



*Date:06.02.2026*

**REPORT OF THE BOARD OF DIRECTORS OF SOMETRA S.A.**

**(„Sometra” and/or the „Company”)**

**REGARDING THE PATRIMONIAL STATUS OF**

**SOMETRA S.A.**

In accordance with art. 153<sup>24</sup> of the Companies Law no. 31/1990, republished, as further amended and completed („Law no. 31/1990”)

## **I. BRIEF OVERVIEW OF THE COMPANY. HISTORICAL ACTIVITY OF SOMETRA**

Sometra is a joint stock company, functioning in accordance with the laws of Romania, having its registered office in Copsa Mica, Copsa Mica Town, 1 Fabricilor Street, Sibiu County, registered with the Trade Registry under no. J32/124/1991, having European Unique Identifier (EUID) ROONRC.J32/124/1991, sole registration code 813526, and having the main scope of business Lead, zinc and tin production – NACE Code 2443.

Sometra (abbreviation for Societatea Metalurgica Transilvana) was established as a private joint stock company for the production of metallurgical zinc, based on distillation technology in furnaces with horizontal retorts, Bierkengang type. The initially installed capacity was 3,000 t / year zinc, which was extended to 4,000 t / year in 1946.

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Sometra was nationalised in 1948. The Waelz oven no. 1 was built in 1955, while, in 1959, the Waelz oven no. 2 was built. In 1966, equipment was put into operation that could process zinc and lead concentrates simultaneously, these being active until 2008 and reaching a maximum annual production capacity of 50,000 Mt of Zn metal and 20,000 Mt of Pb metal. In 1984, Sometra added a new line for the simultaneous extraction of Zn and Pb from mining concentrates, using ISP technology: ISP Sinter Plant II, Furnal ISP and Zinc Refining II.

The long-term industrial activity carried out in Copsa Mica led to the formation of a large slag landfill. The Sometra industrial landfill represents a historical storage area for metallurgical waste, which was developed during a period of over 75 years of operation, as a result of the successive development and operation of the Company's technological facilities.

By way of the Shares Sale-Purchase Agreement, concluded on 24.09.1998, between the State Property Fund, as seller, and Mytilineos Holdings S.A., as buyer, Mytilineos Holdings S.A. acquired shares representing 60.044% of the Company's share capital, becoming the majority shareholder.

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After the takeover of the Company by the current majority shareholder, Sometra's activity continued, and it was developed as a result of the new investments.

Starting with 2006, Sometra's activity was regulated by the Integrated Environmental Approval no. SB 31/12.06.2006, revised on 06.04.2011, comprising an action plan that includes all the necessary works on environmental protection, the actions provided in the Integrated Environmental Approval being fully implemented.

On the other hand, the economic and environmental conditions have led in 2009 to the permanent shutdown of the main production units, which were included in a controlled and authorized process of decommissioning/demolition, process finalized in 2024.

Also, as a result of the adoption of the Government Decision no. 349/2005, from end of 2006, no additional waste was deposited on Sometra industrial landfill, in which context from 2008 to 2009 two compliant deposits for non-hazardous waste (modules 1 and 2 - ecological deposits) were built, 79,633 tons of furnace slag being stored there.

Under the coordination of Mytilineos S.A. (currently Metlen Energy & Metals Single Member S.A.), Sometra's activity after 2009 was reorganised, being focused on implementing feasible solutions from an environmental protection point of view for the recovery/recycling of certain categories of waste stored in the industrial landfill.

Hence, from 2010 to 2017, based on the Environmental Permit no. 10 as of 10.11.2010, issued by Sibiu Environmental Protection Agency, for the project "*Sole execution project regarding the operation-exploitation works of the landfill in view to close it*", the following works were carried out:

- (i) the slag landfill was withdrawn from Visa River;
- (ii) all the waste in the waste landfill has been sorted into categories;
- (iii) all hazardous waste located in the industrial landfill were recovered by recycling within own production capacities;
- (iv) by the end of 2017, approximately 18% of the total waste stored in the industrial landfill was recovered.

By these actions it was ensured at a highest level the minimization of the environmental impact of the existing industrial waste on the industrial landfill and, at the same time, the saving of resources and natural raw materials, by the total recycling of these waste, without generating other types of industrial waste, in full compliance with the current principles of the Circular Economy. This stage was essential for determining future investments, being only the beginning of the complete recovery of waste.

Starting with 2023, the works to close the industrial landfill were initiated, which are regulated by the Environmental Permit no. SB1/2023, issued by Sibiu Environmental Protection Agency.

The works were successfully completed in August 2023.

In the future, Sometra intends that, along with the total recovery of the slag currently existing on the Company's land (by way of implementing a high-performance and environmentally friendly technology), to become a provider of processing and recovery services of slags and non-ferrous metal waste from other industrial units holding such materials.

This business plan is also based on the growing demand on the market for products that can be obtained by recycling valuable non-ferrous metal components from industrial waste.

## **II. SHARE CAPITAL. COMPANY'S MANAGEMENT**

Sometra's shares are admitted to trading starting with 26.10.2015 on AeRo Market (Alternative exchange in Romania) - the stock market segment of the Multilateral Trading System within the Bucharest Stock Exchange (BVB), according to decision no. 2979/26.10.2015.

At the date of this Report, the Company's share capital is Lei 8,690,395, divided in 3,476,158 nominative shares, issued in dematerialised form, with a nominal value of Lei 2.5 /share, the major shareholder being Metlen Energy & Metals Single Member S.A. (previously, Mytilineos S.A.).

The Company's management is ensured by the Board of Directors, comprised of Mr. Christos EFSTATHIADIS, as Chairman of the Board of Directors and General Manager, Mr. Dimitrios DIAKOPOULOS and Mr. Alexandros Anargyros KONTOUZOGLOU, as members of the Board of Directors.

## **III. COMPANY'S FINANCIAL STATUS RELATED TO 2024 FINANCIAL YEAR**

The audited financial statements of the Company, including the balance sheet as of 31 December 2024 and the profit and loss account, for the financial year ended on this date, are identified as follows:

|                                             |                   |
|---------------------------------------------|-------------------|
| ➤ Total immovable assets                    | Lei 35,302,430    |
| ➤ Total current assets                      | Lei 9,698,352 lei |
| ➤ Total own capital                         | Lei -23,006,663   |
| ➤ Net turnover                              | Lei 654,949       |
| ➤ Profit/loss related to the financial year | Lei -27,476,497   |

Below we present the economic – financial situation as of 31 December 2024, as follows:

## 1. Balance sheet items

### a.) Assets

| DESCRIPTION                                                                                      | VALUES in LEI |
|--------------------------------------------------------------------------------------------------|---------------|
| Tangible assets                                                                                  | 34,241,402    |
| Stoks (raw materials and consumables, production in progress, finished products and merchandise) | 400,257       |
| Receivables                                                                                      | 9,029,795     |
| Cash at bank and in hand                                                                         | 268,300       |
| Expenses in advance                                                                              | 108,738       |
| Financial assets                                                                                 | 1,061,028     |

### b.) Liabilities

| DESCRIPTION                      | VALUES in LEI |
|----------------------------------|---------------|
| Debts                            | 67,880,461    |
| Provisions                       | 235,722       |
| Paid-in subscribed share capital | 8,690,395     |
| Revaluation reserves             | 7,435,543     |
| Reserves                         | 6,841,827     |
| Loss carried forward             | (-)18,490,431 |
| Financial year loss              | (-)27,476,497 |
| Total own capital                | (-)23,006,663 |

## 2. Profit and Loss Account

| DESCRIPTION        | VALUES in LEI |
|--------------------|---------------|
| Net turnover       | 654,949       |
| Operating income   | 671,344       |
| Operating expenses | 25,505,857    |
| Financial income   | 1,273,913     |

|                     |               |
|---------------------|---------------|
| Financial expenses  | 3,915,897     |
| Total income        | 1,945,257     |
| Total expenses      | 29,421,754    |
| Financial year loss | (-)27,476,497 |

#### IV. LEGAL CONTEXT OF THE REPORT

According to the provisions of art. 153<sup>24</sup> para. (1) of Law no. 31/1990, "if the board of directors, respectively the directorate, acknowledged that, following some losses, established by the annual financial statements approved according to the law, the company's net assets, determined as the difference between total assets and total liabilities, decreased to less than half of the subscribed share capital, it will immediately convene the extraordinary general meeting to decide whether the company must be dissolved."

According to para. (3) of the same article, "the board of directors, respectively the directorate, will present to the extraordinary general meeting convened according to para. (1) a report on the patrimonial status of the company, accompanied by notes of the censors or, as the case may be, of the internal auditors. This report must be submitted at the company's registered office at least one week before the date of the general meeting, in order to be consulted by any interested shareholder. At the extraordinary general meeting, the board of directors, respectively the directorate, will inform the shareholders about any relevant facts that occurred after the drafting of the written report."

Further on, according to the provisions of para. (4) of the above-mentioned article, "if the extraordinary general meeting does not decide the dissolution of the company, the company is required that, at the latest until the end of the financial year following the one in which the losses were acknowledged and subject to art. 10, to proceed to the decrease of the share capital by an amount at least equal to that of the losses that could not be covered from reserves, if in the meantime the company's net assets were not reconstituted up to a value at least equal to half of the share capital".

The provisions of para. (5) provide that, "in case the extraordinary general meeting will not be held in accordance with para. (1) or if the extraordinary general meeting could not validly deliberate neither at the second convening, any interested person may address the court to request the dissolution of the company. The dissolution may also be requested if the obligation imposed on the company according to para. (4) is not complied with. In any of these cases, the court may grant the company a term that cannot exceed 6 months for the situation to be remedied. The company will not be dissolved if the reconstitution of the net asset up to a value at least equal to half of the share capital takes place until the moment when the court judgement on the dissolution becomes final."

#### V. ASSESSMENT REGARDING THE PATRIMONIAL STATUS OF THE COMPANY

Pursuant to the audited financial statements of Sometra, related to 2024 financial year as of 31.12.2024, the subscribed and paid-in share capital is Lei 8,690,395, while the net asset was Lei (-)23,006,663.

Hence, at 31.12.2024, based on the Company's audited financial statement related to 2024, the net asset amounting to Lei (-)23,006,663 is less than half of the subscribed share capital. The main reason for this situation is the registration of negative financial results during the previous periods, generated by several factors, including the fact that the projects initiated by the Company are hampered by a deadlock created at the level of the environmental authorities due to bureaucratic reasons, as well as the unfavourable economic context.

Sometra's Board of Directors has consistently assessed the current operational and financial situation and considers that the necessary measures have been taken to continue the Company's activity in optimal conditions. To this end, Sometra intends and focuses its efforts in view to continue the measures taken in order to make efficient recovery of the existing material in the industrial slag landfill located on the Company's land, so that the activity becomes profitable, this being also the optimal solution according to the European standards. Also, the strategy and projects initiated by the Company, aiming to green the area and to recover the existing material in the industrial slag landfill, prove concrete and efficient possibilities for carrying out the activity of Sometra.

Moreover, as a result of becoming aware of the imbalance between the net assets and the value of the subscribed share capital, the Board of Directors initiated internal assessments regarding possible measures to remedy the net assets. Among the possible measures which have been considered were the increase of the share capital and, respectively, the decrease of the share capital. In order to increase the share capital, an attempt was made to identify potential available sources of contribution to the share capital.

Therefore, the Company's Board of Directors deems that the net asset situation, decreased to less than half of the value of the subscribed share capital, may be remedied.

In this respect, the measures that could be implemented in view to remedy the ratio between the net assets and the subscribed share capital are the following:

- (i) increase of the Company's share capital, by issuance of a number of new shares, which will be offered for subscription to the Company's shareholders (by debt conversion and/or contribution in cash); and
- (ii) decrease of the Company's share capital, in order to cover the accumulated losses.

## VI. CONCLUSIONS OF THE REPORT REGARDING THE PATRIMONIAL STATUS OF THE COMPANY

In this Report, the Board of Directors of Sometra analysed the patrimonial situation of the Company and it acknowledged that the Company's net asset is less than half of the subscribed share capital, threshold imposed by art. 153<sup>24</sup> of Law no. 31/1990.

Since the Company's Board of Directors deems that the net asset situation may be remedied, therefore, **proposes the passing by the Extraordinary General Meeting of the Company's Shareholders of the resolution confirming the continuation of the Company's activity, as well as the implementation of the measures proposed above, in order to remedy the ratio between the net assets and subscribed share capital.**

Date: 06.02.2026

### Board of Directors of Sometra S.A.

Christos EFSTATHIADIS – Chairman

Dimitrios DIAKOPOULOS

Alexandros KONTOUZOGLOU

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Alexandros Kontouzoglou

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