registry since 2008. CERES SA auctioned the existing house on the land (excluding the land itself), and Mr. Aeleni Petru acquired ownership of the house through a subsequent sale-purchase contract with the auction winner.

The land was purchased from CERES SA by Mecanica Fina SA through bankruptcy proceedings (via a sale-purchase contract signed by the bankruptcy judge). However, due to this atypical situation, Mecanica Fina SA could not register ownership of the land. Consequently, the company did not contribute the land as an asset to the share capital of Itagra SA (unlike other lands and constructions in the vicinity acquired from CERES SA through the same contract). Adjacent to the house, Mr. Aeleni Petru built some additional structures on the neighboring land that he owns.

Mecanica Fina SA filed a lawsuit requesting the court, through the summons in the case numbered 598/330/2016 at the Urziceni Court, to compel the defendant to dismantle the structures built unlawfully and to evict the defendant from the illegally occupied land.

In a counterclaim, the defendant Aeleni Petru requested the court, in opposition to Mecanica Fina SA and Itagra SA, to establish a right of way to public access through the adjacent lands belonging to the two companies.

In case number 598/330/2016 (civil judgment number 1001 dated May 30, 2018), the court accepted the claim filed by the plaintiff-defendant Mecanica Fina SA against the defendant-plaintiff Aeleni Petru and the defendant Aelenei Elena (later introduced into the case). The court approved the expertise report conducted by expert Ciripan Valeriu, obligated the defendant-plaintiffs to dismantle the constructions mentioned in annex 2 of the expertise report, ordered the eviction of the defendant-plaintiff Aeleni Petru and the defendant Aelenei Elena from the land measuring 1067.69 square meters in Borănești commune, 1 Decembrie 1918 Street, no. 172, Ialomița county, belonging to the plaintiff, and partially accepted the counterclaim filed by the defendant-plaintiff Aeleni Petru against the plaintiff-defendant Mecanica Fina SA and the defendant Itagra SA. The court acknowledged that the defendant-plaintiff Aeleni Petru has a right of use over the land measuring 87 square meters (belonging to the plaintiff-defendant) on which his property is located. The court also approved the topographical expertise report conducted by expert Băcu Ion and its supplement, and granted the defendant-plaintiff Aeleni Petru a right of passage through the land belonging to Itagra SA via the western access route specified in the topographical expertise report. The judgment was appealed by the defendant-plaintiffs Aeleni Petru and Aeleni Elena, but the appeal was rejected.

The enforcement of the judgment was requested, and the debtors' refusal to comply led to the filing of a new application at the Urziceni Court, resulting in case number 2055/330/2019. In this case, the court, through civil judgment number 6 dated January 6, 2020, authorized the plaintiff, Mecanica Fina SA, to proceed, at the expense of the debtors, with the dismantling of the works on its land, as established in civil judgment number 1001 dated May 30, 2018, pronounced in case number 598/330/2016.

Debtors Aeleni Petru and Aeleni Elena have filed an objection to the enforcement (challenging the value of the dismantling works). The court partially accepted the objection, reducing the value of the works. Concurrently, Aeleni Petru and Aeleni Elena have initiated three legal actions against Mecanica Fina SA, which are the subject of the following cases:

- Case File 5290/330/2020 – Urziceni Court (presidential ordinance) where the plaintiffs requested the court to compel the defendant Mecanica Fina SA to dismantle the fencing made of pillars, concrete panels, and wire mesh around their property (the fencing was done simultaneously with the authorized demolition works by civil judgment no. 6 dated January 6, 2020, pronounced by the Urziceni Court in case 2055/330/2019), to rebuild the well and hydrant, the water supply connection, the septic tank, and the sewage connection that served the plaintiffs' property in Borănești commune, 1 Decembrie 1918 Street, no. 172, Ialomița county. The trial court rejected the request for the presidential ordinance. The plaintiffs appealed, and the appellate court upheld the appeal against civil judgment no. 8 dated January 7, 2021, of the Urziceni Court. The appellate court modified it partially regarding points 2 and 3 of the lawsuit, and consequently partially accepted the plaintiffs' request for the presidential ordinance, obliging the defendant to rebuild the well and hydrant, the water supply connection, the septic tank, and the sewage connection serving the plaintiffs' property. The appellate court retained the provisions of the first instance regarding the rejection of the request to dismantle the fencing made of pillars and concrete slabs.

- Case File 5291/330/2020 – Urziceni Court (objection to forced execution) where the plaintiffs requested the court to compel the defendant Mecanica Fina SA to dismantle the fencing made of pillars, concrete panels, and wire mesh around their property (the fencing was done simultaneously with the authorized demolition works by civil judgment no. 6 dated January 6, 2020, pronounced by the Urziceni Court in case 2055/330/2019), to rebuild the well and hydrant, the water supply connection, the septic tank, and the sewage connection that served the plaintiffs' property in Borănești commune, 1 Decembrie 1918 Street, no. 172, Ialomița county. The court partially accepted the objection to execution. It partially annulled the ruling establishing the costs of forced execution dated December 10, 2020, reducing the amount from 18,992.40 lei to 6,540 lei. The court partially accepted the objectors' request regarding the court costs, consequently obliging the defendant to pay the objectors the sum of 950 lei as court costs, including a partial attorney's fee and photocopying costs for the execution file. The court rejected the objectors' request to compel the defendant to pay court costs consisting of judicial stamp duty, deeming it unfounded. The court partially accepted the defendant's request regarding court costs, obliging the objectors to pay the defendant the sum of 750 lei as court costs. Pursuant to Article 720 paragraph 4 of the Civil Procedure Code, this final and conclusive decision will be immediately communicated to BEJA Constantin Radu and Ștefan Marius Daniel. There is a right to appeal within 10 days from the communication, and the appeal should be filed with the Urziceni Court. As of now, the case is being heard in the appeal phase, pending before the Ialomița Tribunal, with the Aeleni spouses filing an appeal against the decision pronounced in the first instance. The appeal has not yet been resolved.

- Case File 5292/330/2020 – Urziceni Court (declaratory action) where the court is requested to acknowledge that the plaintiffs have a right of use over a land area around the property owned by them, the land area necessary for the operation of the property. The request was later supplemented with the demand to compel the defendant Mecanica Fina SA to dismantle the fencing made of pillars, concrete panels, and wire mesh around their property (a repetition of the request that was the subject of the presidential ordinance). In this case, the court ordered a technical expertise to be carried out by a court-appointed expert. In the end, the court granted the modified and clarified request. It acknowledged that the plaintiffs have a right of use over the land area of 331 square meters, identified in the technical expertise report in topography prepared by court-appointed expert Bejinariu Claudiu George, endorsed by OCPI Ialomița. The court obliged the defendant to dismantle the fencing made of pillars, concrete slabs, and wire mesh around construction C1, the property of the plaintiffs, located in Borănești commune, 1 Decembrie 1918 Street, no. 172, Ialomița county. The court ordered the defendant to pay the plaintiffs the sum of 6029 lei as court costs, including judicial stamp duty, expert fee, and attorney's fee. There is a right to appeal within 30 days from the communication. The appeal will be filed immediately after receiving the pronounced decision.

3. Securities Market Issued by the Issuer

3.1. Specification of the stock markets in Romania and other countries where the securities are traded.

MECANICA FINA SA is listed on the Bucharest Stock Exchange in the Shares section, Standard Category, Main Segment, starting from August 12, 2015.

The listing on the stock exchange was approved by a Decision of the Financial Supervisory Authority (ASF), based on which the company's shares (symbol MECE in the capital market) were admitted to trading on the regulated market administered by the Bucharest Stock Exchange SA following the completion of the legal procedures carried out by the issuer in accordance with the provisions of Law no. 151/2014 regarding the clarification of the legal status of shares traded on the RASDAQ Market or on the market for unlisted securities.

The shares issued by Mecanica Fina SA are not traded on other markets in the country or in markets in other countries.

3.2. Description of the issuer's dividend policy. Specification of the dividends due/paid/accumulated in the last 3 years and, if applicable, the reasons for any reduction in dividends over the past 3 years.

In the last three years, the company has not distributed any dividends.

The profit recorded by the company as of December 31, 2019, in the amount of 8,113,195 lei, was allocated as follows: 458,301 lei to legal reserves, 797,336 lei to fully cover the loss from 2017, and 6,857,558 lei as retained earnings (account 117).

The profit recorded by the company as of December 31, 2020, in the amount of 1,650,725 lei, was allocated to "legal" and "other" reserves.

The profit recorded by the company as of December 31, 2021, in the amount of 4,513,182 lei, was also allocated to "legal" and "other" reserves, as provided by law.

For the profit recorded by the company as of December 31, 2022, the Board of Directors has proposed, through the convening of the ordinary general meeting of shareholders, allocation to the development fund ("other reserves").

3.3. Description of any activities of the company regarding the acquisition of its own shares.

Not applicable.

Note: A total of 706 shares (0.019% of the total share capital of the company) are held by the Central Depository SA as shares belonging to the issuer. These shares remained undistributed following the pro rata allocation of shares representing capital increases with the value of reinvested profits from previous years, as approved by resolutions of the general meetings of shareholders.

3.4. If the issuer has subsidiaries, specify the number and nominal value of the shares issued by the parent company held by the subsidiaries.

In 2006, two joint-stock companies were established in which MECANICA FINA SA holds capital interests. The establishment of these two companies (subsidiaries) was approved by resolutions of the general meetings of shareholders. These companies are as follows:

- MOLLO RE SA, a company operating in the real estate sector, particularly in the accommodation and lodging activities.
- ITAGRA SA, a company operating in the agricultural sector.

In both companies, MECANICA FINA SA is the majority shareholder with a capital participation exceeding 99%.

We would like to remind you in this report that in 2019, the majority shareholder MECANICA FINA SA decided, through the resolution no. 2 of November 27, 2019, of the extraordinary general meeting of shareholders, to increase its participation in the share capital of Itagra SA by a total amount of 3,000,000 lei, of which 2,500,000 lei represented loans granted to this company and unpaid at maturity, and the remaining 500,000 lei represented new cash contributions.



Furthermore, through resolution no. 1 of April 29, 2020, it decided to increase the participation of MECANICA FINA SA in the share capital of Itagra SA by a total amount of 5,000,000 lei, of which 4,900,000 lei represented the total of successive loans granted by MECANICA FINA SA, as the majority shareholder, to Itagra SA, and 100,000 lei represented new cash contributions.

As a result of these capital infusions, the current total share capital of Itagra SA is 12,900,000 lei, and the participation share of MECANICA FINA SA in this capital is 99.997%, thereby providing the necessary conditions for the development of Itagra SA, which operates in the agricultural sector, a field with significant growth potential.

During the year 2019, Mecanica Fina SA entered into a share purchase agreement (documented with a registered date under no. 69 on October 11, 2019, at the Boroi Notary Public Office in Bucharest). The agreement allowed Mecanica Fina SA to acquire a package of 56,047 shares with a nominal value of 2.5 lei per share, representing 38.72789% of the total share capital of the closed-type company Industrial Cefin SA, located in Bucharest, Sector 2, Popa Lazar Street, No. 5-25, Building C16, 1st Floor, Module 6, registered with the Trade Register under no. J40/9492/1995 and having a unique registration code of 7867787.

Out of this share package, 54,600 shares were acquired from the Romanian legal entity Mol Invest SA, headquartered in Bucharest, Popa Lazar Street, No. 5-25, Building C16, 1st Floor, Module 4, registered under no. J40/969/2001, which is the majority shareholder of Mecanica Fina SA.

The remaining 1,447 shares were obtained from the individual Mollo Sergio, a shareholder of Industrial Cefin and the President of the Board of Directors and General Manager of Mecanica Fina SA.

In 2022, Mecanica Fina SA entered into another share purchase agreement, allowing them to acquire a package of 72,360 shares with a nominal value of 2.5 lei per share, representing 50% of the total share capital of the same company (please refer to paragraph 1.1, letter d), point 2, above).

Following the acquisition of these two share packages, Mecanica Fina SA became a shareholder of Industrial Cefin SA with a participation share in the share capital of 88.72789%, while Mol Invest SA's shareholding in Industrial Cefin SA remains at 11.27211%. Consequently, Mecanica Fina SA and its majority shareholder, Mol Invest SA, together hold a total of 144,720 shares with a nominal value of 2.50 lei, representing the entire share capital of Industrial Cefin SA.

Furthermore, following the acquisition of the two share packages, the General Meeting of Shareholders of Industrial Cefin SA decided to transition from a unified management system by a Board of Directors consisting of 3 members to a single administrator for the company.

On July 14, 2022, Mecanica Fina SA acquired full control over MODERN SELF WASH SRL through a social rights assignment contract. Detailed information regarding this transaction and investment can be found in paragraph 1.1, letter d), point 1, as mentioned above.

Information about the four companies in which Mecanica Fina SA holds share packages is presented as follows.

Company Name	Company Headquarters	Total Share Capital	Capital Contribution: Share of participation of M.F SA in the capital and nature of the contribution	Business Activity Conducted Cod CAEN	Leadership
ITAGRA SA ORC: J/21/316/2006 CUI: 18792370	Com. Boranesti, jud. Ialomița	12,900,000 lei, of which 3,601,600 lei is in-kind contribution	12,899,600 lei, representing 99.997%, including an in-kind contribution of 3,601,600 lei (land and agricultural constructions) and a cash contribution of 9,298,000 lei	Cultivation of cereals Cod CAEN 0111 Other	Sole Director: Sergio Mollo
MOLLO RE SA ORC: J40/15010/2006 CUI: 19034870	București sector 2, str. Popa Lazăr nr. 5-25 Imobil C16 Etaj 1 Modul 5	200.000 lei Cash Contribution	199.700 lei 99,85% Cash Contribution	Accommodation Facilities Cod CAEN 5590	Sole Director: Sergio Mollo
INDUSTRIAL CEFIN SA ORC: J40/9492/1995 CUI: 7867787	București sect. 2, str. Popa Lazăr nr. 5-25 Imobil C16 Etaj 1 Modul 6	361.800 lei	140.117,50 lei 38,73% Cash Contribution	Renting Own Real Estate Assets Cod CAEN 6820	Sole Director: Sergio Mollo
MODERN SELF WASH SRL	București sect. 2, str. Popa Lazăr nr. 5-25 Imobil C16 Etaj 1 Modul 1	200 lei	100 % Cash Contribution	Car Wash Cod CAEN 4520	Sole Director: Sergio Mollo

Results obtained by the subsidiaries of the issuer Mecanica Fina SA.

For the financial year 2022, the subsidiaries of the issuer Mecanica Fina SA, namely ITAGRA SA, MOLLO RE SA, INDUSTRIAL CEFIN SA, and MODERN SELF WASH SRL, recorded the following results:

1. ITAGRA SA	- business revenue	= 10.078.245 lei
	- Profit (net)	= 1.769.074 lei
2. MOLLO RE SA	- business revenue	= 1.928.674 lei
	- Profit (net)	= 410.757 lei
3. INDUSTRIAL CEFIN SA	- business revenue	= 1.519.524 lei
	- Profit (net)	= 187.214 lei
4. MODERN SELF WASH SRL	- business revenue	= 394.947 lei
	- Profit (net)	= 257.219 lei

The branches of the issuer Mecanica Fina SA, the companies Itagra SA, and Mollo Re SA hold, in turn, equity stakes as follows:

- Mollo Re SA holds a 50% equity stake in the company Vera Wellness SRL, which is engaged in fitness center activities and has a total share capital of 40,000 lei.
- Itagra SA holds stakes in the company Bio Valley SRL (90, 40% of a total share capital of 15,000 lei) and in the company Itagra Bio Terra SRL (100% of a total share capital of 20,000 lei).

3.5 In case the company has issued bonds and/or other types of debt securities, explain how the company fulfills its obligations to the holders of such securities.

In 2022, Mecanica Fina SA, the issuer, did not issue bonds or any other types of debt securities. However, we would like to remind you that, as previously informed in the Annual Reports for 2019 and 2020, during the extraordinary general meeting of shareholders held on November 11, 2019, the general assembly of the shareholders of Mecanica Fina SA approved the issuance of non-convertible corporate bonds with a maximum total value of 5,000,000 lei or the equivalent in any other currency, with a maturity of up to 3 years, in one or more issues and/or tranches. The purpose of the funds was to finance the development projects of the company and its subsidiary, Itagra SA.

In the meeting held on December 18, 2019, the Board of Directors of Mecanica Fina SA established the final characteristics of the bond issue in accordance with the authorization granted by the Extraordinary General Assembly's Resolution No. 1/11.11.2019. On January 30, 2020, the Financial Supervisory Authority (ASF) approved the prospectus for the public offering of bonds issued by Mecanica Fina SA (MECE 23 Bonds).

Unfortunately, the successful closure condition of the offering by selling a minimum of 50% of the bonds was not met, and the percentage of bonds sold out of the total bonds offered was 10.90%.

4. Management of the Issuer

4.1. Presentation of the list of the company's administrators and the following information:

a) CV (name, surname, age, qualification, professional experience, position, and length of service)

By the decision of the General Assembly of Shareholders (AGA) No. 12/10.12.2007, the management of the company was entrusted to a Board of Directors composed of 3 (three) members and led by a President - Chief Executive Officer, Mr. Mollo Sergio, an Italian citizen, born on August 18, 1956, with a higher technical and economic education, 26 years of management experience, and residing in Bucharest, Sector 2, Popa Lazar Street, No. 5-25, Block C14.

The other members of the Board of Directors are as follows:

- Mr. Mollo Giuseppe Alessandro, an Italian citizen, born on April 16, 1988, in Agropoli, Italy, married, residing in Massagno, Via San Gottardo, No. 77, Ticino, Switzerland.
- Ms. Mollo Simona, holding both Italian and Swiss citizenship, unmarried, born on October 24, 1989, in Agropoli, Italy, and residing in Massagno, Via San Gottardo, No. 77, Ticino, Switzerland, with a higher education in economics.

The administrators were re-elected for successive terms of 4 years through the General Assembly of Shareholders' Resolutions No. 7/07.12.2011, No. 9/07.12.2015, and No. 6/09.12.2019.

b) Any agreement, understanding, or family connection between the respective administrator and another person due to which the individual was appointed as an administrator:

Administrators Mollo Giuseppe Alessandro and Mollo Simona, members of the Board of Directors elected by the General Assembly of Shareholders' Resolution No. 12/10.12.2007 and successively re-elected through the General Assembly of Shareholders' Resolutions No. 7/07.12.2011, No. 9/07.12.2015, and No. 6/09.12.2019, are the son and daughter, respectively, of the President of the Board of Directors - Chief Executive Officer, Mr. Mollo Sergio.

c) List of affiliated persons of the issuer: Refer to section 3.4.

4.2. Presentation of the list of executive management members of the company. For each, provide the following information:

a) The term for which the person has been part of the executive management:

President of the Board of Directors, who also holds the position of Chief Executive Officer of the company, according to the Articles of Incorporation.

The Chief Executive Officer legally represents the company in its dealings with third parties and in legal matters, as well as in the conclusion of any legal acts. The Chief Executive Officer's term is for 4 years, the same as the term of the Board of Directors (see the details in section 4.1 "a").

The Economic and Administrative Department of the company has been and is led by a Chief Accountant, Ms. Rogojan Maria, who was appointed to the position on an indefinite term starting from August 1, 2008. Prior to her appointment as Chief Accountant, Ms. Rogojan Maria served as the Director of Economic and Administrative Affairs of the company. Ms. Rogojan Maria is an employee of the company under an indefinite-term individual labor contract with a full-time workload.

b) any agreement, understanding, or family relationship between the individual in question and another person, by virtue of which the individual in question has been appointed as a member of the executive management;

Not applicable

c) the individual's participation in the company's capital.

Mollo Sergio	- does not hold any shares in the company's share capital
Rogojan Maria	- owns 459 shares representing 0.0124% of the share capital.

4.3. For all individuals presented in 4.1. and 4.2., specifying any disputes or administrative procedures they have been involved in over the last 5 years related to their activities within the issuer, as well as those concerning the ability of the individual in question to fulfill their duties within the issuer:

Not applicable.

5. Financial and accounting situation

Presentation of an analysis of the current economic and financial situation compared to the last 3 years, with reference to at least:

a) **balance sheet items: assets representing at least 10% of total assets; cash and other liquid assets; reinvested profits; total current assets; total current liabilities.**

BALANCE SHEET ELEMENTS	2019	2020	2021	2022
ASSETS				
FIXED ASSETS – TOTAL	196.589.887	201.669.707	205.306.467	222.582.313
of which:				
Tangible Assets	1.057.946	2.252.070	2.058.425	2.313.163
Real Estate Investments	182.507.635	181.677.772	185.327.894	196.093.089
Equity Investments	13.013.734	17.734.606	17.914.889	24.170.802
Other Fixed Assets	10.572	5.259	5.259	5.259
CURRENT ASSETS – TOTAL	3.097.257	4.732.656	2.797.849	2.219.072
of which				
Inventories – total	285.867	2.263	11.556	1.015
Cash and Cash Equivalents	241.427	269.537	86.625	200.033
Receivables and Other Values	2.569.963	4.460.856	2.699.668	2.018.024
TOTAL ASSETS	199.687.144	206.402.363	208.104.316	224.801.385
LIABILITIES	157.599.062	159.249.787	163.762.969	173.697.027
TOTAL EQUITY				
of which:				
Share Capital	79.152.825	79.152.825	79.152.825	79.152.825
Legal Reserves	1.099.188	1.099.188	1.181.724	1.433.583
Revaluation Reserves	-	-	-	-
Other Reserves	718.677	718.677	718.677	718.677
Deferred Tax	-	-	-	-
Carried Forward Result	68.973.478	76.628.372	78.196.561	82.323.678
Current Result	8.113.195	1.650.725	4.513.182	10.068.264
LIABILITIES – TOTAL	42.070.381	47.107.881	44.341.347	51.090.108
OTHER PROVISIONS	-	44.695	-	-
ADVANCE RECEIPTS	17.701	-	-	14.250
TOTAL LIABILITIES	199.687.144	206.402.363	208.104.316	224.801.385

b) Income statement: net sales; gross revenues; cost and expense items representing at least 20% of net sales or gross revenues; risk provisions and various expenses; reference to any sale or discontinuation of a business segment carried out in the last year or planned for the next year; declared and paid dividends.

INDICATORS	2019	2020	2021	2022
Operating Revenues	14.398.854	12.469.247	12.271.540	17.560.526
Operating Expenses	5.020.854	9.265.216	6.769.719	6.328.680
OPERATING RESULT	9.378.000	3.204.031	5.501.821	11.231.846
Financial Revenues	465.434	415.756	236.238	615.327
Financial Expenses	677.407	1.146.444	700.885	550.332
FINANCIAL RESULT	(211.973)	(730.688)	(464.647)	64.995
CURRENT RESULT OF THE PERIOD	9.166.027	2.473.343	5.037.174	11.296.840
Total Revenues	14.864.289	12.885.003	12.507.778	18.959.387
Total Expenses	5.698.261	10.411.660	7.470.604	7.662.547
GROSS RESULT	9.166.027	2.473.343	5.037.174	11.296.840
Deferred Income Tax	(1.052.832)	822.618	(523.992)	(1.038.269)
Expenses Profit Tax / Income Tax NET	-	-	-	190.308
RESULT	8.113.195	1.650.725	4.513.182	10.068.263

c) cash flow: all changes in cash levels within core business activities, investments, and financial activities, as well as the beginning and end cash balances.

- Cash at the beginning of the period: 86,625 lei (cash and banks).
- Cash at the end of the period: 200,033 lei (cash and banks)