



ELECTROMAGNETICA S.A.

QUARTERLY REPORT AS OF SEPTEMBER 30 2025

- SEPARATE STATEMENTS -

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ELECTROMAGNETICA S.A.

**SEPARATE QUARTERLY REPORT FOR
THIRD QUARTER OF 2025**

**Separate financial results for the first three quarters of 2025 (Q1-Q3 2025)
compared to the three quarters of 2024 (Q1-Q3 2024)
(unaudited)**

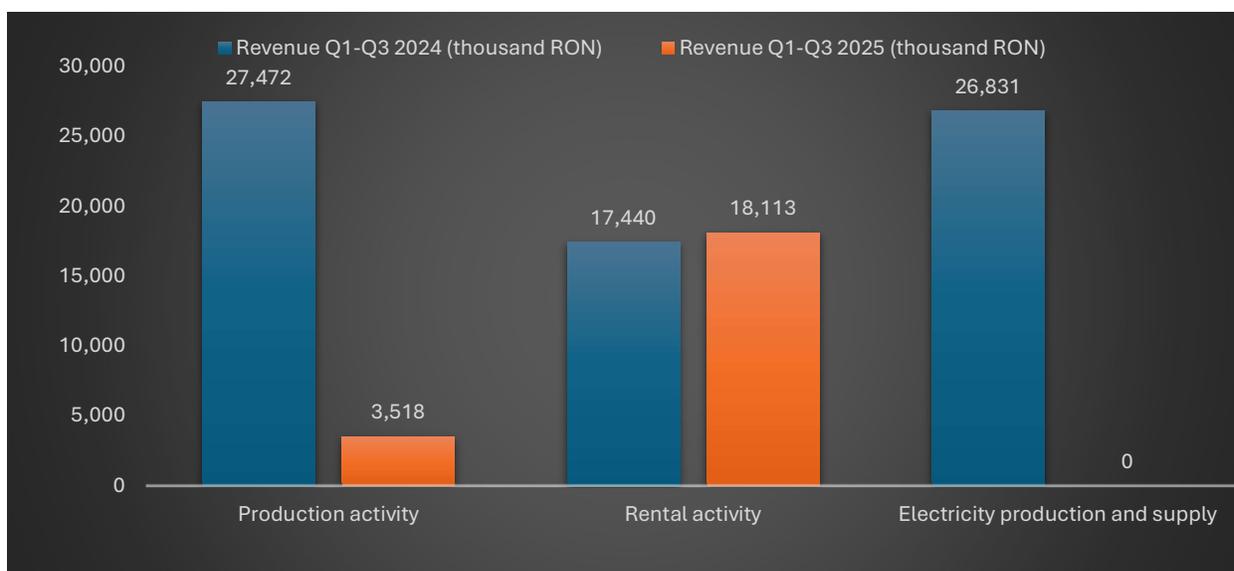
SEPARATE QUARTERLY REPORT FOR THE 9 MONTH PERIOD OF 2025

Key issues for the 9-month period ended 30 September 2025 (Q1-Q3 2025)

- The Company's turnover, of RON 22,7 million in Q1-Q3 2025, is 70% lower compared to Q1-Q3 2024, amid the measures adopted to streamline the company's activities;
- Rental income (rental income, maintenance tax and other services) increased in Q1-Q3 2025 by 3.9% compared to Q1-Q3 2024;
- Sales related to the production activity decreased from RON 27,5 million in Q1-Q3 2024 to RON 3,5 million in Q1-Q3 2025. The production activity has been downsized in the context in which the company has significantly reduced its involvement in government projects due to the slow collection of receivables;
- In Q1-Q3 2025, no revenues from renewable electricity production and electricity supply were recorded, as the electricity production activity was sold during 2024. Revenues in Q1-Q3 2024 amounted to RON 26,8 million.

Indicator	T1-T3 2025	T1-T3 2024
Turnover (thousand RON)	22,702	75,593
EBITDA* (thousand RON)	1,672	9,127
Net result (thousand RON)	(955.5)	2.928,8

*EBITDA represents profit before tax expense, depreciation and amortization expense, expense and financial income.



In the first nine months of 2025, the company continued its strategy of optimizing the profitability of the rental activity, which is the most important active business segment. In this context, the company continued to apply measures to streamline and carefully manage resources, in order to improve the financial results generated by the rental activity. Given that the economic context remained volatile, the Company continued its efficiency measures implemented during 2024 and which had a positive impact on the Company's financial and operational balance.

Electromagnetica manages 42,764 sqm of spaces for rent in Bucharest and 3,270 sqm in Vârteju, Ilfov County. On September 30, 2025, for the headquarters in Calea Rahovei 266-268, the rental rate was 71%, situation caused by the increase in available rental spaces, following the company's business restructuring and the adjustment of the production activity. For the spaces in Vârteju commune (Magurele), the rental rate was 86%.

Given the significant stock of electric vehicle charging stations and LED lighting fixtures, systems and solutions located in the company's warehouses, during the nine months of 2025, the Company has stopped production activity for all the aforementioned product categories, currently focusing on capitalizing on existing inventories. At the moment, the company only holds inventories of finished products, intended for sale to third parties. At the same time, part of the inventories of LED

lighting fixtures are kept in the form of a buffer stock, used for possible replacements during the warranty period related to the products already marketed.

The activity related to the production segment dedicated to railway traffic safety elements was influenced by the slow pace of railway infrastructure modernization projects, as the final beneficiary of these services is CFR Infrastructură. In this context, the company decided to capitalize on the assets related to this production line. Thus, on October 8, 2025, the sale-purchase contract for the Relay Production Line was signed, awarded in the open competitive tender organized by the company on September 26, 2025.

In the first nine months of 2024, the Company's energy production and supply segment was represented by the operation of 10 micro-hydropower plants in the basin of the Suceava and Brodina rivers, with an installed capacity of 5,5 MW. These assets were sold by the company in the auction held on August 7, 2024.

Between January and September 2025, the Company did not make purchases of electricity for the supply activity, which is why it did not generate income from this activity. During the nine months of 2024, the Company supplied electricity to a number of external customers to cover the difference between the quantity produced by micro-hydropower plants purchased from Hidroelectrica and that required for the internal production/tenant flow.



ELECTROMAGNETICA S.A.

**SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)**

**Prepared in accordance with
Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in
accordance with the International Financial Reporting Standards adopted by the European Union**

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM SEPARATE SITUATION OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Income	22	22,702,077	75,592,851
Investment income	27	-	4,549,989
Other net income and expenses	22	1,598,305	8,822,836
Change in inventories of finished products and work in progress		(1,173,325)	(2,987,590)
Capitalized workings		-	68,538
Raw materials and consumables used	23	(4,594,859)	(42,925,477)
Employee expenses	23	(8,260,271)	(20,296,876)
Depreciation and amortization expenses	23	(7,854,704)	(8,695,859)
Other expenses	23	(8,600,212)	(13,697,272)
Financial income	24	5,222,279	1,202,147
Financial expenses	24	(954,072)	(179,425)
Pre-tax profit/(loss)		(1,914,782)	1,453,862
Corporate income tax	25	959,286	1,474,990
Profit/(Loss) for the period		(955,496)	2,928,852
Other elements of the overall result:			
of which:			
<i>- other comprehensive income and loss items that cannot be reclassified in the profit and loss account, of which:</i>			
- surplus from the revaluation of tangible assets		-	-
- deferred tax recognized in equity		-	-
Overall result for the period		(955,496)	2,928,852
Basic result/diluted per share	29	(0.0014)	0.0043

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	September 30 2025	December 31 2024
ACTIVE			
Fixed assets			
Property, plant and equipments	5	285,356,372	296,843,904
Investment property	6	18,780,265	18,780,265
Intangible assets	7	212,466	359,541
Investments in affiliated entities	9	732,008	842,008
Other long-term fixed assets	10	3,844,188	4,512,037
Financial assets at amortised cost	15	85,758,484	-
Rights of use assets	8	2,579,437	1,329,540
Total fixed assets		397,263,220	322,667,295
Current assets			
Inventories	11	4,750,758	7,234,948
Trade receivables	12	6,701,003	12,924,372
Cash and cash equivalents	14	8,185,472	73,532,273
Deposits placed with banks	14	186,956	10,000,000
Other current assets	13	5,689,624	3,284,963
Interest on financial assets at amortised cost	15	2,143,963	-
Assets classified as held for sale		-	841,296
Current tax claim	25	1,495,311	1,703,829
Total current assets		29,153,087	109,521,681
Total assets		426,416,307	432,188,976
EQUITY AND LIABILITIES			
Equity			
Share capital	16	67,603,870	67,603,870
Reserves and other equity items	17	209,117,439	223,114,466
Retained earnings	18	107,045,706	94,004,175
Total equity		383,767,015	384,722,511
Long-term debts			
Trade and other liabilities	20	1,882,982	1,717,399
Deferred tax liabilities	25	27,735,385	28,903,190
Leasing liabilities	8	1,882,785	737,735
Total long-term liabilities		31,501,152	31,358,324
Current liabilities			
Trade and other liabilities	20	7,798,418	12,724,364
Provisions	19	2,413,433	2,511,532
Leasing liabilities	8	936,289	872,245
Total current liabilities		11,148,140	16,108,141
Total liabilities		42,649,292	47,466,465
Total equity and liabilities		426,416,307	432,188,976

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM SEPARATE STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	9-month period ended September 30 2025	9-month period ended September 30 2024
Profit/(loss) for the period	(955,496)	2,928,852
Adjustments:		
Dividend income	-	(4,549,989)
Net movement of provisions and impairment adjustments for:		
- Claims	(1,932,592)	(3,870,281)
- Inventories	1,234,745	4,437,282
- Employee benefits	(85,336)	(80,658)
- provisions for customer guarantees and other provisions	(12,763)	-
Depreciation and impairment adjustments of fixed assets, including reversals	7,854,704	8,695,859
Investment grants	-	(3,920,652)
Revaluation of fixed assets and investments	-	-
Net gains from disposal of fixed assets	(272,975)	(4,892,493)
Interest expense	81,265	74,937
Interest income	(4,996,216)	(1,158,819)
Deferred tax expense/(income)	(1,167,804)	(1,474,991)
Corporate income tax expense	208,518	-
Cash generated by operating activities before changes in working capital	(43,950)	(3,810,953)
Proceeds from the withdrawal of deposits with an initial maturity of more than 3 months	9,813,044	-
Payments for deposits made over a period of more than 3 months	-	(10,000,000)
(Increase)/decrease in inventories	1,249,445	5,141,583
(Increase)/decrease in receivables and other assets	9,882,672	22,309,265
Increasing/(decreasing) debts	(4,589,138)	(10,582,295)
Corporate income tax paid	-	-
Net cash from operating activities	16,312,073	3,057,600
Cash flows from investment activities		
Purchase of tangible assets	(104,283)	(82,824)
Bond Buying	(86,273,300)	-
Proceeds from the sale of fixed assets	2,878,665	33,567,850
Interest collected	2,824,551	1,158,819
Dividends received	-	4,549,989
Net cash from/(used in) investment activities	(80,674,367)	39,193,834
Cash flows from financing activities		
Paid leasing	(897,121)	(855,414)
Interest paid	(81,265)	(69,178)
Dividends paid	(6,121)	(78,709)
Net cash from (used in) financing activities	(984,507)	(1,003,301)
Net increase/(decrease) of cash and cash equivalents	(65,346,801)	41,248,133
Cash and cash equivalents at the beginning of the period	73,532,273	25,138,900
Cash and cash equivalents at the end of the period	8,185,472	66,387,033

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Capital social</u>	<u>Retained earnings</u>	<u>Revaluation reserves of tangible assets</u>	<u>Other Items</u>	<u>Reserve Legal</u>	<u>Deferred tax recognised in reserves</u>	<u>Total equity</u>
Balance as of January 01, 2025	67,603,870	94,004,175	192,672,045	48,793,086	12,541,942	(30,892,607)	384,722,511
Overall result for the period:							
Result of the exercise	-	(955,496)	-	-	-	-	(955,496)
Other elements of the overall result:	-	13,997,027	(7,922,575)	(7,407,144)	-	1,332,692	-
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-
Deferred tax result related to revaluation	-	-	-	-	-	-	-
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of depreciation and write-down of revalued tangible assets	-	7,922,575	(7,922,575)	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(1,332,692)	-	-	-	1,332,692	-
Loss coverage from reserves	-	7,407,144	-	(7,407,144)	-	-	-
Total overall result for the period	-	13,041,531	(7,922,575)	(7,407,144)	-	1,332,692	(955,496)
Transactions with shareholders, recorded directly in equity:							
Dividends distributed	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
Balance as of September 30, 2025	67,603,870	107,045,706	184,749,470	41,385,942	12,541,942	(29,559,915)	383,767,015

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2024 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Capital social</u>	<u>Retained earnings</u>	<u>Revaluation reserves of tangible assets</u>	<u>Other Items</u>	<u>Reserve Legal</u>	<u>Deferred tax recognised in reserves</u>	<u>Total equity</u>
Balance as of January 01, 2024	67,603,870	63,035,361	146,040,464	79,826,174	12,541,942	(23,300,053)	345,747,758
Overall result for the period:							
Result of the exercise	-	2,928,852	-	-	-	-	2,928,852
Other elements of the overall result:	-	4,804,004	(5,718,869)	-	-	914,865	-
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-
Deferred tax result related to revaluation	-	-	-	-	-	-	-
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of depreciation and write-down of revalued tangible assets	-	5,718,869	(5,718,869)	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(914,865)	-	-	-	914,865	-
Loss coverage from reserves	-	-	-	-	-	-	-
Total overall result for the period	-	7,732,856	(5,718,869)	-	-	914,865	2,928,852
Transactions with shareholders, recorded directly in equity:							
Dividends distributed	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
Balance as of September 30, 2024	67,603,870	70,768,216	140,321,595	79,826,174	12,541,942	(22,385,188)	348,676,610

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION

Electromagnetica S.A. is a joint-stock company, with Romanian legal personality, with unlimited lifespan, which is organized and operates according to the statute and on the basis of Law no. 31/1991 republished in 2004 and amended by Law no. 441/2006, GEO no. 82/2007 and GEO no. 52/2008 as well as the Law on the capital market no. 24/2017.

The company has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, telephone 021.404.21.31, 021.404.21.02, fax 021.404.21.95, website: www.electromagnetica.ro. The unique registration code is RO 414118, and the registration number with the Trade Register is J1991000019408.

The Company's share capital is RON 67,603,870.40 divided into 676,038,704 common shares, registered and dematerialized, registered in an electronic account in the shareholders' register kept by Depozitarul Central S.A.

On the agenda of the Ordinary General Meeting of Shareholders on April 28, 2025, the change of the main object of activity of Electromagnetica S.A. was included and approved, the new object being: NACE 6820 - Rental and subletting of own or leased real estate, according to the Classification of Activities in the National Economy, approved by the Order of the President of the National Institute of Statistics no. 377/17.04.2024 (CAEN Rev.3).

Previously, according to the articles of association, the main object of activity of the Company was the manufacture of instruments and devices for measurement, verification, control, navigation (NACE code 2651).

The details of the Company's investments in subsidiaries as of September 30, 2025 and December 31, 2024 are as follows:

September 30, 2025

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	-	-	-
Electromagnetica Fire S.R.L.	-	-	-
Procetel S.A.	42,483	96.548%	732,008
TOTAL			732,008

December 31, 2024

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	300	100%	30,000
Electromagnetica Fire S.R.L.	800	100%	80,000
Procetel S.A.	42,483	96.548%	732,008
TOTAL			842,008

Procetel S.A. is a joint stock company with headquarters in Bucharest, Calea Rahovei no. 266-268, serial number at the J1991010437403 Trade Register, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. Procetel S.A. is a closed joint stock company (shares are not traded on the capital market) whose main object of activity is research – development in other natural sciences and engineering (NACE code 7219). Currently, the research activity has been drastically reduced, the results obtained coming mainly from the space rental activity. The administrative management is provided by Business Recovery BD&A S.P.R.L.

At the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. was approved. On 30.09.2025, the process was ongoing.

On 21.07.2025, the Extraordinary and Ordinary General Meeting of Shareholders of Procetel S.A. was held, during which the balance sheet for the beginning of liquidation on 31.03.2025 was approved.

Electromagnetica Prestserv S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sector 5, building 1, floor 2, axes A-B, pillars 1-2, registered with the Trade Register Office attached to the Bucharest Tribunal with no. J40/1528/2003, CUI 15182750, which provided cleaning services (NACE code 4311).

Considering the decision of the sole shareholder of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders of Electromagnetica Prestserv S.R.L. initiated the process of dissolution and liquidation of the company, appointing Business Recovery BD&A S.P.R.L. as liquidator.

On July 11, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Tribunal, the deregistration of the company Electromagnetica Prestserv S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on June 30, 2025, and consequently, the company was removed from the accounting records of Electromagnetica S.A.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION (continued)

Electromagnetica Fire S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sect 5, building 2, ground floor, axes C-D, pillars 6 1/2 - 7, registered at the Trade Register Office attached to the Bucharest Tribunal with no. J40/15634/2006, CUI 19070708, and carried out activities in the field of fire protection, technical assistance for fire prevention and extinguishing and private emergency services regarding civil protection (NACE code 8299).

Considering the decision of the sole shareholder of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders of Electromagnetica Fire S.R.L. initiated the process of dissolution and liquidation of the company, appointing Business Recovery BD&A S.P.R.L. as liquidator.

On April 14, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Court, the deregistration of the company Electromagnetica Fire S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on January 31, 2025. As a result, this company was removed from the consolidated accounting records and the related assets and liabilities were eliminated.

2. BASICS OF PREPARATION

Declaration of conformity

The Company's separate interim financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force on the Company's reporting date, respectively September 30, 2025 and in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards, adopted by the European Union.

The separate interim financial information as of 30 September 2025 has not been audited or reviewed by an external auditor.

These separate interim financial statements are prepared in accordance with IAS 34 – Interim Financial Reporting for the nine-month period ended September 30, 2025. The company also prepares consolidated interim financial statements, as it has investments in subsidiaries.

Separate interim financial statements are available on the website www.electromagnetica.ro within the applicable legal deadline.

Business continuity principle

The separate interim financial statements have been prepared on the basis of the business continuity principle, which implies that the Company will be able to realize its assets and pay its debts under normal business conditions.

Basics of preparation

The simplified interim separate financial statements were prepared on the basis of the fair value convention for fixed assets and real estate investments. Other assets and liabilities are presented at amortised cost or historical cost.

Functional and presentation currency

These separate interim financial statements are presented in RON, which is the Company's functional currency.

Foreign currency

Transactions denominated in foreign currency are recorded in RON at the official exchange rate from the date of settlement of the transaction. The monetary assets and liabilities recorded in foreign currencies at the date of preparation of the interim financial statement are expressed in RON at the exchange rate of that day. Gains or losses on their settlement and on the conversion of monetary assets and liabilities denominated into foreign currency using the exchange rate at the end of the period under review are recognised in profit or loss. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in RON at the exchange rate from the date of the transaction.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are recorded in RON at the exchange rate on the date on which the fair value was determined.

Conversion differences are shown in your profit or loss account.

The exchange rates at the end of the period of the major currencies were as follows:

	<u>September 30 2024</u>	<u>December 31 2024</u>	<u>September 30 2025</u>
End-of-period EUR exchange rate	4.9756	4.9741	5.0811
Exchange rate to USD at the end of the period	4.4451	4.7768	4.3247

The preparation of interim financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses.

The associated estimates and reasoning shall be based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the reasoning used in determining the carrying amount of assets and liabilities for which no other valuation sources are available. Actual results may differ from the estimated values.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognised during the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and the future period.

The effect of the change in the current period is recognised as income or expenditure in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The Company's management considers that any deviations from these estimates will not have a significant influence on the financial statements in the near future, the principle of prudence being applied to each estimate.

Estimates and assumptions are mainly used for impairment adjustments to fixed assets, estimating the useful life of fixed assets, adjusting for the impairment of receivables and inventories, for provisions, for the recognition of deferred tax claims.

In accordance with IAS 36, intangible assets and property, plant and equipment are analysed to identify whether they show impairment ratios at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of recoverable amount. If the reasons for recognising impairment loss disappear in subsequent periods, the net carrying amount of the asset shall be increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognised.

The impairment measurement of receivables is carried out individually and globally, on categories of receivables with similar characteristics and is based on management's best estimate of the present value of cash flows expected to be received. The Company reviews its trade and other receivables on an annual basis of its financial position to assess whether it needs to record a depreciation in the profit and loss account. Professional management reasoning is particularly necessary for estimating value and coordinating future cash flows when determining impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

By their nature, unforeseen situations will be clarified at the time of the occurrence of potential future events that may generate them. The assessment of these situations inherently involves the use of significant assumptions and estimates about the occurrence and outcome of future events.

Deferred tax claims are recognised for tax losses to the extent that it is likely that there will be taxable profit from which the losses can be covered. Professional reasoning is necessary to determine the amount of deferred tax claims that can be recognised, based on the probability in terms of the period and level of future taxable profit, as well as future tax planning strategies.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New IFRS accounting standards and amendments to existing standards that are in effect this year

In the current year, the Company has applied a number of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union that have entered into force for the reporting period beginning with or after January 1, 2025. Their adoption did not have a material impact on the disclosures or the amounts reported in these financial statements.

Standard	Title
IAS1-Presentation of the situation Financial	Classification of liabilities into current liabilities or long-term liabilities (amendments)
Amendments to IAS 7 and IFRS 7	Financing agreements in relation to suppliers
Amendments to IFRS 16	IFRS 16 Leasing Contracts: Leasing Liability in a Sale and Takeover Lease Agreement (Amendments)

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU but not yet entered into force

At the date of approval of these financial statements, the Company has not applied the following amended IFRS Accounting Standards that have been issued by the IASB and adopted by the EU, but have not yet entered into force:

Standard	Title	Date of entry into force
Amendments to IAS 21	Lack of convertibility	1 January 2025

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU does not differ significantly from IFRS adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which were not adopted by the EU on 30 September 2025:

Standard	Title	Status of EU adoption
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments (effective date set by the IASB: 1 January 2026)	Not yet adopted by the EU
Amendments to IFRS 9 and IFRS 7	Contracts that refer to electricity dependent on natural conditions	Not yet adopted by the EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB Effective Date: January 1, 2026)	Not yet adopted by the EU
IFRS 18	Disclosures and Disclosures in Financial Statements (IASB Effective Date: January 1, 2027)	Not yet adopted by the EU
IFRS 19	Non-public liability subsidiaries: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
IFRS 14	Deferral accounts for regulated activities (effective date set on: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date has been deferred indefinitely by the IASB, but early application permitted)	The approval process was postponed indefinitely until the completion of the research project on the equivalence method.
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments (effective date set by the IASB: 1 January 2026)	Not yet adopted by the EU

The Company anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company's financial statements in the future.

Risk hedging accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's estimates, the use of hedging accounting for the risks of a portfolio of financial assets and liabilities in accordance with IAS 39: "Financial Instruments: Recognition and Measurement" would not materially affect the financial statements if applied at the balance sheet date.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1. Significant accounting policies

The main accounting policies are presented below:

Short-term versus long-term classification of assets and liabilities

The Company presents its assets and liabilities in the statement of financial position as classified as short-term/long-term.

An asset is classified as short-term (current) if:

- expects to capitalize on the asset, or intends to sell or use during the normal operating cycle;
- is held primarily for the purpose of trading;
- expect to redeem the asset within 12 months of the reporting date; or
- The asset is cash or cash equivalents the use of which is not restricted to be exchanged or used to settle a liability for a period of at least 12 months after the reporting period.

All other assets are classified as long-term (fixed assets).

A debt is classified as short-term (current) if:

- it is expected to be settled in the normal operating cycle of the company;
- is held for the primary purpose of being traded;
- shall be settled within 12 months after the reporting date;
- There is no unconditional right to defer debt settlement for at least 12 months after the reporting date.

The company classifies all other debts as long-term.

Fair Value

Fair value is the price that could be received as a result of the sale of an asset or paid to transfer a liability in a normal course of business transaction between market participants at the valuation date.

Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the main asset and debt market
- in the absence of a main market, in the most advantageous market for an asset or debt.

The company assesses the fair value of an asset or liability based on assumptions that market participants would use when pricing the asset or debt, assuming that participants are acting to obtain maximum economic benefit.

The fair value measurement of a non-financial asset takes into account the ability of market participants to generate economic benefits through the most intensive and best use of the asset or by selling it to another market participant who would in turn give it the most intensive and best use.

With regard to valuation techniques, they are appropriate taking into account the circumstances for which sufficient data are available for fair value measurement, maximising the use of observable input data and minimising the use of unobservable input data.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Fair value measurement establishes a fair value hierarchy that classifies the input data for the measurement techniques used to measure fair value into three levels:

- Tier 1 **entry data** – are prices quoted (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the valuation date. This data provides the most reliable proof of fair value and should be used whenever available;
- Level 2 **input data** – are input data other than the quoted prices included in level 1 that are directly or indirectly observable for the asset or debt (e.g. quoted prices for the same or similar assets or liabilities in non-asset markets);
- Level 3 **input data** – this is unobservable input data for the asset or liability. The company must develop unobservable input data based on the best information available in the circumstances, data that may include the company's own data.

The Company's finance department determines the applicable procedures for both recurring fair value valuations such as real estate investments, tangible assets, where the fair value model is adopted.

External appraisers are involved in the valuation of property, plant and equipment and real estate investments. This involvement is determined annually by the finance department. The selection criteria include the evaluator's market knowledge, reputation, independence and adherence to professional standards.

Revenue from customer contracts

Revenues from contracts with customers are recognised when control over goods and services is transferred to a value that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Overall, the Company has concluded that it is the primary beneficiary of the revenue because it controls the goods or services before transferring them to the customer.

The company has long-term contracts with municipalities in progress since previous years, which are paid in installments, which according to IFRS 15 have included a significant financing component.

The company had contractual agreements agreed between the seller and the buyer, which granted the customer the right to return the products for various reasons. This return of goods operation can generate several situations:

- the customer is entitled to a refund, in whole or in part, of the amount initially paid for the goods;
- the customer may receive a discount invoice that will diminish his future payments in relation to the seller;
- the customer is entitled to receive another good in exchange, or
- combination of the above.

In the case of transfers of goods, when there is a right of return, the Company acknowledges the following:

1. income from transferred goods at the level of the value to which the entity believes it is entitled, so the Company will not recognise goods that are expected to be returned;
2. debt to be repaid; and
3. an asset, at the same time as the related adjustment of the cost of the goods sold, to reflect the seller's right to recover the goods from the customer in order to constitute the debt to be repaid.

The Company also takes into account that it is possible that the condition of the returned goods may be much different from that at the time of delivery, and there is even a risk that the goods may not be able to be used further. Under these circumstances, the value of the recognised asset will have to be made at the book value of the goods at the time of sale, reduced by any other depreciation in value or costs necessary for their recovery. The Company will evaluate and adjust accordingly, at the date of preparation of the financial statements, the expected level of returns and the related repayment debt, changing the level of income accordingly. Moreover, the value of the recognised asset will change whenever the value of the debt changes or there are indications that there is a depreciation in value.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

If the entity cannot estimate the level of returns, revenue will not be recognised until the date on which the estimate can reasonably be made, which may correspond to the end of the period in which the customer is entitled to return.

In the case of pre-delivery billing agreements, in addition to the conditions mentioned above, for a customer to gain control of a product in a pre-delivery billing agreement, all of the following criteria must be met:

- the reason for the agreement with pre-delivery invoicing must be substantial (there must be a written request from the customer);
- the product must be distinctly identified as belonging to the customer;
- the product must be ready for physical transfer to the customer on a current basis;
- The entity delivering the product may not have the ability to use the product or assign it to another customer.

If there is an acceptance clause in the contract concluded with a customer, then the moment when a customer gains control over a good or service is evaluated according to this clause.

More details can be found in Note 22, where the Company's main income-generating activities are presented.

Income from other sources

Income from other sources includes income from commodity transactions (in particular energy) that are within the scope of IFRS 9 Financial Instruments, as well as rental income.

The income from the rental of premises is recognized in the profit and loss account on a straight-line basis, during the duration of the lease.

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at the gross value including dividend tax, which is recognized as a current expense during the period in which the distribution was approved.

Interest income is recognised on the basis of accrual accounting, by reference to the outstanding principal and the effective interest rate, the rate that accurately updates the expected future cash flows over the life of the financial instrument to the net carrying amount of the financial asset.

Leasing

The company as lessee

The company assesses whether a contract is or contains a lease clause at the beginning of the contract.

The Company acknowledges a right to use the asset and an appropriate leasing liability in relation to all leases in which it is a lessee/user, except for short-term contracts (defined as leasing for a lease period of 12 months or less) and leases of small value assets (under RON 24.500).

For these leasing contracts, the Company recognises payments as operating expenses on a straight-line basis over the term of the lease.

Electromagnetica classifies as leasing contracts those aimed at renting spaces. As the lease is carried out for periods of one year or more, they are treated in accounting on a unitary basis by recognising a right to use the asset and a leasing debt.

The company assesses whether a contract is or contains a lease clause at the beginning of the contract.

Leasing debt

On the commencement date of the lease, the Company recognises the lease liabilities, valued at the present value with the marginal loan rate of the lease payments, over the term of the lease. Payments include fixed payments minus any incentives to receive, variable lease payments that depend on an index or rate, and amounts expected to be paid as residual value.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Leasing (continued)

The company uses a borrowing rate from the information received from the financial-banking area.

The lease payments included in the valuation of the liability arising from the lease contract include the following payments related to the right to use the underlying asset during the term of the lease that are not paid on the date of commencement:

- a. fixed payments (including fixed payments in the fund), minus any leasing incentives to receive;
- b. variable leasing payments that depend on an index or rate, initially measured on the basis of the index or rate from the date of commencement;
- c. the expected amounts owed by the lessee based on guarantees related to the residual value;
- d. the exercise price of a call option if the lessee has reasonable certainty that he will exercise the option; and
- e. payments of the lease termination penalties, if the duration of the lease reflects the lessee's exercise of an option to terminate the lease.

The lease liability is presented as a separate line in *the Statement of Financial Position*.

The Company revalues the liability arising from the lease agreement by updating the revised lease payments using a revised discount rate, if either:

- a. there is a change in the duration of the leasing contract. The Company determines the revised lease payments based on a revised lease term; daughter
- b. there is a change in the measurement of an option to call the underlying asset, measured in light of the events and circumstances described in IFRS 16 in the context of a call option.
- c. The Company determines the revised lease payments to reflect the change in amounts due under the purchase option.

The Company shall reassess the liability arising from the lease agreement by updating the revised lease payments in any of the following situations:

- a. there is a change in the amounts expected to be due in accordance with the residual value guarantee. The Company determines the revised lease payments to reflect the change in the amounts expected to be due in accordance with the residual value guarantee.
- b. there is a change in future lease payments that results from a change in an index or rate used to determine those payments, including, for example, a change that reflects changes in market rates of rents as a result of a revision of market rents. The lessee must revalue the debt arising from the lease agreement to reflect those revised lease payments only when there is a change in cash flows (i.e. when the adjustment of lease payments occurs). The Company determines the revised lease payments for the remainder of the term of the lease on the basis of the revised contract payments.

Right to use assets

The rights to use the assets comprise the initial valuation of the corresponding lease debt, lease payments made on or before the start day, less lease incentives received and any upfront direct costs. They are subsequently valued on the basis of cost minus accumulated depreciation and impairment losses.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Leasing (continued)

The rights of use are amortized for the shortest period between the lease term and the useful life of the underlying asset, as follows:

Right to use assets	<u>Amortization period (years)</u>
Spaces	1-5
Means of transport	3-5

The company as lessor

The company concludes lease agreements as lessor for the spaces in the buildings registered both as tangible assets and as real estate investments.

All leases are recognized as operating leasing.

Rental income from operational leasing contracts is recognised on a straight-line basis over the term of the respective lease.

The Company has determined, based on an assessment of the terms and conditions of the agreements, such as the lease term that does not constitute a major part of the economic life of the property and on the basis of the present present value of the minimum lease payments that do not amount to the fair value of the property, that it retains substantially all the risks and rewards associated with ownership of these properties and accounts for the contracts as operating leasing.

Borrowing costs

Borrowing costs consist of interest on loans that are directly attributable to the purchase, construction or production of a long-cycle asset and are capitalised until the asset is prepared for pre-determined use or sale.

All other costs related to the loans are recognized as expenses in the profit and loss account for the period in which they occur.

Interest expenses are recorded using the effective interest method.

During the 9-month period ended September 30, 2025 and September 30, 2024 respectively, the Company did not capitalize interest expenses in the value of the assets, as it did not take out any investment loans.

Employee benefits

Short-term benefits granted to employees include salaries, bonuses and social security contributions.

The company makes payments on behalf of its employees to the pension system of the Romanian state, health insurance and unemployment fund, in the course of normal activity. All employees of the company are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognised in the profit and loss account for the period when they are made. The company has no other additional obligations. Short-term benefit obligations granted to employees are not updated and are recognized in the profit and loss account as the related service is provided.

The company is not employed in any independent pension scheme and therefore has no obligations in this regard.

The company is not engaged in any other post-employment benefits scheme. The company has no obligations to provide further services to former or current employees.

The company does not currently grant benefits in the form of employee profit sharing.

There is currently no plan in place to provide for the Company's obligation to provide benefits in the form of the entity's own shares (or other equity instruments).

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Taxation

Current corporate income tax

The current payment fee is determined on the basis of the taxable profit of the year. The tax profit is different from the profit reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The company's current corporate income tax liability is calculated using tax percentages that were provided for by law or in a draft law at the end of the year. Currently, the tax rate is 16%.

Deferred tax

The deferred tax is constituted by analyzing the temporary differences of assets and debts.

Deferred tax claims are recognised only to the extent that taxable profit is likely to be obtained in the future, after offsetting the tax loss of previous years and the corporate income tax to be recovered.

The deferred tax loss is included in the calculation of the deferred corporate income tax claim.

Currently, the tax losses generated by Romanian companies are recovered from the taxable profits made, within the limit of 70% inclusive, in the next 5 consecutive years.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred corporate tax claims and liabilities are presented net if this right exists and when they are related to the same entity and if they are due to the same tax authority.

Current and deferred tax

Current and deferred tax are recognised in the Statement of Profit and Loss unless they relate to items that are recognised in *Other comprehensive income* or directly in equity, in which case current and deferred tax are also recognised in *Other comprehensive income*, i.e. equity.

Value Added Tax (VAT)

Income, related expenses, assets are recognized net of VAT except:

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognised as part of the acquisition cost of the asset or service, as the case may be;
- the situation in which the receivables and liabilities are recognised with VAT included, when the net amount to be paid or recovered from the tax authority is included in the receivables or liabilities in *the Statement of Financial Position*.

Tangible assets

Tangible assets are represented by land, buildings, technological equipment, appliances and installations, means of transport and others, initially recognized at the cost of acquisition or production.

The cost of the purchased tangible assets is represented by the value of the consideration made for the acquisition of those assets, as well as the value of other costs directly attributable to bringing the assets to the location and the necessary condition for them to be able to operate in the desired management manner.

The cost of self-built assets includes wage, material, indirect production and other costs directly attributable to bringing the assets to their current location and condition.

The company has opted to use the revaluation model for the valuation after the initial recognition of tangible assets.

Land and buildings used in the production activity or for the supply of goods and services, or for administrative purposes are presented in *the Statement of Financial Position* at cost minus cumulative depreciation and amortization minus cumulative impairment losses.

If the cost of the land includes costs of decommissioning, removal, restoration, these costs are amortized during the period when benefits are obtained as a result of these costs.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Other tangible assets (equipment, appliances, installations) are measured at cost minus cumulative depreciation and amortization loss.

Tangible assets in progress to be used in production or administratively are measured at cost minus cumulative impairment loss. These assets are classified into the appropriate categories of property, plant and equipment when they are completed or ready to be used for the purposes for which they were intended.

Depreciation also begins when assets are available for use.

Land and buildings are separable assets and are accounted for separately even when acquired together.

The land owned is not depreciated.

The residual value, the estimated useful life and the depreciation method shall be reviewed at the end of each reporting period, any changes therein being accounted for prospectively.

For all assets acquired as of January 1, 2015, the Company has opted to use the straight-line method as a depreciation method, which involves the systematic allocation of the depreciation value over the entire economic life of the assets.

The company's management has estimated the following useful lives for different categories of tangible assets as adequate:

Tangible fixed assets	Duration (years)
Construction	20 - 100
Technological equipment	5 - 12
Measuring, controlling and regulating apparatus and installations	3 - 8
Means of transport	4 - 8
Furniture, office equipment, equipment for the protection of human values and materials	8 - 15

An item of tangible assets is no longer recognised as a result of the disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss arising from the disposal or disposal of an item of property, plant and equipment is determined as the difference between sales proceeds and the net carrying amount of the asset and is recognised in the Statement of Profit and Loss at the date of recognition.

Real estate investments

The Company's real estate investments are initially valued at cost which consists of the purchase price plus any directly attributable expenses (professional fees for legal services, fees for the transfer of ownership, etc.).

After initial recognition, real estate investments are recognised in the fair value financial statements. Real estate investments are not amortized, gains or losses arising from changes in their fair value are included in the profit or loss of the period in which they occur.

Intangible assets

Intangible assets acquired separately

Intangible assets with a finite life that are acquired separately are initially recognised at cost and are subsequently accounted for at cost minus cumulative depreciation and impairment loss. Damping is recognised linearly over their useful lives. The useful life for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, with the effect that any changes to the estimates are accounted for on a prospective basis.

Intangible assets with an indefinite useful life that are acquired separately are accounted for at cost minus cumulative impairment losses.

Internally generated intangible assets - research and development expenses

Expenditure on research activities shall be recognised as such during the period in which they were carried out.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

An internally generated property, plant and equipment resulting from development (or the development stage of an internal project) is recognised if all of the following criteria have been demonstrated:

- the technical feasibility necessary to complete the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate likely future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development of the intangible asset and for its use or sale;
- the ability to reliably assess the costs attributable to the intangible asset during its development.

The initially recognised value for internally generated intangible assets is the sum of the costs incurred from the date on which the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible assets can be recognised, development expenses are recognised in profit and loss during the period in which they are realised.

After initial recognition, internally generated intangible assets are incurred at cost minus cumulative depreciation and amortization loss, on the same basis as separately acquired intangible assets.

Derecognition of intangible assets

An intangible asset is derecognised on disposal or when it is expected that no further benefit will be derived from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the net carrying amount of the asset, are recognised in profit and loss when the asset is derecognised.

Impairment of tangible and intangible assets

To determine whether a property, plant and plant or intangible asset measured at cost is impaired in accordance with IAS 36 to identify whether impairment indicators exist.

For intangible assets with an indefinite life, impairment tests are carried out annually. This is applicable even if there are no indications of depreciation. Impairment tests shall be carried out at the level of cash-generating units that generate cash inflows largely independent of those from other assets or groups of assets.

For tangible assets, plant and equipment, if there is an indication or when an annual impairment test is required, the Company estimates the recoverable value of the asset as the greater of fair value minus costs of sale and its value in use.

In the valuation of value of use, the estimated future cash flows are discounted to present value using a discount rate that reflects the current market valuations of the value over time of money and the risks specific to the asset or cash-generating units.

If the net carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset shall be considered impaired and an impairment loss shall be recognised in order to reduce the value of the asset to the level of recoverable value.

Impairment losses are recognized in the *Statement of Profit and Loss* under *Depreciation and amortization of fixed assets*.

If the reasons for the impairment are no longer applicable at a later period, an impairment reversal is recognised in the *Statement of Profit and Loss*. The carrying amount increased by reversing an impairment adjustment will not exceed the carrying amount (net of depreciation) that would have been determined if no impairment adjustment had been recognised in previous years.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Major maintenance and repairs

Capitalised costs of capital inspections and repairs are separate components of the corresponding assets or groups of assets. The capitalized costs of capital repairs are amortized using the depreciation method for the underlying asset until the next repair.

The costs of major repair activities include the cost of replacing assets or parts of assets, inspection costs and capital repair costs.

These costs are capitalised if an asset or part of an asset that has been depreciated separately is replaced and is likely to bring future economic benefits. If a portion of the replaced asset has not been considered a separate component and therefore has not been depreciated separately, the replacement value shall be used to estimate the net carrying amount of the replaced asset that is immediately scrapped.

Inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection.

All other costs of current repairs and routine maintenance are recognised directly in the expenses.

Inventories

The Company recognizes as inventories those assets that are:

- held for sale during the normal course of business;
- in the process of production for such sale or;
- in the form of materials and other consumables to be used in the production process or for the provision of services.

Inventories are presented at the lower of cost and net realizable value. Net realisable value is estimated based on the sale price of the normal business, less the estimated costs of completion and sale.

The company uses the first-in, first-out method (FIFO) to determine the cost at the exit of the supplied materials. For finished products, the standard cost is used for entry and exit. At the end of each month, based on the management accounting, the actual cost of the products obtained is determined.

For inventories of raw materials and materials, as well as for those of finished products, adjustments are made on the basis of the approved provisioning policy. The constitution and resumption of adjustments for the depreciation of inventories is made on account of the profit and loss account.

Upfront expenses

Advance expenses are amounts paid in advance, usually for services that concern a period of up to one year or more. The part covering the period of up to one year is reflected in the Statement of Financial Position in Current Assets. The portion that exceeds one year is reflected in fixed assets.

Financial instruments

Initial recognition and measurement

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial debt or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual obligations of the instrument. The company determines the classification of its financial assets and liabilities on initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value by comprehensive income, it must give rise to cash flows that are exclusively payments of principal and interest on the outstanding principal. This assessment is referred to as the SPPI test and is performed at the instrument level.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Financial instruments (continued)

The Company's business model for financial asset management refers to how it manages its financial assets to generate cash flows. At present, the financial assets held by the Company are represented by receivables, guarantees and bonds. The business model used is to generate cash flows.

For assets measured at fair value, gains and losses will be recorded in the statement of profit and loss, or in comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

A financial asset and a financial liability are offset and the net amount is reported in the statement of financial position if, and only if, the Company has a legally enforceable right to offset the amounts recognised and intends to either settle on a net basis or realise the asset and extinguish the liability simultaneously.

(ii) Financial assets

The Company's financial assets mainly include cash and cash equivalents, trade receivables and other receivables, equity investments.

A financial asset (or, as the case may be, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the cash flows received in full, without significant delay, to a third party under a "pass-through" agreement; and either: (a) the Company has substantially transferred all risks and rewards to the asset; or (b) the Company has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

Regular purchases and sales of financial assets are recognised at the date of the transaction, the date on which the Company commits to buy or sell the asset. Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards related to ownership.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of change in value. Such an investment includes cash, cash balances at banks, and short-term bank deposits with a maturity of up to three months.

Cash and cash equivalents are subject to impairment calculations. However, the amounts are insignificant, as the amounts are held at reputable banks such as BCR, EXIM and BT.

Other financial assets at amortised costs

The company classifies its financial assets at amortised cost only if both criteria are met: the asset is held in a business model whose objective is to collect contractual cash flows, and the contractual terms give rise to cash flows that are exclusively principal and interest payments. Interest income from financial assets is included in financial income using the effective interest rate method. Any gain or loss resulting from derecognition is recognized directly in profit or loss and is presented in other expenses.

Trade receivables and other receivables

Trade receivables measured in accordance with IFRS 9 are amounts owed by the Company's customers for products sold by the Company in the normal course of business. They are generally due for settlement within 30-120 days and are therefore all classified as current. Trade receivables are initially recognised at IFRS 15 consideration which is unconditional, unless they contain significant financing components, in which case they are recognised at fair value at the date of initial recognition. The company holds the trade receivables with the objective of collecting contractual cash flows and therefore subsequently values them at amortised cost using the effective interest method.

Most of the Company's trade receivables do not contain a financing component.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Financial instruments (continued)

For receivables with a maturity of up to 90 days, the Company adopted the simplified approach in accordance with IFRS 9 and measured the provision for losses based on a provision matrix that is based on historical collection and foresight-adjusted default experience to estimate the provision at initial recognition and over the life of the receivables at an amount equal to the ECL ("Estimated Credit Losses"). The valuation is carried out every six months and any change in the initial allowance will be recorded as a gain or loss in the profit and loss account. Expected credit losses over the life of the receivables, as well as adjustments recorded for receivables older than 90 days analyzed individually and those for specific losses recorded in the current year, are classified as *other expenses*.

Trade receivables and other receivables, together with the associated impairment adjustment, if any, are cancelled when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Company. If collection is expected in more than one year, they are classified as fixed assets.

Judgments and estimates

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The Company uses its reasoning to select a variety of methods (including the performance of the investee entity, the annual budget and plan, the external equity transactions of the investees, and the value of the enterprise using future cash flows) and to make assumptions that are based primarily on market conditions at the end of each reporting period.

(iii) Financial debts

The Company's financial liabilities comprise mainly commercial and other liabilities.

A financial debt is derecognised when the debt obligation is extinguished, cancelled or expires. When an existing financial debt is replaced by another from the same creditor under substantially different conditions, or the terms of an existing debt are substantially changed, such exchange or modification is treated as a derecognition of the original debt and the recognition of a new debt, and the difference between those book values is recognised in profit or loss.

Loans and interest-bearing loans

All loans are initially recognised at fair value of consideration received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that accurately discounts the estimated future cash payments over the expected life of the financial debt or, as the case may be, over a shorter period. The calculation takes into account any purchase discount and includes transaction costs and fees that are an integral part of the effective interest rate.

Shareholder financing

In accordance with IFRS 9, the "Financial Instruments" shareholder loans received by the Company have been recognised at fair value.

After initial recognition, shareholder loans are subsequently valued at amortised cost using the effective interest method; Any difference between the fair value of the proceeds (net of transaction costs) and the redemption amount shall be recognised as an expense over the period of the loans.

Derivatives

Derivatives are initially recognised and subsequently revalued at fair value. The Company does not have any significant derivatives.

Government subsidies

According to IAS 20, government subsidies are recognized only when there is sufficient certainty that all the conditions attached to their award will be met and that the subsidies will be received. Subsidies that meet these criteria are presented as liabilities and are systematically recognised in the profit and loss account over the useful life of the assets to which they relate.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (statutory or implied) as a result of a past event, it is likely that the Company will be obliged to extinguish the obligation and a credible estimate of the value of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration necessary to settle the obligation present at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle a current obligation, its carrying amount is the present value of those cash flows.

Provisions for guarantees granted to customers are constituted according to the estimates made by the management and the sales, technical and quality departments regarding the level of repair expenses within the warranty. The level of repair expenses during the warranty period is also determined as a percentage of the turnover of the reporting year.

Restructuring provisions

The default restructuring obligation arises if a company:

- has an official detailed restructuring plan in which the following are highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, implicit expenses, the date on which the restructuring plan will be implemented
- generated a justified expectation for those affected that the restructuring will be carried out by starting the implementation of the respective restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

The restructuring provision includes only direct expenses related to the restructuring.

Provisions for employee benefits

Provisions for unused leave and other provisions under employment contracts are recorded during the financial year. At the time of their recognition as liabilities to employees, the amount of the provisions will be resumed through the corresponding income accounts.

The Company does not recognise provisions for losses from the exploitation of assets.

Segment reporting

Considering that the Company's shares are traded on the Bucharest Stock Exchange and that it applies IFRS, information about the business segments, their products and services and the main customers are presented in the annual financial statements as well as in the interim reports prepared in accordance with IAS 34 – Interim Financial Reporting.

In accordance with *IFRS 8 - Business Segments*, a business segment is a component of an entity:

- who engages in business activities from which it can obtain income and from which it can incur expenses (including income related to transactions with other components of the same entity);
- whose business results are regularly reviewed by the entity's main operational decision-maker in order to make decisions on the allocation of resources by segments and to evaluate its performance; And
- for which distinct financial information is available.

In the first 9 months of 2025, the Company did not carry out licensed activities (supply and production of electricity), with only the non-licensed segment remaining active. As a result, the segment-separated reporting criteria of IFRS 8 are no longer met and the financial reporting by segments is not applicable for the reporting period.

Dividends

Dividends are recorded as liabilities in the Company's financial statements during the period in which they are approved by the Company's shareholders and are duly reflected by the decrease in capital.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Accounting judgments, estimates and assumptions

Modification of the method of presentation of the Statement of Cash Flows

As of December 31, 2024, the Company has adopted the indirect method for presenting the Statement of Cash Flows, replacing the direct method previously used. The amendment was made to align the presentation of financial statements with IFRS requirements and with more common accounting practices at international level.

This change had no impact on cash balances reported on 31 December 2024 and 30 September 2025 or on cash flows reported during that period. The change in the method of presentation is reflected in the separate financial statements and the corresponding explanatory notes.

The separate financial statements have been prepared on the basis of historical cost, with the exception of fixed assets and real estate investments which are at revalued value. The historical cost is generally based on the fair value of the consideration made in exchange for the assets.

The preparation of financial statements in accordance with IFRS adopted by the European Union involves management using estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses.

The estimates and judgments associated therewith are based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the carrying amount of assets and liabilities for which there are no other sources of valuation available. Actual results may differ from the estimated values.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognized during the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and future periods.

The effect of the change in the current period is recognised as income or expenditure in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The company's management considers that any differences from these estimates will not have a significant influence on the financial statements in the near future, the principle of prudence being applied to each estimate.

Estimates and assumptions are used in particular for impairment adjustments of fixed assets, estimation of the useful life of a depreciable asset, for impairment adjustment of receivables, for provisions, for the recognition of deferred tax assets.

In accordance with IAS 36, intangible assets are analysed to identify whether they show impairment ratios at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of recoverable amount. If the reasons for the recognition of impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognised.

Property, plant and equipment is presented at revalued values in accordance with IAS 16 and real estate investments at fair values in accordance with IAS 40.

For inventories, adjustments are made based on management's estimates of net realizable value. The constitution and resumption of adjustments for the depreciation of inventories is made quarterly on the reporting dates on account of the profit and loss account.

Receivables with a maturity of more than 90 days are analyzed individually on each reporting date and are adjusted according to the information obtained, in correlation with the risk of non-collection.

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5. PROPERTY, PLANT AND EQUIPMENTS

Cost	Land and landscaping	Construction	Technologic al equipment and vehicles	Other tangible assets	Property, plant and equipment in progress	Advances for tangible assets	Total
As of December 31, 2024	167,704,856	121,054,133	11,301,223	2,046,494	1,301,684	-	303,408,390
Entries	-	539,791	51,312	64,171	59,251	-	714,525
- of which: revaluation	-	-	-	-	-	-	-
- of which: transfers	-	539,791	-	31,886	-	-	571,677
Outputs	(4,267,778)	-	(920,188)	(106,602)	(585,103)	-	(5,879,671)
- from the revaluation	-	-	-	-	-	-	-
- from transfers	-	-	-	-	(571,677)	-	(571,677)
As of September 30, 2025	163,437,078	121,593,924	10,432,347	2,004,063	775,832	-	298,243,244
Cumulative depreciation							
As of December 31, 2024	-	-	(4,052,151)	(388,540)	-	-	(4,440,691)
Depreciation of the year	(44,601)	(5,105,956)	(1,533,504)	(267,593)	-	-	(6,951,654)
Cumulative depreciation of outputs	-	-	575,197	54,071	-	-	629,268
As of September 30, 2025	(44,601)	(5,105,956)	(5,010,459)	(602,062)	-	-	(10,763,077)
Depreciation adjustments							
As of December 31, 2024	-	-	(2,123,795)	-	-	-	(2,123,795)
Impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
Reversals of impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
As of September 30, 2025	-	-	(2,123,795)	-	-	-	(2,123,795)
Net book value							
As of December 31, 2024	167,704,856	121,054,133	5,125,277	1,657,954	1,301,684	-	296,843,904
As of September 30, 2025	163,392,477	116,487,968	3,298,093	1,402,001	775,832	-	285,356,372

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5. PROPERTY, PLANT AND EQUIPMENTS (continued)

Cost	Land and landscaping	Constructio n	Technologica l equipment and vehicles	Other tangible assets	Property, plant and equipment in progress	Advances for tangible assets	Total
As of December 31, 2023	156,573,521	113,954,255	15,279,743	2,296,217	1,304,896	-	289,408,632
Entries	19,662,992	36,232,224	734,827	594,573	782,258	-	58,006,874
- of which: revaluation	19,662,992	36,232,224	-	-	-	-	55,895,216
- of which: transfers	-	-	341,626	443,844	-	-	785,470
Outputs	(8,531,657)	(29,132,346)	(4,713,347)	(844,296)	(785,470)	-	(44,007,116)
- from the revaluation	(1,596,700)	(427,917)	-	-	-	-	(2,024,617)
- from transfer to classified assets right held for sale	-	-	(1,053,609)	-	-	-	(1,053,609)
- from transfers	-	-	-	-	(785,470)	-	(785,470)
As of December 31, 2024	167,704,856	121,054,133	11,301,223	2,046,494	1,301,684	-	303,408,390
Cumulative depreciation							
As of December 31, 2023	-	-	(1,132,588)	-	-	-	(1,132,588)
Depreciation of the year	(59,468)	(5,511,769)	(3,565,982)	(582,721)	-	-	(9,719,940)
Cumulative depreciation of outputs	59,468	5,511,769	646,419	194,181	-	-	6,411,837
- as a result of which the net value is determined	59,468	4,888,058	-	-	-	-	4,947,526
As of December 31, 2024	-	-	(4,052,151)	(388,540)	-	-	(4,440,691)
Depreciation adjustments							
As of December 31, 2023	(3,714,679)	-	-	-	-	-	(3,714,679)
Impairment adjustments recognised in profit or loss	-	-	(2,123,795)	-	-	-	(2,123,795)
Reversals of impairment adjustments recognised in profit or loss	3,714,679	-	-	-	-	-	3,714,679
As of December 31, 2024	-	-	(2,123,795)	-	-	-	(2,123,795)
Net book value							
As of December 31, 2023	152,858,842	113,954,256	14,147,155	2,296,217	1,304,896	-	284,561,365
As of December 31, 2024	167,704,856	121,054,133	5,125,277	1,657,954	1,301,684	-	296,843,904

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5. PROPERTY, PLANT AND EQUIPMENTS (continued)

As of September 30, 2025, tangible assets decreased by 3.87% compared to December 31, 2024, mainly as a result of the depreciation in the reporting period and the sale of the courtyard-construction land with an area of 1.913 sqm, located in Bucharest, sector 5, Petre Ispirescu street no. 23-37 and equipment sales.

Fair value of tangible assets

The Company's tangible assets are represented by land and buildings, work equipment and furniture. Land, buildings and special constructions were valued as of December 31, 2024, with differences in revaluation recorded in equity. The revaluation was carried out by an authorized appraiser, namely Darian DRS S.A., a corporate member of ANEVAR.

The equipment was evaluated on December 31, 2023 under the revenue approach, the DCF method. Taking into account that the valuation inputs used at 31 December 2023 did not vary significantly during 2024, the carrying amount of the equipment as at 31 December 2024 (fair value as at 31 December 2023 minus cumulative depreciation) was considered to represent an estimate of fair value at the reporting date.

The impairment adjustment for technology equipment and vehicles resulting from the impairment caused by the slowdown in production activity is RON 2,123,795 (December 31, 2024: RON 2,123,795).

Information on the fair value hierarchy as at 30 September 2025 and 31 December 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at September 30 2025
Land and landscaping	-	-	163,392,477	163,392,477
Construction	-	-	116,487,968	116,487,968
				Fair value at December 31 2024
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Land and landscaping	-	-	167,704,856	167,704,856
Construction	-	-	121,054,133	121,054,133

Both during 2024 and in the first nine months of 2025 there were no transfers between fair value levels.

6. INVESTMENT PROPERTY

The company owns buildings used entirely for rent in the form of offices. In general, lease contracts provide for an initial period of at least one year. Subsequent extensions are negotiated with the tenants. The obligations of the parties regarding repairs, maintenance and improvements are stipulated in the concluded contracts.

These properties are recognised in accordance with IAS 40 as investment real estate. For the presentation of real estate investments in the financial statements, the Company has chosen the fair value model.

The valuation as of December 31, 2024 was carried out by an ANEVAR authorized appraiser who used the income approach (discounted cash flow method). Darian DRS is a company specialized in the valuation of these types of real estate investments and the valuation model used is in accordance with the International Valuation Standards.

As of September 30, 2025, real estate investments are as follows:

	<u>Q1-Q3 2025</u>	<u>2024</u>
Initial balance	18,780,265	17,709,588
Entries of which:		
fair value measurement	-	1,070,677
Transfers	-	1,070,677
Outputs of which:		
fair value measurement	-	-
Transfers	-	-
Final balance	18,780,265	18,780,265

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6. INVESTMENT PROPERTY (continued)

The inflows in 2024 are represented by the increase in value generated by the revaluation.

The company also owns other leased spaces within buildings used jointly with other activities.

We specify that there are no restrictions imposed on the degree of realization of real estate investments or on the transfer of income and proceeds from the transfer.

Information on the fair value hierarchy as at 30 September 2025 and 31 December 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value at September 30 2025</u>
Investment property	-	-	18,780,265	18,780,265
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value at December 31 2024</u>
Investment property	-	-	18,780,265	18,780,265

7. INTANGIBLE ASSETS

Intangible assets include software, licenses and various software. They are amortized by the linear method.

The statement of financial position is presented at historical cost, minus depreciation and any value adjustments. Intangible assets decreased mainly due to depreciation.

For most intangible assets, useful lives have been estimated at 3 years.

The situation of intangible assets as of September 30, 2025 is presented as follows:

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets under execution</u>	<u>Total</u>
Cost				
As of December 31, 2024	1,181,039	3,375,713	-	4,556,753
Entries	-	-	-	-
Outputs	(3,398)	(13,057)	-	(16,456)
Transfers	-	-	-	-
As of September 30, 2025	1,177,641	3,362,656	-	4,540,297
Cumulative depreciation				
As of December 31, 2024	(1,180,885)	(3,016,326)	-	(4,197,211)
Depreciation of the year	(53)	(147,022)	-	(147,075)
Cumulative depreciation of outputs	3,398	13,058	-	16,456
As of September 30, 2025	(1,177,540)	(3,150,290)	-	(4,327,830)

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7. INTANGIBLE ASSETS (continued)

Net book value	Concessions, patents, licenses	Other intangible assets	Intangible assets under execution	Total
As of December 31, 2024	154	359,387	-	359,541
As of September 30, 2025	101	212,365	-	212,466

8. RIGHTS OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
As of December 31, 2024	3,155,047	111,983	3,267,030
Entries	2,114,971	-	2,114,971
Outputs	(1,459,449)	(111,983)	(1,571,432)
As of September 30, 2025	3,810,569	-	3,810,569
Cumulative depreciation			
As of December 31, 2024	(1,853,504)	(83,986)	(1,937,490)
Depreciation of the year	(746,643)	(9,332)	(755,975)
Cumulative depreciation of outputs	1,369,015	93,318	1,462,333
As of September 30, 2025	(1,231,132)	-	(1,231,132)
Net book value			
As of December 31, 2024	1,301,543	27,997	1,329,540
As of September 30, 2025	2,579,437	-	2,579,437

The following amounts were recognised in the profit and loss account:

	9-month period ended September 30 2025	9-month period ended September 30 2024
Depreciation expense related to rights of use of leased assets	755,975	865,963
Interest on leasing debts	64,372	69,178
Expenses related to low-value leasing contracts	125,893	76,692
Total amounts recognised in the profit and loss account	946,240	1,011,833

As of September 30, 2025, the leasing debts amounting to RON 2,819,074 are related to operational leasing contracts, of which short-term debts amounting to RON 936,289 and long-term liabilities amounting to RON 1,882,785.

As of December 31, 2024, the leasing debts had a value of RON 1,609,980 (RON 872,245 short-term and RON 737,735 long-term).

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9. INVESTMENTS IN AFFILIATED ENTITIES

As of September 30, 2025, investments held in affiliated entities in the amount of RON 732,008 are presented at cost.

None of the companies in which these investments are owned is listed on the capital market. Holdings are valued at cost and are tested for depreciation annually. In order to establish this, the management uses a series of reasoning and takes into account, among other factors, the duration and extent to which the value at the reporting date of the investment is lower than its cost; the financial health and short-term outlook of the affiliated entity, technological changes and operational and financing cash flows.

The company's investments in subsidiaries during the reporting period, as of September 30, 2025 and December 31, 2024:

September 30, 2025

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	-	-	-
Electromagnetica Fire S.R.L.	-	-	-
Procetel S.A.	42,483	96.548%	732,008
TOTAL			732,008

December 31, 2024

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	300	100%	30,000
Electromagnetica Fire S.R.L.	800	100%	80,000
Procetel S.A.	42.483	96.548%	732,008
TOTAL			842,008

Considering the decision of the sole shareholder of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders Electromagnetica Prestserv S.R.L. and Electromagnetica Fire S.R.L. initiated the process of dissolution and liquidation of the companies, appointing Business Recovery BD&A S.P.R.L. as liquidator.

On April 14, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Court, the deregistration of the company Electromagnetica Fire S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on January 31, 2025. As a result, this company was removed from the consolidated accounting records and the related assets and liabilities were eliminated.

On July 11, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Tribunal, the deregistration of the company Electromagnetica Prestserv S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on June 30, 2025, and consequently, the company was removed from the accounting records of Electromagnetica S.A.

10. OTHER FIXED ASSETS

	September 30 2025	December 31 2024
Performance guarantees granted to customers	3,640,067	3,623,534
Long-term staggered trade receivables	232,117	1,062,243
Impairment adjustments for long-term staggered trade receivables*	(39,859)	(185,243)
Other long-term fixed assets	11,863	11,503
Total	3.844.188	4,512,037

*The long-term receivables in a net amount of RON 192,258 as of September 30, 2025 were discounted to the present value, and the effect of the time-value of the money was in the amount of RON 39,859. The current portion is recognised in trade receivables (Note 12).

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11. INVENTORIES

	September 30 2025	December 31 2024
Raw	6,502,715	6,564,941
Consumables	1,503,546	1,615,365
Finished products	11,020,579	11,924,376
Products and services in progress	294,118	563,646
Other inventories	994,782	896,857
Minus adjustments for inventory depreciation	<u>(15,564,982)</u>	<u>(14,330,237)</u>
Total	<u>4,750,758</u>	<u>7,234,948</u>

Other inventories include inventory items, finished products or materials in the custody of third parties, goods and advances paid to suppliers of goods.

The movement in the inventory depreciation adjustments is as follows:

	Q1-Q3 2025	2024
Balance at the beginning of the period	<u>(14,330,237)</u>	<u>(9,318,915)</u>
Depreciation adjustment (expense)	(1,343,583)	(5,011,322)
Depreciation adjustment reversal	<u>108,838</u>	<u>-</u>
Balance at the end of the period	<u>(15,564,982)</u>	<u>(14,330,237)</u>

Adjustments during the reporting period relate to impairment adjustments for slow-moving inventories based on management's best estimate.

The company has no pledged inventories on account of debts.

12. NET TRADE RECEIVABLES

	September 30 2025	December 31 2024
Trade receivables in Romania	14,346,116	21,279,654
Trade receivables from other countries	296,409	1,518,832
Minus adjustments for impairment of trade receivables	<u>(7,941,522)</u>	<u>(9,874,114)</u>
Total	<u>6,701,003</u>	<u>1,924,372</u>

The decrease in trade receivables as of September 30, 2025 compared to December 31, 2024 was driven by the reduction in sales volume and the recovery of overdue receivables.

The Company has established a matrix of provisions based on the experience of the Company's historical debt losses, adjusted for prospective factors specific to the debtors and the economic environment, if applicable. This model applies to outstanding receivables that are not past maturity or that have a maturity of no more than 90 days.

At the same time, the Company individually assesses impairment losses for receivables with a maturity of more than 90 days if there are indications of significant increases in credit risk. More information is presented in Note 31.

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12. NET TRADE RECEIVABLES (continued)

The Company's management considers that no adjustments for impairment losses other than those presented in the financial statements are necessary.

The movement within the adjustments for the impairment of trade receivables is as follows:

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	(9,874,114)	(13,808,010)
Depreciation adjustment (expense)	(1,040,960)	(1,812,898)
Depreciation adjustment reversal	2,973,552	5,746,794
Balance at the end of the period	(7,941,522)	(9,874,114)

13. OTHER CURRENT ASSETS

	<u>September 30 2025</u>	<u>December 31 2024</u>
Borrowers	143,556	2,548
The claim related to the expropriation of the land	1,416,422	1,486,948
Expenses paid in advance	667,145	253,763
Claim from the sale of land	2,911,223	-
Advances to suppliers	150,595	89,593
VAT receivable	-	696,944
Other current assets	400,683	755,167
Total	5,689,624	3,284,963

The Expenses *paid in advance* category in the amount of RON 667,145 mainly represents payments made in advance for local taxes (buildings and land), insurance premiums and subscriptions related to future periods.

Other *current assets* mainly include amounts to be recovered from the health insurance fund in the amount of RON 330,381.

14. CASH AND CASH EQUIVALENTS

	<u>September 30 2025</u>	<u>December 31 2024</u>
Cash in the cashier	30,206	10,922
Availabilities in banks	8,155,266	73,521,351
Total	8,185,472	73,532,273

Cash at banks contain short-term deposits (with an initial maturity of less than 3 months) as of September 30, 2025 in the amount of RON 7,340,001 (December 31, 2024: RON 72,773,912).

In 2024, the company set up a collateral deposit in the amount of RON 10,000,000, intended for the issuance of bank guarantees. In April 2025, its value was reduced by RON 9,782,292, and in July and September 2025, additional reductions were made in the total amount of RON 30,752.

As of September 30, 2025, the remaining balance of the collateral deposit is RON 186,956. This amount is presented in the Separate Statement of Financial Position, under "Deposits placed with banks", as it represents a deposit with a maturity of more than 3 months.

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15. FINANCIAL ASSETS AT AMORTISED COST

Time limits	Tools of debt	Loss expected credit	Rate of loss estimated (%)	Loan-to-value ratio
Current (no past due)	88,538,168	(635,721)	-0.72%	47%

On August 1, 2025, Electromagnetica S.A. subscribed a number of 17,000,000 bonds issued by PK Development Holding S.A., a Romanian legal entity, in a private bond issue totaling EUR 100,000,000.

The bonds have a nominal value of €1 each, a maturity of a maximum of 36 months from the date of allocation and are fully redeemable at the final maturity, with the possibility of early repayment according to the terms of the offer document.

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L.

The instruments are not intended for public offering and will not be admitted to trading on a regulated market. The funds attracted by the issuer are intended to finance the current and investment activities of the group to which it belongs.

16. SHARE CAPITAL

The subscribed and paid-up share capital is in the amount of RON 67,603,870.4 composed of 676,038,704 shares with a nominal value of RON 0,10/share, fully paid-up.

The shareholder structure as of September 30, 2025 and December 31, 2024 is as follows, according to the Register provided by the Central Depository:

	<u>September 30 2025</u>		<u>December 31 2024</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Shareholder				
INFINITY CAPITAL INVESTMENTS S.A.	442,465,466	65.4497	442,465,466	65.4497
Individuals	222,815,836	32.9590	212,498,105	31.4328
Legal entities	10,757,402	1.5913	21,075,133	3.1174
Total	<u>676,038,704</u>	<u>100</u>	<u>676,038,704</u>	<u>100</u>

At the General Shareholders' Meeting of Electromagnetica on December 19, 2024, the conduct of a buyback program by the Company of its own shares was approved.

- the size of the program – the redemption of a maximum of 60,000,000 treasury shares with a nominal value of RON 0,10/share;
- the acquisition price - the minimum purchase price will be 0,1 RON/share, and the maximum price will be 0,4 RON/share;
- duration of the program – maximum period of 18 months from the date of registration in the Trade Register;
- the payment of the repurchased shares will be made from the distributable profit or from the available reserves of the company recorded in the last approved annual financial statement, except for legal reserves, according to the 2023 financial statements;
- Destination of the programme — reduction of the share capital by cancelling the repurchased shares.

The buyback program is to be carried out within the term provided by the decision of the General Shareholders' Meeting and the legislation in force.

As of September 30, 2025, the Company does not hold any redeemable shares or other portfolio securities.

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17. RESERVES

Legal reserve

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	12,541,942	12,541,942
Increases	-	-
Decreases	-	-
Balance at End of Period*	12,541,942	12,541,942

According to Romanian law, companies must distribute an amount equal to at least 5% of the pre-tax profit, in legal reserves, until they reach 20% of the share capital. Once this level has been reached, the company may make additional allocations only from the net profit. The legal reserve is deductible within the limit of a rate of 5% applied to the accounting profit, before the determination of the corporate income tax.

During the reporting period, the legal reserve was not constituted.

The revaluation reserves are in the amount of RON 184,749,470 as of September 30, 2025. The decrease is related to the transfer to the retained earnings, as a result of the amortization of the revalued fixed assets and their sale.

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	192,672,045	146,040,464
Revaluation increases	-	55,118,967
Decreases	(7,922,575)	(8,487,386)
Balance at the end of the period	184,749,470	192,672,045

As of September 30, 2025, the company registers *other reserves and equity items* in the amount of RON 41,385,942, of which its own sources of financing represent 97%.

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	48,793,086	79,826,174
Increases	-	-
Decreases	(7,407,144)	(31,033,088)
Balance at the end of the period	41,385,942	48,793,086

At the Electromagnetica OGMS of April 28, 2025, the coverage of the accounting loss recorded on December 31, 2024 in the amount of RON 7,407,144 from reserves was approved.

18. RETAINED EARNINGS

As of September 30, 2025, the retained result amounted to RON 107,045,706, being influenced by the transfer of revaluation reserves related to amortized or disposed assets, the accounting loss recorded in the first nine months of 2025 and the coverage of the accounting loss related to the year ended December 31, 2024 through the use of reserves.

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19. PROVISIONS

Name	Balance January 1 2025	Entries (Constitution)	Outputs (cancel)	Sale 30 September 2025
Provisions for performance guarantees granted to customers	1,952,556	-	-	1,952,556
Provision for employee benefits	294,678	54,696	(140,032)	209,342
Provision on employee disputes	264,298	65,468	(78,231)	251,535
TOTAL	2,511,532	120,164	(218,263)	2,413,433

The company has concluded contracts for the delivery of lighting fixtures and electric vehicle charging stations with a warranty clause for long periods, respectively 2 - 4 years. The contracts do not provide for a percentage or amount for the performance guarantee, the provision for them being calculated on the basis of the analysis of the history of the costs incurred with the products within the warranty period.

The provision for employee benefits refers to the amount of unused leave.

The Company has made a provision for ongoing disputes with employees, estimating the amount of potential liabilities based on the most relevant information available at the date of reporting.

20. TRADE AND OTHER LIABILITIES

Current trade liabilities	September 30 2025	December 31 2024
Domestic trade liabilities	627,184	1,171,737
External trade liabilities	12,488	10,631
Estimated trade liabilities	1,768,396	4,078,630
Other current liabilities		
Advances received from customers	1,046,231	2,024,991
Salaries and social security	397,563	1,666,245
Advance revenue	1,037,843	811,532
Other liabilities	2,908,713	2,960,598
Total	7,798,418	12,724,364

Trade and other long-term liabilities amount to RON 3,765,767 (December 31, 2024: RON 1,717,399). These debts relate to guarantees received from tenants under long-term contracts.

The debts are recorded at nominal value and are highlighted in the analytical accounting for each natural or legal person. Foreign currency liabilities were measured on the basis of the exchange rate in force at the end of the year, and exchange rate differences were recognised as income or expenses for the period.

The company has no significant outstanding commercial debts.

The company does not record outstanding payments to employees and to the state budget, the amounts presented represent debts related to September 2025 and paid by the due date of October 2025.

The company has no loans contracted as of September 30, 2025.

As of September 30, 2025, the Company has a non-cash guarantee agreement in the amount of RON 186,956, for the issuance of letters of guarantee. Their situation is presented in Note 14 of these financial statements.

Other debts consist of guarantees received from tenants, VAT payable, other taxes and taxes.

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20. TRADE AND OTHER LIABILITIES (continued)

The guarantees received from tenants and those withheld from suppliers on September 30, 2025 are worth RON 2,513,196 and will be regularized according to the contractual clauses.

	<u>Total</u>	<u>Less than a year</u>	<u>In a year</u>
Guarantees received on 30.09.2025	2,513,196	630,214	1,882,982
Guarantees received on 31.12.2024	2,333,977	616,579	1,717,398

Leasing liabilities are presented within current and long-term liabilities. Their total value is 2,819,074 RON (Note 8).

21. THE COMPANY AS LESSEE

The company has concluded operating leases for its real estate investment portfolio consisting of certain office and production buildings. These lease agreements have terms ranging from 1 to 10 years.

All lease agreements include a clause to allow the rental fee to be revised upwards on an annual basis, depending on prevailing market conditions. The lessee is also obliged to provide a residual value guarantee on the properties, so this covers the risks that the landlord has in case of any problems in collaboration with the tenants.

The minimum future rents to be collected under the non-revocable operational leasing contracts on 30 September 2025 and 31 December 2024 are as follows:

	<u>September 30 2025</u>	<u>December 31 2024</u>
- 1 year	14,609,756	11,556,044
-between 1 and 2 years	11,198,210	8,227,345
-between 2 and 3 years	7,233,559	4,198,915
-over 3 years	10,535,125	4,129,214

22. REVENUE

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
REVENUE FROM CUSTOMER CONTRACTS		
	-	26,830,867
Revenues from renewable electricity generation and electricity supply		
Revenue from sales of finished goods, goods, and more	3,518,333	27,471,778
Income from services provided	1,070,430	3,850,698
TOTAL REVENUE FROM CUSTOMER CONTRACTS	4,588,763	58,153,343
INCOME FROM RENTAL ACTIVITY*	18,113,314	17,439,508
TOTAL REVENUE	22,702,077	75,592,851

*Income from rental activity includes income from rents, maintenance fee and other services.

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22. REVENUE (continued)

The moment of recognition of revenues from contracts with customers

	9-month period ended September 30 2025	9-month period ended September 30 2024
Goods and services transferred at a time	3,518,333	51,716,007
Goods and services transferred over time	19,183,744	23,876,844
Total revenue	22,702,077	75,592,851

The breakdown of revenues at the product level is:

	9-month period ended September 30 2025	9-month period ended September 30 2024
Electric vehicle charging stations	1,317,272	4,511,596
Electrical equipment	-	11,732,926
CFR Traffic Safety Features	1,809,853	3,602,968
Plastic Injections & Molds	1,071,987	6,602,298
LED lighting fixtures and services provided	123,020	3,893,031
Others	266,631	979,657
TOTAL PRODUCTION	4,588,763	31,322,476

	9-month period ended September 30 2025	9-month period ended September 30 2024
OTHER NET INCOME AND EXPENSES		
Income from green certificates	-	797,560
Income/(expenses) related to provisions	1,046,304	(950,034)
Income from subsidies	-	3,920,652
Net income from the sale of property, plant and equipment	272,975	4,892,493
Other net income/(expenses)	279,026	162,165
TOTAL	1,598,305	8,822,836

The *Income/(Expense) line of provisions* represents net adjustments to assets (receivables and inventories), as well as provisions for customer guarantees, employee benefits and employee disputes.

23. EXPENSES

	9-month period ended September 30 2025	9-month period ended September 30 2024
Material expenses		
- Expenses with raw materials and consumables	313,441	12,976,846
- Expenditure on goods	373,802	24,677,083
- Energy, water, gas expenses	3,907,616	5,271,548
Total material expenses	4,594,859	42,925,477

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23. EXPENSES (continued)

	9-month period ended September 30 2025	9-month period ended September 30 2024
Employee expenses	8,260,271	20,296,876
Other expenses		
- Postal and telecommunications expenses	239,137	278,759
- Maintenance and repair expenses	550,194	429,789
- Rent expenses	245,753	204,128
- Advertising and protocol expenses	37,139	58,455
- Insurance expenses	280,921	452,790
- Transportation and travel expenses	43,072	498,386
- Expenses, other taxes and fees	1,902,670	1,258,107
- Expenses with consultants and collaborators	626,603	-
- Expenses with green certificates	-	1,503,716
- Other operating expenses	4,674,723	9,013,142
Total other expenses	8,600,212	13,697,272
Depreciation and amortization expenses	7,854,704	8,695,859
Total expenses	29,310,046	85,615,484

Under the line "Other operating expenses" are highlighted the services performed by third parties, banking and similar services, expenses related to bank fees and commissions, expenses related to fines and penalties, etc.

24. EXPENSES and FINANCIAL INCOME

	9-month period ended September 30 2025	9-month period ended September 30 2024
Financial expenses		
Leasing interest expenses	64,372	79,842
Interest expenses	16,893	-
Expenses with exchange rate differences	113,298	99,583
Expenses related to the impairment of financial assets	635,721	-
Other financial expenses	123,788	-
Total financial expenses	954,072	179,425
Financial income		
Interest income	4,996,216	1,124,065
Income with exchange rate differences	217,906	77,569
Other financial income	8,157	513
Total financial income	5,222,279	1,202,147

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25. CORPORATE TAX

Corporate income tax recognised in profit or loss:

	9-month period ended September 30 2025	9-month period ended September 30 2024
Current Corporate Income Tax		
Current Corporate Income Tax Expenses	208,518	-
Deferred corporate income tax		
Deferred tax income	(1,532,814)	(1,474,990)
Deferred tax expenses	365,010	-
Total Corporate Tax Expenditure/(Income)	(959,286)	(1,474,990)

Reconciliation of pre-tax profit with corporate income tax expense in profit and loss account:

Indicator	9-month period ended September 30 2025	9-month period ended September 30 2024
Pre-tax profit/(loss)	(1,914,782)	1,453,862
Tax applied at the local rate (16%)	(306,365)	232,618
Effect of non-deductible expenses	1,746,297	12,504,078
The effect of non-taxable income	(811,846)	(5,030,647)
Other elements	(1,587,372)	(9,181,039)
Total Corporate Tax Expense / (Income)	(959,286)	(1,474,990)

The tax rate used for the above reconciliations is 16%.

As of September 30, 2025, the total current corporate income tax claim is RON 1,495,311 (December 31, 2024: RON 1,703,829).

The analysis of the deferred corporate income tax for the reporting period is presented below:

	Initial Balance January 1 2025	Recognised in profit or loss account (Come)/ Expense	Recognised in other elements of the overall result	Final balance September 30 2025
Tangible fixed assets	33,311,096	(1,335,255)	-	31,975,841
Fixed assets adjustment	(339,807)	-	-	(339,807)
Effect of the time-value of money (receivables)	(105,967)	38,491	-	(67,476)
Receivables value adjustments	(1,579,858)	309,215	-	(1,270,643)
Inventory Value Adjustments	(2,292,838)	(197,559)	-	(2,490,397)
Employee benefits	(89,436)	17,303	-	(72,133)
TOTAL	28,903,190	(1,167,805)	-	27,735,385

The deferred corporate income tax for tangible assets resulted from different accounting and tax depreciation periods and the surplus recorded as a result of the revaluation.

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26. AVERAGE NUMBER OF EMPLOYEES

The average number of employees evolved as follows:

	<u>September 30 2025</u>	<u>September 30 2024</u>
Average number of employees	73	235

The expenses with salaries and related taxes recorded are as follows:

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Salary expenses	7,688,140	18,835,405
Other personnel expenses	572,131	1,461,471
Total	<u>8,260,271</u>	<u>20,296,876</u>

The company does not have a pension program for the staff, contributing to the national pension program according to the legislation in force.

27. INVESTMENT INCOME

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Dividend income	-	4,549,989
Total investment income	<u>-</u>	<u>4,549,989</u>

The dividend income recorded in the 9-month period ended September 30, 2024 is related to the 2 subsidiaries: Electromagnetica Prestserv S.R.L. and Electromagnetica Fire S.R.L.

28. TRANSACTIONS WITH RELATED PARTIES

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Sale of goods and services to subsidiaries		
Electromagnetica Fire S.R.L.	-	12,644
Electromagnetica Prestserv S.R.L.	-	12,220
Procetel S.A.	46,770	39,605
Total	<u>46,770</u>	<u>64,469</u>

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Purchases of goods and services from subsidiaries		
Electromagnetica Fire S.R.L.	-	365,901
Electromagnetica Prestserv S.R.L.	18,414	417,301
Procetel S.A.	1,239,531	990,873
Total	<u>1,257,765</u>	<u>1,774,075</u>

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28. TRANSACTIONS WITH RELATED PARTIES (continued)

	September 30 2025	December 31 2024
Trade and other liabilities to subsidiaries		
Electromagnetica Fire S.R.L.	-	-
Electromagnetica Prestserv S.R.L.	-	-
Procetel S.A.	135,841	-
Total	135,841	-
	September 30 2025	December 31 2024
Trade receivables		
Electromagnetica Prestserv S.R.L.	-	608
Procetel S.A.	56,326	-
Total	56,326	-

Sales to affiliated entities were exclusively for the provision of utilities. Purchases from affiliated entities included rents and equipment. Transactions made with related parties are considered at the market price.

29. EARNINGS PER SHARE

Result per basic share

During the reporting period, there were no changes in the share capital structure. Basic earnings per share are those presented in the statement of profit or loss and other items of comprehensive income. It was calculated as the ratio between the net profit of ordinary shares and the weighted average of ordinary shares outstanding.

	Period of 9 months ended September 30 2025	Period of 9 months ended September 30 2024
Net profit/loss attributable to shareholders	(955,496)	2,928,852
Weighted average number of ordinary shares	676,038,704	676,038,704
Result per action	(0.0014)	0.0043

Diluted earnings per share

For the calculation of diluted earnings per share, the Company adjusts the earnings attributable to the Company's ordinary shareholders and the weighted average of outstanding shares with the effects of all potentially diluted ordinary shares. For the 9-month period ended September 30, 2025 and September 30, 2024, the Company records basic earnings per share equal to diluted earnings per share as there are no certain securities that allow them to be converted into ordinary shares at any time in the future.

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30. RECLASSIFICATIONS

As part of the presentation of the separate financial statements, certain amounts previously presented for the 9-month period ended September 30, 2024 were reclassified, without impact on the net result for the period. These reclassifications were carried out to ensure a better reflection of the nature of the transactions and a clearer presentation of the separate statement of profit and loss and other elements of the Company's comprehensive income.

	Note	9-month period ended September 30 2024 *Reported	Reclassificati ons	9-month period ended September 30 2024 *reclassified
Investment income	27	5,339,779	(789,790)	4,549,989
Other net income and expenses	22	9,130,703	(307,867)	8,822,836
Employee expenses	23	(19,854,216)	(442,660)	(20,296,876)
Other expenses	23	(14,139,932)	442,660	(13,697,272)
Financial income	24	-	1,202,147	1,202,147
Financial expenses	24	(74,935)	(104,490)	(179,425)
Profit/(Loss) for the period		(19,598,601)	-	(19,598,601)

31. RISK MANAGEMENT

General Risk Management Framework

The company's Board of Directors has overall responsibility for establishing and supervising the company's risk management framework.

Risk management shall be conducted in accordance with the following fundamental principles:

- a. the principle of delegation of powers;
- b. the principle of decision-making autonomy;
- c. the principle of objectivity;
- d. the principle of investor protection;
- e. the principle of active role.

The Board of Directors reviews and approves the Company's strategic, operational and financial plans, as well as the corporate structure, ensuring that they are correlated with the risk profile assumed.

Risk management policies have the following objectives:

- identification and analysis of significant risks;
- setting appropriate limits and internal controls;
- continuous monitoring of risks and compliance with set limits;
- periodically adapting policies and procedures according to market developments and changes in the Company's activities.

The company ensures, through internal standards and procedures, an orderly and constructive control environment, in which the responsibilities and duties of each employee are clearly defined and communicated.

The internal audit function monitors compliance with risk management policies and procedures and regularly assesses the adequacy of the internal control framework in relation to the identified exposures.

In the course of its activities, the Company is exposed to the following main categories of financial risk:

- capital risk;
- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

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31. RISK MANAGEMENT (continued)

Capital Risk Management

Capital risk management aims to ensure the company's ability to operate on good terms by optimizing the capital structure (equity and debt). The capital structure analysis looks at the cost of capital and the risk associated with each class. In order to maintain an optimal capital structure and an appropriate degree of indebtedness, the company has proposed to its shareholders in recent years a dividend policy aimed at ensuring its own sources of financing.

The company monitors capital based on the degree of indebtedness. This indicator is calculated as the ratio of net debt to total capital employed. Net liability is calculated as the sum of total loans (including leasing liability under IFRS 16) and total suppliers and other liabilities (as presented in the statement of financial position) minus cash and cash equivalents. Total committed capital is determined as the sum of net debt and equity (as presented in the financial position).

The indebtedness ratio as of September 30, 2025 and December 31, 2024 was as follows:

	September 30 2025	December 31 2024
Total long-term and short-term liabilities	42,649,292	47,466,465
Without: Cash and cash equivalents	<u>(8,185,472)</u>	<u>(73,532,273)</u>
Total	<u>34,463,820</u>	<u>(26,065,808)</u>
Equity	<u>383,767,015</u>	<u>384,722,511</u>
Indebtedness ratio	<u>0.0898</u>	<u>(0.0678)</u>

Market risk

Market risk includes: the risk of changes in interest rates, the exchange rate, the purchase price of materials and the sale of goods.

Currency risk management

The Company's exposure to foreign exchange risk results from:

- transactions (sales/purchases) in foreign currencies;
- Commitments;
- monetary assets and liabilities (in particular receivables, trade liabilities).

The most commonly used foreign currencies in transactions are EUR and USD.

Foreign currency assets are represented by customer receivables and available in foreign currency. Debts in foreign currency are represented by debts to suppliers.

The carrying amount of the Company's monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

The currency in which they are denominated	EUR	USD	High	Total
Functional currency	RON	RON	currencies	RON
	EUR	USD	High	Total
September 30, 2025				
Total monetary assets	<u>89,279,594</u>	<u>64,656</u>	<u>85,653</u>	<u>89,429,903</u>
Total monetary liabilities	12,488	-	-	12,488

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31. RISK MANAGEMENT (continued)

Currency risk management

December 31, 2024	<u>EUR</u>	<u>USD</u>	<u>High currencies</u>	<u>Total</u>
Total monetary assets	1,787,473	97,163	86,654	1,971,290
Total monetary liabilities	10,631	-	-	10,631

Exchange rate sensitivity analysis

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, on 30 September, would increase/(decrease) profit or loss and equity by the amounts presented below (without the impact on corporate tax).

Denomination currency	<u>EUR</u>	<u>USD</u>
Functional currency	<u>RON</u>	<u>RON</u>
Change in the exchange rate	+/- 10%	+/- 10%
September 30, 2025		
Profit and loss situation	8,926,711	6,466
Other equity	-	-
December 31, 2024		
Profit and loss situation	177,684	9,716
Other equity	-	-

This analysis shows the exposure to the risk of transfer at the end of the year. However, exposure during the year is constantly monitored and managed by the company.

Interest Risk Management

The risk of *interest rate changes* is kept under control due to the company's investment policy from its own sources of financing.

As of September 30, 2025 and during the first 9 months of 2025, the Company did not contract loans.

Credit risk management

Credit risk consists of the possibility that the contracting parties breach their contractual obligations leading to financial losses for the Company.

Exposure to credit risk results mainly from operational activities, in particular trade receivables, as well as other bank receivables and deposits.

Claims

Trade receivables come from a wide range of clients operating in various fields of activity and in different geographical areas. Receivables insurance policies on the foreign market have been contracted. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of the state of insolvency. The company aims to pay increased attention to the creditworthiness and financial discipline of the contractual partners. The Company wishes to adopt the policy of trading only with trusted partners and to obtain sufficient collateral where appropriate to minimize the risk of financial losses resulting from non-compliance.

Exposure to credit risk is controlled by permanent monitoring of each borrower. The Company continuously assesses their credit risk taking into account their financial performance, payment history and, where appropriate, requests non-payment risk insurance.

The credit risk profile of trade receivables is presented on the basis of their maturity in terms of the impairment adjustment matrix. This matrix is initially based on the Company's observed historical default rates, adjusted with forward-looking factors specific to borrowers and the economic environment, where applicable. Trade receivables are non-interest-bearing and are generally within 30-90 days. However, there are a number of contracts from previous years with state authorities that include supplier credit clauses with payment for a period of up to 5 years.

For these contracts, the Company has calculated adjustments to present value and does not estimate any other losses.

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31. RISK MANAGEMENT (continued)

Credit risk management

Claims

The methodology used by the Company to measure the expected losses for trade receivables could be described as follows:

- determining an appropriate observation period to track the historical loss rate. The Company has selected 2 previous periods ended on December 31, 2024 and December 31, 2023 for data collection;
- collecting data on trade receivables and grouping them according to their due stage in each period analysed and by main activities;
- analysing the evolution of these balances over a 12-month period and determining the amounts still unpaid in each outstanding group to determine the proportion of balances in each maturity category that was not ultimately collected;
- determination of the weighted average loss rate (%) according to the due statement for the 2 periods analyzed;
- This rate will be applied to determine the impairment loss of trade receivables on 30 September 2025.

Following the analysis of receivables according to the methodology presented above, the Company did not identify a risk of default for outstanding receivables with maturities exceeding less than 90 days.

In addition to the receivables analysis described above, the Company analyzed customers with receivables whose maturities exceeded 90 days on September 30, 2025 as well as territorial administrative units with receivables with maturities exceeded more than one year in balance on September 30, 2025 and, depending on the available information, calculated and recorded adjustments to the value of receivables as of September 30, 2025, correlated with the probability of their recovery.

The following table presents the risk profile of trade receivables based on the Company's impairment adjustment matrix. As the Company's historical experience of credit losses presents significantly different loss patterns for different customer segments, adjustments for loss rates based on default risk differ between the Company's different customer segments.

	September 30 2025		
Current trade receivables	Hips	Depreciation expense	Estimated loss rate (%)
Time limits			
Current (no past due)	4,521,757	-	0%
1 – 30 days	761,932	-	0%
31 – 60 days	489,819	-	0%
61 – 90 days	10,514	-	0%
Total receivables analysed globally	5,784,022	-	0%
Receivables for licensed activities	-	-	0%
Receivables for unlicensed activities with state authorities (mayoralities)	1,736,354	(1,561,169)	90%
Other receivables 90-180 days	236,472	-	0%
Other receivables over 180 days	2,202,457	(1,697,133)	77%
Uncertain receivables	4,683,220	(4,683,220)	100%
Total receivables analysed individually	8,858,503	(7,941,522)	90%
Total	14,642,525	(7,941,522)	54%

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31. RISK MANAGEMENT (continued)

Credit risk management

Claims

	December 31 2024		
Current trade receivables	Hips	Depreciation expense	Estimated loss rate (%)
Time limits			
Current (no past due)	5,862,400	-	0%
1 – 30 days	790,547	(31,275)	4%
31 – 60 days	159,283	(31,275)	20%
61 – 90 days	258,758	(31,275)	12%
Total receivables analysed globally	7,070,988	(93,825)	1%
Receivables for licensed activities	2,255,450	(12,304)	1%
Receivables for unlicensed activities with state authorities (mayoralities)	3,844,485	(1,015,554)	26%
Other receivables 90-180 days	277,856	(93,825)	34%
Other receivables over 180 days	3,976,760	(3,285,659)	83%
Uncertain receivables	5,372,947	(5,372,947)	100%
Total receivables analysed individually	15,727,498	(9,780,289)	62%
Total	22,798,486	(9,874,114)	43%

Financial instruments and deposits

The credit risk resulting from transactions with banks is managed by the specialized department within the Company. The investment of excess liquidity is made only in sound banks in the domestic banking system.

It is estimated that there is no material exposure from the possible non-fulfilment of contractual obligations by counterparties in relation to financial instruments.

Liquidity risk management

The Company shall prepare liquidity buffer forecasts and maintain an adequate level of credit facilities so that it can prudently manage liquidity and cash-flow risks. At the same time, investments were limited to their own sources of financing and to those that have a direct contribution to turnover. The liquidity and cash-flow risk management policy adapts to new, more demanding commercial practices. This risk is closely related to the risks presented above.

Below is the situation of receivables and debts depending on maturity:

	September 30 2025	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Commercial and other short- and long-term receivables	17,730,126	13,885,938	3,844,188	-	-
Trade and other short- and long-term liabilities	12,500,474	8,734,707	3,205,796	249,753	310,218
Net position	5,229,652	5,151,231	638,392	(249,753)	(310,218)
	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Commercial and other short- and long-term receivables	22,425,201	17,913,164	4,445,380	66,657	-
Trade and other short- and long-term liabilities	16,051,743	14,334,344	616,392	921,302	179,705
Net position	6,373,458	3,578,820	3,828,988	(854,645)	(179,705)

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31. RISK MANAGEMENT (continued)

Credit risk management

Debt instruments

On August 1, 2025, the Company subscribed a number of 17,000,000 bonds issued by PK Development Holding S.A., a Romanian legal entity, in a private bond issue totaling EUR 100,000,000.

The bonds have a nominal value of 1 euro each, a maturity of a maximum of 36 months from the date of allocation, having the coupon frequency at 6 months and are fully redeemable at the final maturity, with the possibility of early repayment according to the terms of the offer document.

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L.

The instruments are not intended for public offering and will not be admitted to trading on a regulated market. The funds attracted by the issuer are intended to finance the current and investment activities of the group to which it belongs.

The Company assesses the credit risk related to debt instruments based on the issuer's financial position, payment history, as well as the degree of collateral coverage ("Loan to Value"). Based on the analysis carried out on September 30, 2025, the Company did not identify a significant increase in credit risk since the date of subscription.

The main assumptions and facts underlying the estimate of the expected credit loss as of September 30, 2025 are the following:

- estimating a probability of default based on publicly available information on average non-performance rates;
- determining the loss in case of non-reimbursement based on the estimate of the recoverable value of the real estate guarantees provided as collateral in favor of the Company;
- the value of money over time.

Categories of financial instruments

	September 30 2025	December 31 2024
Financial assets (amortised cost)		
Commercial and other short- and long-term receivables	17,730,126	22,425,201
Cash and cash equivalents	8,185,472	73,532,273
Total	25,915,598	95,957,474

	September 30 2025	December 31 2024
Financial liabilities (amortized cost)		
Trade and other short- and long-term liabilities	9,681,400	14,441,763
Short and long-term leasing debts	2,819,074	1,609,980
Total	12,500,474	16,051,743

Leasing debts

Balance as of December 31, 2024	1,609,980
Entries	2,106,215
Interest expenses	81,265
Interest payments	(81,265)
Lease payments	(897,121)
Balance as of September 30, 2025	2,819,074

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
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32. POTENTIAL LIABILITIES AND LIABILITIES

Commitments

As of September 30, 2025, the Company has a non-cash guarantee agreement in the amount of RON 186,956, for the issuance of letters of guarantee (December 31, 2024: RON 10,000,000). In order to guarantee this non-cash agreement, the Company has established a movable mortgage on the collateral deposit, in the amount of RON 186,956.

The commitments received from customers and tenants in the form of letters of guarantee on September 30, 2025, are worth 234,590 RON according to the contractual clauses.

Litigation

The disputes in which the company is involved are of values that are not likely to affect the financial stability of the company. The company manages disputes through collaborations with external partners specialized in the management of specific actions.

33. SUBSEQUENT EVENTS

- ***Non-fulfillment of payment obligations by the successful bidder of the auction for the sale of electric vehicle charging stations***

On August 27, 2025, the company organized an open competitive tender for the sale of two lots of charging stations for electric vehicles, owned by it. Following the procedure, the designated successful bidder was the company EV Point Energy S.R.L., which paid a participation guarantee in the amount of 130,730 RON.

According to the Adjudication Report no. 1193/10.09.2025, the successful bidder had the obligation to pay the difference of RON 103,720 by October 22, 2025 at the latest, the date on which the parties were to conclude the sale-purchase contract for the adjudicated goods.

By the mentioned deadline, the successful bidder did not make the full payment of the amount due and did not appear at the company's headquarters to sign the contract. Consequently, according to the provisions of the tender specifications and the award report, the deposited guarantee was retained by the company, given the non-payment of the price and the failure to complete the transaction within the established term.

The auction commission recorded these aspects through the Finding Report no. 1346/22.10.2025, drawn up at the headquarters of ELECTROMAGNETICA S.A.

- ***Conclusion of the deed regarding the sale of the Relay Production Line***

On October 8, 2025, the sale-purchase contract for the Relay Production Line was signed, awarded in the open competitive auction organized by the company on September 26, 2025.

The production line was sold at the price of 408,000 RON, plus VAT according to the legal provisions, the successful bidder being declared the winner following the auction procedure.

- ***Transactions management***

On 08.10.2025, the Company received the notification regarding the transaction with ELMA shares carried out by Infinity Capital Investments S.A. This information is sent in accordance with the provisions of art. 3 para. (25) and art. 19 para. (1) of Regulation (EU) no. 596/2014 on market abuse, as well as Regulation (EU) no. 523/2016, taking into account the quality of persons with management responsibilities and persons in close connection with them.

Management also has no knowledge of events, economic changes or other factors of uncertainty that could materially affect the Company's revenues or liquidity, other than those mentioned.

The simplified interim separate financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE SIMPLIFIED INTERIM SEPARATE FINANCIAL STATEMENTS
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(all amounts are expressed in RON, unless otherwise specified)

**ECONOMIC AND FINANCIAL INDICATORS IN ACCORDANCE WITH
WITH ANNEX 13° OF THE A.S.F. REGULATION no. 5/2018**

Indicator name	Calculation formula	Q1-Q3 2025	Q1-Q3 2024
Current liquidity	Current Assets/Current Liabilities	2.62	6.57
Indebtedness	Long-term borrowed capital/equity x 100	0.49	0.25
	Long-term borrowed capital/Committed capital x 100	0.49	0.25
Turnover speed of customer flows (days)	Average Customer Balance/Turnover x 270	116.7	93.8
Turnover speed of fixed assets	(Turnover / 270 x 360)/Fixed assets	0.08	0.37

Note:

1. **Current liquidity** provides the guarantee of covering current liabilities from current assets.
2. **Indebtedness** expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems, with influences in the fulfillment of the commitments assumed.

Borrowed capital = Loans over one year and other interest-bearing loans
Committed capital = Borrowed capital + Equity

3. **Turnover speed of customer flows** expresses the effectiveness of the Company in collecting its receivables, respectively the number of days until the date on which the debtors pay their debts to the company.
4. **Asset turnover speed** expresses the effectiveness of fixed asset management by examining the turnover generated by a certain amount of fixed assets.

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

STATEMENT
in accordance with the provisions of
Law no. 24/2017 on issuers of financial instruments and market operations

We hereby confirm that, to the best of our knowledge, the quarterly financial and accounting statement as of 30.09.2025, which has been prepared in accordance with the applicable accounting standards, provides a correct and realistic picture of the assets, obligations, financial position, profit and loss account of Electromagnetica S.A. and that the report of the Board of Directors includes a correct analysis of the Company's development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

Daniela – Adi Cucu
Chairman of the Board of Directors

George – Alin Ștefan
General Manager

Maria Alexandra Gârzu
Chief Accountant



ELECTROMAGNETICA S.A.

QUARTERLY REPORT AS OF 30 SEPTEMBER 2025

- CONSOLIDATED STATEMENTS -

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ELECTROMAGNETICA S.A.

**CONSOLIDATED QUARTERLY REPORT FOR
THIRD QUARTER OF 2025**

**Consolidated financial results for the first three quarters of 2025 (Q1-Q3 2025)
compared to the three quarters of 2024 (Q1-Q3 2024)
(unaudited)**

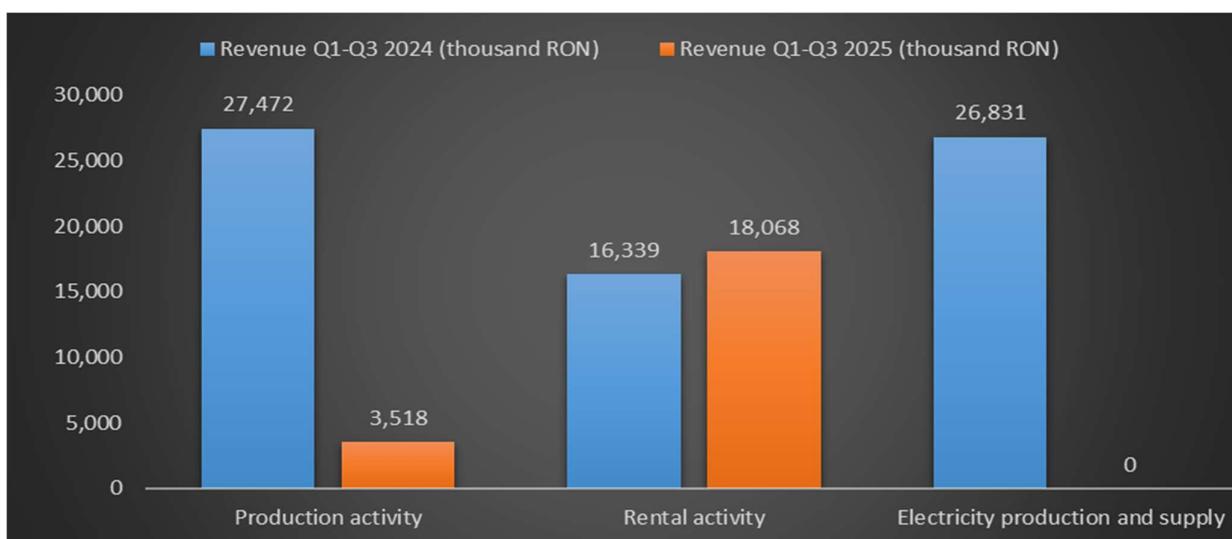
CONSOLIDATED QUARTERLY REPORT FOR THE 9 MONTH PERIOD OF 2025

Key issues for the 9-month period ended 30 September 2025 (Q1-Q3 2025)

- The Group's turnover of RON 22,6 million in Q1-Q3 2025 is 70% lower compared to Q1-Q3 2024, amid the measures adopted to streamline the group's activities;
- Rental income (rental income, maintenance tax and other services) increased in Q1-Q3 2025 by 10.6% compared to Q1-Q3 2024;
- Sales related to the production activity decreased from RON 27,4 million in Q1-Q3 2024 to RON 3,5 million in Q1-Q3 2025. The production activity has been downsized in the context in which the company has significantly reduced its involvement in government projects due to the slow collection of receivables;
- In Q1-Q3 2025, no revenues from renewable electricity production and electricity supply were recorded, as the electricity production activity was sold during 2024. Revenues in Q1-Q3 2024 amounted to RON 26,8 million.

Indicator	T1-T3 2025	T1-T3 2024
Turnover (thousand RON)	22,656	75,604
EBITDA* (thousand RON)	1,267	4,352
Net result (thousand RON)	(498)	(1,003)

*EBITDA represents profit before tax expense, depreciation and amortization expense, expense and financial income.



In the first nine months of 2025, the company continued its strategy of optimizing the profitability of the rental activity, which is the most important active business segment. In this context, the company continued to apply measures to streamline and carefully manage resources, in order to improve the financial results generated by the rental activity. Given that the economic context remained volatile, the Company continued its efficiency measures implemented during 2024 and which had a positive impact on the Company's financial and operational balance.

Electromagnetica manages 42,764 sqm of spaces for rent in Bucharest and 3,270 sqm in Vârteju, Ilfov County. On September 30, 2025, for the headquarters in Calea Rahovei 266-268, the rental rate was 71%, situation caused by the increase in available rental spaces, following the company's business restructuring and the adjustment of the production activity. For the spaces in Vârteju commune (Magurele), the rental rate was 86%.

Given the significant stock of electric vehicle charging stations and products of the nature of LED lighting fixtures, systems and solutions located in the company's warehouses, during the nine months of 2025, the Group has stopped production activity for all the aforementioned product categories, currently focusing on capitalizing on existing inventories. At the moment, the company only holds inventories of finished products, intended for sale to third parties. At the same time, part of the inventories of LED lighting fixtures are kept in the form of a buffer stock, used for possible replacements during the warranty period related to the products already marketed.

The activity related to the production segment dedicated to railway traffic safety elements was influenced by the slow pace of railway infrastructure modernization projects, as the final beneficiary of these services is CFR Infrastructură. In this context, the group has decided to capitalize on the assets related to this production line. Thus, on October 8, 2025, the sale-purchase

contract for the Relay Production Line was signed, awarded in the open competitive auction organized by the group on September 26, 2025.

In the first nine months of 2024, the Company's energy production and supply segment was represented by the operation of 10 micro-hydropower plants in the basin of the Suceava and Brodina rivers, with an installed capacity of 5.5 MW. These assets were sold by the company in the auction held on August 7, 2024.

Between January and September 2025, the Group did not make purchases of electricity for the supply activity, which is why it did not generate income from this activity. During the nine months of 2024, the Group supplied electricity to a number of external customers to cover the difference between the quantity produced by micro-hydropower plants purchased from Hidroelectrica and that required for the internal production flow/tenants.



ELECTROMAGNETICA S.A.

**SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)**

**Prepared in accordance with
Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in
accordance with the International Financial Reporting Standards adopted by the European Union**

ELECTROMAGNETICA S.A.
THE SIMPLIFIED INTERIM CONSOLIDATED SITUATION OF THE
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period of 9 months ended September 30 2025	9 Period of 9 months ended September 30 2024
Income	21	22,656,317	75,603,630
Investment income		-	-
Other net income and expenses	21	1,616,711	7,912,896
Change in inventories of finished products and work in progress		(1,173,325)	(2,987,590)
Capitalized workings		-	68,538
Raw materials and consumables used	22	(4,594,858)	(42,957,954)
Employee expenses	22	(8,261,190)	(21,254,870)
Depreciation and amortization expenses	22	(7,131,866)	(7,906,733)
Other expenses	22	(8,976,659)	(12,032,210)
Financial income	23	5,283,181	1,299,931
Financial expenses	23	(780,282)	(112,394)
Pre-tax profit/(loss)		(1,361,971)	(2,366,756)
Corporate income tax	24	864,298	1,363,790
Profit/(Loss) for the period		(497,673)	(1,002,966)
Other elements of the overall result:			
of which:			
<i>- other comprehensive income and loss items that cannot be reclassified in the profit and loss account, of which:</i>			
- surplus from the revaluation of tangible assets		-	-
- deferred tax recognized in equity		-	-
Overall result for the period		(497,673)	(1,002,966)
Result for the attributable period:			
Shareholders of the parent company		(514,888)	(1,026,690)
Non-controlling interests		17,215	23,724
Basic result/diluted per share	27	(0.0008)	(0.0015)

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	September 30 2025	December 31 2024
ACTIVE			
Fixed assets			
Property, plant and equipments	5	286,846,065	298,383,201
Investment property	6	24,903,878	24,903,878
Intangible assets	7	212,968	360,237
Other non-current assets	9	3,844,190	4,519,717
Financial assets at amortised cost	14	85,758,484	-
Rights of use assets	8	-	27,996
Total fixed assets		401,565,585	328,195,029
Current assets			
Inventories	10	4,750,758	7,308,363
Trade receivables	11	6,701,003	12,933,198
Cash and cash equivalents	13	10,533,066	75,704,694
Deposits placed with banks	13	186,956	10,000,000
Other current assets	12	5,692,504	3,320,621
Assets classified as held for sale		-	841,296
Interest on financial assets at amortised cost	14	2,143,963	-
Current tax claim	24	1,495,311	1,676,704
Total current assets		31,503,561	111,784,876
Total assets		433,069,146	439,979,905
EQUITY AND LIABILITIES			
Equity			
Share capital	15	67,603,870	67,603,870
Reserves and other equity items	16	209,774,176	223,797,142
Retained earnings	17	114,861,889	101,385,735
Total equity attributable to shareholders		392,239,935	392,786,747
Minority interests		359,468	342,253
Total equity		392,599,403	393,129,000
Long-term debts			
Trade and other liabilities	19	1,882,982	1,717,399
Deferred tax liabilities	24	28,046,482	29,214,286
Leasing liabilities		151,730	187,608
Total long-term liabilities		30,081,194	31,119,293
Current liabilities			
Trade and other liabilities	19	7,930,306	13,148,776
Provisions	18	2,413,433	2,511,532
Leasing liabilities		44,810	71,304
Total current liabilities		10,388,549	15,731,612
Total liabilities		40,469,743	46,850,905
Total equity and liabilities		433,069,146	439,979,905

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	9-month period ended September 30 2025	9-month period ended September 30 2024
Profit/(loss) for the period	(497,673)	(1,002,966)
Adjustments:		
Net movement of provisions and impairment adjustments for:		
- Claims	(1,932,592)	(3,198,376)
- Inventories	1,234,745	4,437,282
- Employee benefits	(85,336)	(80,658)
- provisions for customer guarantees and other provisions	(12,763)	-
Depreciation and impairment adjustments of fixed assets, including reversals	7,131,866	7,906,733
Investment grants	-	(3,920,652)
Revaluation of fixed assets and investments	-	-
Net gains from disposal of fixed assets	(272,317)	(4,894,204)
Interest expense	17,240	7,904
Interest income	(5,057,118)	(1,221,848)
Deferred tax expense/(income)	(1,167,804)	(1,474,991)
Corporate income tax expense	303,506	111,201
Cash generated by operating activities before changes in working capital	(338,246)	(3,330,575)
Payments for deposits made over a period of more than 3 months	-	(10,000,000)
Proceeds from the withdrawal of deposits with an initial maturity of more than 3 months	9,813,044	-
(Increase)/decrease in inventories	1,322,860	5,106,028
(Increase)/decrease in receivables and other assets	9,915,627	22,790,708
Increasing/(decreasing) debts	(5,107,079)	(11,767,471)
Corporate income tax paid	(105,785)	(94,343)
Net cash from operating activities	15,500,421	2,704,347
Cash flows from investment activities		
Purchase of tangible assets	(77,134)	(82,824)
Bond Buying	(86,273,300)	-
Proceeds from the sale of fixed assets	2,878,665	33,567,850
Interest collected	2,885,453	1,221,848
Dividends received	-	-
Net cash from/(used in) investment activities	(80,586,316)	34,706,874
Cash flows from financing activities		
Paid leasing	(62,372)	(126,527)
Interest paid	(17,240)	(7,904)
Dividends paid	(6,121)	(41,153)
Net cash from/(used in) financing activities	(85,733)	(175,584)
Net increase/(decrease) of cash and cash equivalents	(65,171,628)	37,235,637
Cash and cash equivalents at the beginning of the period	75,704,694	30,888,179
Cash and cash equivalents at the end of the period	10,533,066	68,123,816

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN
General Manager

GÂRZU MARIA ALEXANDRA
Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Capital social</u>	<u>Retained earnings</u>	<u>Revaluation reserves of tangible assets</u>	<u>Other Items</u>	<u>Legal reserve</u>	<u>Deferred tax recognised in reserves</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Balance as of January 01, 2025	67,603,870	101,385,735	194,148,177	48,193,085	12,563,942	(31,108,062)	342,253	393,129,000
Overall result for the period:								
Result of the exercise	-	(514,888)	-	-	-	-	17,215	(497,673)
Other elements of the overall result	-	14,019,027	(7,926,514)	(7,407,144)	(22,000)	1,332,692	-	(3,939)
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-	-
Deferred tax result related to revaluation	-	-	-	-	-	-	-	-
Establishment of legal reserve and other reserves	-							
Transfer of reserves to reported result carried forward as a result of depreciation and write-off of revalued tangible assets	-	7,922,575	(7,922,575)	-	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(1,332,692)	-	-	-	1,332,692	-	-
Transfer of reserves to carry-over result	-	22,000	(3,939)	-	(22,000)	-	-	(3,939)
Loss coverage from reserves	-	7,407,144	-	(7,407,144)	-	-	-	-
Total overall result for the period	-	13,504,139	(7,926,514)	(7,407,144)	(22,000)	1,332,692	17,215	(501,612)
Transactions with shareholders, recorded directly in equity:								
Dividends distributed	-	-	-	-	-	-	-	-
Other elements	-	(27,985)	-	-	-	-	-	(27,985)
Balance as of September 30, 2025	67,603,870	114,861,889	186,221,663	40,785,941	12,541,942	(29,775,370)	359,468	392,599,403

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2024 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Capital social</u>	<u>Retained earnings</u>	<u>Revaluatio n reserves of tangible assets</u>	<u>Other Items</u>	<u>Legal reserve</u>	<u>Deferred tax recognised in reserves</u>	<u>Non- controlling interests</u>	<u>Total equity</u>
Balance as of January 01, 2024	67,603,870	71,976,006	147,390,995	81,371,341	12,563,942	(23,515,508)	392,409	357,783,055
Overall result for the period:								
Result of the exercise	-	(1,026,690)	-	-	-	-	23,724	(1,002,966)
Other elements of the overall result	-	5,485,991	(5,670,723)	(730,134)	-	914,866	-	-
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-	-
Deferred tax result related to revaluation	-	-	-	-	-	-	-	-
Establishment of legal reserve and other reserves	-							
Transfer of reserves to reported result carried forward as a result of depreciation and write-off of revalued tangible assets	-	5,670,723	(5,670,723)	-	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(914,866)	-	-	-	914,866	-	-
Transfer of reserves to carry-over result	-	730,134	-	(730,134)	-	-	-	-
Total overall result for the period	-	4,459,301	(5,670,723)	(730,134)	-	914,866	23,724	(1,002,966)
Transactions with shareholders, recorded directly in equity:								
Dividends distributed	-	-	-	-	-	-	(121,516)	(121,516)
Other elements	-	-	-	-	-	-	-	-
Balance as of September 30, 2024	67,603,870	76,435,307	141,720,272	80,641,207	12,563,942	(22,600,642)	294,617	356,658,573

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION ABOUT THE GROUP

Electromagnetica S.A. – The parent company, is a joint-stock company, with Romanian legal personality, with unlimited lifespan, which is organized and operates according to the statute and based on Law no. 31/1991 republished in 2004 and amended by Law no. 441/2006, GEO no. 82/2007 and GEO no. 52/2008 as well as the Law on the Capital Market no. 24/2017.

The Group has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, telephone 021.404.21.31, 021.404.21.02, fax 021.404.21.95, website: www.electromagnetica.ro. The unique registration code is RO 414118, and the registration number with the Trade Register is J1991000019408.

The Company's share capital is RON 67,603,870.40 divided into 676,038,704 common shares, registered and dematerialized, registered in an electronic account in the shareholders' register kept by Depozitarul Central S.A.

On the agenda of the Ordinary General Meeting of Shareholders on April 28, 2025, the change of the main object of activity of Electromagnetica S.A. was included and approved, the new object being: NACE 6820 - Rental and subletting of own or leased real estate, according to the Classification of Activities in the National Economy, approved by the Order of the President of the National Institute of Statistics no. 377/17.04.2024 (CAEN Rev.3).

Previously, according to the articles of association, the main object of activity of the Company was the manufacture of instruments and devices for measurement, verification, control, navigation (NACE code 2651).

Procetel S.A. is a joint stock company with headquarters in Bucharest, Calea Rahovei no. 266-268, serial number at the trade register J1991010437403, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. Procetel S.A. is a closed joint stock company (shares are not traded on the capital market) whose main object of activity is research – development in other natural sciences and engineering (NACE code 7219). Currently, the research activity has been drastically reduced, the results obtained coming mainly from the space rental activity. The administrative management is provided by Business Recovery BD&A S.P.R.L.

At the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. was approved. On 30.09.2025, the process was ongoing.

On 21.07.2025, the Extraordinary and Ordinary General Meeting of Shareholders of Procetel S.A. was held, during which the balance sheet for the beginning of liquidation on 31.03.2025 was approved.

Electromagnetica Prestserv S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sector 5, building 1, floor 2, axes A-B, pillars 1-2, registered with the Trade Register Office attached to the Bucharest Tribunal with no. J40/1528/2003, CUI 15182750, which provided cleaning services (NACE code 4311).

Considering the decision of the sole shareholder of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders of Electromagnetica Prestserv S.R.L. initiated the process of dissolution and liquidation of the company, appointing Business Recovery BD&A S.P.R.L. as liquidator.

On July 11, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Tribunal, the deregistration of the company Electromagnetica Prestserv S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on June 30, 2025, and consequently, the company was removed from the accounting records of Electromagnetica S.A.

Electromagnetica Fire S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sect 5, building 2, ground floor, axes C-D, pillars 6 1/2 - 7, registered at the Trade Register Office attached to the Bucharest Tribunal with no. J40/15634/2006, CUI 19070708, and carried out activities in the field of fire protection, technical assistance for fire prevention and extinguishing and private emergency services regarding civil protection (NACE code 8299).

Considering the decision of the sole shareholder of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders of Electromagnetica Fire S.R.L. initiated the process of dissolution and liquidation of the company, appointing Business Recovery BD&A S.P.R.L. as liquidator.

On April 14, 2025, by the Conclusion pronounced by the Trade Register Office attached to the Bucharest Court, the deregistration of the company Electromagnetica Fire S.R.L. was ordered, following the completion of the dissolution and voluntary liquidation procedure. The liquidation balance sheet was drawn up on January 31, 2025. As a result, this company was removed from the consolidated accounting records and the related assets and liabilities were eliminated.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

Electromagnetica Prestserv S.R.L. and Electromagnetica Fire S.R.L. were established by outsourcing services within Electromagnetica S.A., namely cleaning services, technical assistance for fire prevention and extinguishing and private emergency services regarding civil protection.

The details of the parent company's investments in subsidiaries as of September 30, 2025 and December 31, 2024 are as follows:

September 30, 2025

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	-	-	-
Electromagnetica Fire S.R.L.	-	-	-
Procetel S.A.	42,483	96.548%	732,008
TOTAL			732,008

December 31, 2024

Branch name	No. Titles	Percentage of Holding and Voting Rights (%)	Value
Electromagnetica Prestserv S.R.L.	300	100%	30,000
Electromagnetica Fire S.R.L.	800	100%	80,000
Procetel S.A.	42,483	96.548%	732,008
TOTAL			842,008

2. BASICS OF PREPARATION

Declaration of conformity

The Group's consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force on the Group's reporting date, namely September 30, 2025 and in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards, adopted by the European Union.

The consolidated interim financial information as at 30 September 2025 has not been audited or reviewed by an external auditor.

These consolidated interim financial statements are prepared in accordance with IAS 34 – Interim Financial Reporting for the nine-month period ended September 30, 2025.

The consolidated interim financial statements are available on the www.electromagnetica.ro website within the applicable legal deadline.

Business continuity principle

The consolidated interim financial statements were prepared on the basis of the business continuity principle, which implies that the Group will be able to realise its assets and pay its debts under normal business conditions.

Basics of preparation

The simplified interim consolidated financial statements were prepared on the basis of the fair value convention for fixed assets and real estate investments. Other assets and liabilities are presented at amortised cost or historical cost.

Functional and presentation currency

These consolidated interim financial statements are presented in RON, which is the functional currency of the Group.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

Foreign currency

Transactions denominated in foreign currency are recorded in RON at the official exchange rate from the date of settlement of the transaction. The monetary assets and liabilities recorded in foreign currencies at the date of preparation of the interim financial statement are expressed in RON at the exchange rate of that day. Gains or losses on their settlement and on the conversion of monetary assets and liabilities denominated into foreign currency using the exchange rate at the end of the period under review are recognised in profit or loss. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in RON at the exchange rate from the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are recorded in RON at the exchange rate on the date on which the fair value was determined.

Conversion differences are shown in your profit or loss account.

The exchange rates at the end of the period of the major currencies were as follows:

	<u>September 30 2024</u>	<u>December 31 2024</u>	<u>September 30 2025</u>
End-of-period EUR exchange rate	4.9756	4.9741	5.0811
Exchange rate to USD at the end of the period	4.4451	4.7768	4.3247

The preparation of interim financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses.

The associated estimates and reasoning shall be based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the reasoning used in determining the carrying amount of assets and liabilities for which no other valuation sources are available. Actual results may differ from the estimated values.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognised during the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and the future period.

The effect of the change in the current period is recognised as income or expenditure in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The Group's management considers that any deviations from these estimates will not have a significant influence on the financial statements in the near future, with the principle of prudence being applied to each estimate.

Estimates and assumptions are mainly used for impairment adjustments to fixed assets, estimating the useful life of fixed assets, adjusting for the impairment of receivables and inventories, for provisions, for the recognition of deferred tax claims.

In accordance with IAS 36, intangible assets and property, plant and equipment are analysed to identify whether they show impairment ratios at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of recoverable amount. If the reasons for recognising impairment loss disappear in subsequent periods, the net carrying amount of the asset shall be increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognised.

The impairment measurement of receivables is carried out individually and globally, on categories of receivables with similar characteristics and is based on management's best estimate of the present value of cash flows expected to be received. The Group reviews its trade and other receivables on an annual basis of its financial position to assess whether it needs to record a depreciation in the profit and loss account. Professional management reasoning is particularly necessary for estimating value and coordinating future cash flows when determining impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

By their nature, unforeseen situations will be clarified at the time of the occurrence of potential future events that may generate them. The assessment of these situations inherently involves the use of significant assumptions and estimates about the occurrence and outcome of future events.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

Deferred tax claims are recognised for tax losses to the extent that it is likely that there will be taxable profit from which the losses can be covered. Professional reasoning is necessary to determine the amount of deferred tax claims that can be recognised, based on the probability in terms of the period and level of future taxable profit, as well as future tax planning strategies.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New IFRS accounting standards and amendments to existing standards that are in effect this year

In the current year, the Group has applied a number of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union that have entered into force for the reporting period starting with or after January 1, 2025. Their adoption did not have a material impact on the disclosures or the amounts reported in these financial statements.

Standard	Title
IAS1-Presentation of the situation Financial	Classification of liabilities into current liabilities or long-term liabilities (amendments)
Amendments to IAS 7 and IFRS 7	Financing agreements in relation to suppliers
Amendments to IFRS 16	IFRS 16 Leasing Contracts: Leasing Liability in a Sale and Takeover Lease Agreement (Amendments)

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU but not yet entered into force

At the date of approval of these financial statements, the Group has not applied the following amended IFRS Accounting Standards that have been issued by the IASB and adopted by the EU, but have not yet entered into force:

Standard	Title	Date of entry into force
Amendments to IAS 21	Lack of convertibility	1 January 2025

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU does not differ significantly from IFRS adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which were not adopted by the EU on 30 September 2025:

Standard	Title	Status of EU adoption
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments (effective date set by the IASB: 1 January 2026)	Not yet adopted by the EU
Amendments to IFRS 9 and IFRS 7	Contracts that refer to electricity dependent on natural conditions	Not yet adopted by the EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB Effective Date: January 1, 2026)	Not yet adopted by the EU
IFRS 18	Disclosures and Disclosures in Financial Statements (IASB Effective Date: January 1, 2027)	Not yet adopted by the EU
IFRS 19	Non-public liability subsidiaries: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
IFRS 14	Deferral accounts for regulated activities (effective date set on: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date has been deferred indefinitely by the IASB, but early application permitted)	The approval process was postponed indefinitely until the completion of the research project on the equivalence method.
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments (effective date set by the IASB: 1 January 2026)	Not yet adopted by the EU

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(continued)

The Group anticipates that the adoption of these new standards and amendments to existing standards will not have a significant impact on the Group's financial statements in the future.

Risk hedging accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates, the use of risk hedging accounting for a portfolio of financial assets and liabilities in accordance with IAS 39: "Financial Instruments: Recognition and Measurement" would not materially affect the financial statements if applied at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1. Significant accounting policies

The main accounting policies are presented below:

Short-term versus long-term classification of assets and liabilities

The Group presents its assets and liabilities in the statement of financial position as classified as short-term/long-term.

An asset is classified as short-term (current) if:

- expects to capitalize on the asset, or intends to sell or use during the normal operating cycle;
- is held primarily for the purpose of trading;
- expect to redeem the asset within 12 months of the reporting date; or
- The asset is cash or cash equivalents the use of which is not restricted to be exchanged or used to settle a liability for a period of at least 12 months after the reporting period.

All other assets are classified as long-term (fixed assets).

A debt is classified as short-term (current) if:

- it is expected to be settled in the normal operating cycle of the group;
- is held for the primary purpose of being traded;
- shall be settled within 12 months after the reporting date;
- There is no unconditional right to defer debt settlement for at least 12 months after the reporting date.

The group classifies all other debts as long-term.

Fair Value

Fair value is the price that could be received as a result of the sale of an asset or paid to transfer a liability in a normal course of business transaction between market participants at the valuation date.

Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the main asset and debt market;
- in the absence of a main market, in the most advantageous market for an asset or debt.

The group assesses the fair value of an asset or liability based on assumptions that market participants would use when pricing the asset or debt, assuming that participants are acting to obtain maximum economic benefit.

The fair value measurement of a non-financial asset takes into account the ability of market participants to generate economic benefits through the most intensive and best use of the asset or by selling it to another market participant who in turn would give it the most intensive and best use.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

With regard to valuation techniques, they are appropriate taking into account the circumstances for which sufficient data are available for fair value measurement, maximising the use of observable input data and minimising the use of unobservable input data.

Fair value measurement establishes a fair value hierarchy that classifies the input data for the measurement techniques used to measure fair value into three levels:

- Tier 1 **entry data** – are prices quoted (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the valuation date. This data provides the most reliable proof of fair value and should be used whenever available;
- Level 2 **input data** – are input data other than the quoted prices included in level 1 that are directly or indirectly observable for the asset or debt (e.g. quoted prices for the same or similar assets or liabilities in non-asset markets);
- Level 3 **input data** – this is unobservable input data for the asset or liability. The group shall develop unobservable input data on the basis of the best information available in the circumstances, data which may include the group's own data.

The Group's finance department determines the procedures applicable for both recurring fair value valuations such as real estate investments, tangible assets where the fair value model is adopted.

External appraisers are involved in the valuation of property, plant and equipment and real estate investments. This involvement is determined annually by the finance department. The selection criteria include the evaluator's market knowledge, reputation, independence and adherence to professional standards.

Revenue from customer contracts

Revenues from customer contracts are recognised when control over goods and services is transferred to a value that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Overall, the Group concluded that it is the primary beneficiary of revenue because it controls the goods or services before transferring them to the customer.

The group has long-term contracts with municipalities in progress since previous years, which are paid in installments, which according to IFRS 15 have included a significant financing component.

The group had contractual agreements agreed between the seller and the buyer, which granted the customer the right to return the products for various reasons. This return of goods operation can generate several situations:

- the customer is entitled to a refund, in whole or in part, of the amount initially paid for the goods;
- the customer may receive a discount invoice that will diminish his future payments in relation to the seller;
- the customer is entitled to receive another good in exchange, or
- combination of the above.

In the case of transfers of goods, when there is a right of return, the Group acknowledges the following:

1. income from the transferred goods at the level of the value to which the entity considers it to be entitled, therefore the Group will not recognise goods that are expected to be returned;
2. debt to be repaid; and
3. an asset, at the same time as the related adjustment of the cost of the goods sold, to reflect the seller's right to recover the goods from the customer in order to constitute the debt to be repaid.

ELECTROMAGNETICA S.A.
NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Revenue from customer contracts (cont'd)

The Group also takes into account that the condition of the returned goods may be much different from that at the time of delivery, and there is even a risk that the goods may not be able to be used further. Under these circumstances, the value of the recognised asset will have to be made at the book value of the goods at the time of sale, reduced by any other depreciation in value or costs necessary for their recovery. The Group will assess and adjust accordingly, at the date of preparation of the financial statements, the expected level of returns and the related repayment debt, modifying the level of income accordingly. Moreover, the value of the recognised asset will change whenever the value of the debt changes or there are indications that there is a depreciation in value. If the entity cannot estimate the level of returns, revenue will not be recognised until the date on which the estimate can reasonably be made, which may correspond to the end of the period in which the customer is entitled to return.

In the case of pre-delivery billing agreements, in addition to the conditions mentioned above, for a customer to gain control of a product in a pre-delivery billing agreement, all of the following criteria must be met:

- the reason for the agreement with pre-delivery invoicing must be substantial (there must be a written request from the customer);
- the product must be distinctly identified as belonging to the customer;
- the product must be ready for physical transfer to the customer on a current basis;
- The entity delivering the product may not have the ability to use the product or assign it to another customer.

If there is an acceptance clause in the contract concluded with a customer, then the moment when a customer gains control over a good or service is evaluated according to this clause.

More details can be found in Note 21, where the Group's main revenue-generating activities are presented.

Income from other sources

Income from other sources includes income from commodity transactions (in particular energy) that are within the scope of IFRS 9 Financial Instruments, as well as rental income.

The income from the rental of premises is recognized in the profit and loss account on a straight-line basis, during the duration of the lease.

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at the gross value including dividend tax, which is recognized as a current expense during the period in which the distribution was approved.

Interest income is recognised on the basis of accrual accounting, by reference to the outstanding principal and the effective interest rate, the rate that accurately updates the expected future cash flows over the life of the financial instrument to the net carrying amount of the financial asset.

Leasing

Group as tenant

The group assesses whether a contract is or contains a lease clause at the beginning of the contract.

The Group recognises a right to use the asset and an appropriate lease liability in relation to all leases in which it is a lessee/user, with the exception of short-term contracts (defined as leasing for a lease period of 12 months or less) and leases of small value assets (less than RON 24.500).

For these leasing contracts, the Group recognises payments as operating expenses on a straight-line basis over the term of the lease.

The Electromagnetica Group classifies as leasing contracts those aimed at renting spaces. As the lease is carried out for periods of one year or more, they are treated in accounting on a unitary basis by recognising a right to use the asset and a leasing debt.

The group assesses whether a contract is or contains a lease clause at the beginning of the contract.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Leasing (continued)

Leasing debt

At the start date of the lease agreement, the Group recognises the lease liabilities, valued at the present value with the marginal loan rate of the lease payments, over the term of the lease agreement. Payments include fixed payments minus any incentives to receive, variable lease payments that depend on an index or rate, and amounts expected to be paid as residual value.

The group uses a borrowing rate from the information received from the financial-banking area.

The lease payments included in the valuation of the liability arising from the lease contract include the following payments related to the right to use the underlying asset during the term of the lease that are not paid on the date of commencement:

- a. fixed payments (including fixed payments in the fund), minus any leasing incentives to receive;
- b. variable leasing payments that depend on an index or rate, initially measured on the basis of the index or rate from the date of commencement;
- c. the expected amounts owed by the lessee based on guarantees related to the residual value;
- d. the exercise price of a call option if the lessee has reasonable certainty that he will exercise the option; and
- e. payments of the lease termination penalties, if the duration of the lease reflects the lessee's exercise of an option to terminate the lease.

The lease liability is presented as a separate line in *the Statement of Financial Position*.

The Group revalues the liability arising from the lease agreement by updating the revised lease payments using a revised discount rate, where either:

- a. there is a change in the duration of the leasing contract. The Group determines revised lease payments based on a revised lease term; daughter
- b. there is a change in the measurement of an option to call the underlying asset, measured in light of the events and circumstances described in IFRS 16 in the context of a call option.
- c. The Group determines the revised lease payments to reflect the change in amounts due under the purchase option.

The Group shall reassess the liability arising from the lease agreement by updating the revised lease payments in any of the following situations:

- a. there is a change in the amounts expected to be due in accordance with the residual value guarantee. The Group determines the revised lease payments to reflect the change in the amounts expected to be due in accordance with the residual value guarantee.
- b. there is a change in future lease payments that results from a change in an index or rate used to determine those payments, including, for example, a change that reflects changes in market rates of rents as a result of a revision of market rents. The lessee must revalue the debt arising from the lease agreement to reflect those revised lease payments only when there is a change in cash flows (i.e. when the adjustment of lease payments occurs). The Group determines the revised lease payments for the remainder of the term of the lease on the basis of the revised contractual payments.

Right to use assets

The rights to use the assets comprise the initial valuation of the corresponding lease debt, lease payments made on or before the start day, less lease incentives received and any upfront direct costs. They are subsequently valued on the basis of cost minus accumulated depreciation and impairment losses.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

The rights of use are amortized for the shortest period between the lease term and the useful life of the underlying asset, as follows:

Right to use assets	<u>Amortization period (years)</u>
Spaces	1-5
Means of transport	3-5

Group as lessor

The Group concludes lease agreements as lessor for the spaces in the buildings registered both as tangible assets and as real estate investments.

All leases are recognized as operating leasing.

Rental income from operational leasing contracts is recognised on a straight-line basis over the term of the respective lease.

The Group has determined, on the basis of an assessment of the terms and conditions of the agreements, such as the lease term which does not constitute a major part of the economic life of the property and on the basis of the present present value of the minimum lease payments which do not amount to the fair value of the property, that it retains substantially all the risks and rewards associated with ownership of these properties and accounts for the contracts as operating leasing.

Borrowing costs

Borrowing costs consist of interest on loans that are directly attributable to the purchase, construction or production of a long-cycle asset and are capitalised until the asset is prepared for pre-determined use or sale.

All other costs related to the loans are recognized as expenses in the profit and loss account for the period in which they occur.

Interest expenses are recorded using the effective interest method.

During the 9-month period ended September 30, 2025 and September 30, 2024 respectively, the Group did not capitalize interest expenses in the value of the assets, as it did not take out any investment loans.

Employee benefits

Short-term benefits granted to employees include salaries, bonuses and social security contributions.

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund, in the course of normal activity. All employees of the group are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognised in the profit and loss account for the period when they are made. The group has no other additional obligations. Short-term benefit obligations granted to employees are not updated and are recognized in the profit and loss account as the related service is provided.

The Group is not employed in any independent pension scheme and therefore has no obligation to do so.

The Group is not engaged in any other post-employment benefits scheme. The Group has no obligations to provide further services to former or current employees.

The group does not currently grant benefits in the form of employee profit sharing.

There is currently no plan for the Group to provide benefits in the form of the entity's own shares (or other equity instruments).

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Taxation

Current corporate income tax

The current payment fee is determined on the basis of the taxable profit of the year. The tax profit is different from the profit reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The group's current corporate tax liability is calculated using tax percentages that were provided for by law or in a draft law at the end of the year. Currently, the tax rate is 16%.

Deferred tax

The deferred tax is constituted by analyzing the temporary differences of assets and debts.

Deferred tax claims are recognised only to the extent that taxable profit is likely to be obtained in the future, after offsetting the tax loss of previous years and the corporate income tax to be recovered.

The deferred tax loss is included in the calculation of the deferred corporate income tax claim.

Currently, the tax losses generated by Romanian companies are recovered from the taxable profits made, within the limit of 70% inclusive, in the next 5 consecutive years.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred corporate tax claims and liabilities are presented net if this right exists and when they are related to the same entity and if they are due to the same tax authority.

Current and deferred tax

Current and deferred tax are recognised in the Statement of Profit and Loss unless they relate to items that are recognised in *Other comprehensive income* or directly in equity, in which case current and deferred tax are also recognised in *Other comprehensive income*, i.e. equity.

Value Added Tax (VAT)

Income, related expenses, assets are recognized net of VAT except:

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognised as part of the acquisition cost of the asset or service, as the case may be;
- the situation in which the receivables and liabilities are recognised with VAT included, when the net amount to be paid or recovered from the tax authority is included in the receivables or liabilities in *the Statement of Financial Position*.

Tangible assets

Tangible assets are represented by land, buildings, technological equipment, appliances and installations, means of transport and others, initially recognized at the cost of acquisition or production.

The cost of the purchased tangible assets is represented by the value of the consideration made for the acquisition of those assets, as well as the value of other costs directly attributable to bringing the assets to the location and the necessary condition for them to be able to operate in the desired management manner.

The cost of self-built assets includes wage, material, indirect production and other costs directly attributable to bringing the assets to their current location and condition.

The Group has opted to use the revaluation model for the valuation after initial recognition of tangible assets.

Land and buildings used in the production activity or for the supply of goods and services, or for administrative purposes are presented in *the Statement of Financial Position* at cost minus cumulative depreciation and amortization minus cumulative impairment losses.

If the cost of the land includes costs of decommissioning, removal, restoration, these costs are amortized during the period when benefits are obtained as a result of these costs.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Other tangible assets (equipment, appliances, installations) are measured at cost minus cumulative depreciation and amortization loss.

Tangible assets in progress to be used in production or administratively are measured at cost minus cumulative impairment loss. These assets are classified into the appropriate categories of property, plant and equipment when they are completed or ready to be used for the purposes for which they were intended.

Depreciation also begins when assets are available for use.

Land and buildings are separable assets and are accounted for separately even when acquired together.

The land owned is not depreciated.

The residual value, the estimated useful life and the depreciation method shall be reviewed at the end of each reporting period, any changes therein being accounted for prospectively.

For all assets acquired as of January 1, 2015, the Group has opted to use the straight-line method as a depreciation method, which involves the systematic allocation of the depreciation value over the entire economic life of the assets.

The group's management has estimated the following useful lives for different categories of property, plant and equipment as adequate:

Tangible fixed assets	Duration (years)
Construction	20 - 100
Technological equipment	5 - 12
Measuring, controlling and regulating apparatus and installations	3 - 8
Means of transport	4 - 8
Furniture, office equipment, equipment for the protection of human values and materials	8 - 15

An item of tangible assets is no longer recognised as a result of the disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss arising from the disposal or disposal of an item of property, plant and equipment is determined as the difference between sales proceeds and the net carrying amount of the asset and is recognised in the Statement of Profit and Loss at the date of recognition.

Real estate investments

The Group's real estate investments are initially valued at cost, which consists of the purchase price plus any directly attributable expenses (professional fees for legal services, fees for the transfer of ownership, etc.).

After initial recognition, real estate investments are recognised in the fair value financial statements. Real estate investments are not amortized, gains or losses arising from changes in their fair value are included in the profit or loss of the period in which they occur.

Intangible assets

Intangible assets acquired separately

Intangible assets with a finite life that are acquired separately are initially recognised at cost and are subsequently accounted for at cost minus cumulative depreciation and impairment loss. Damping is recognised linearly over their useful lives. The useful life for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, with the effect that any changes to the estimates are accounted for on a prospective basis.

Intangible assets with an indefinite useful life that are acquired separately are accounted for at cost minus cumulative impairment losses.

Internally generated intangible assets - research and development expenses

Expenditure on research activities shall be recognised as such during the period in which they were carried out.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

An internally generated property, plant and equipment resulting from development (or the development stage of an internal project) is recognised if all of the following criteria have been demonstrated:

- the technical feasibility necessary to complete the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate likely future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development of the intangible asset and for its use or sale;
- the ability to reliably assess the costs attributable to the intangible asset during its development.

The initially recognised value for internally generated intangible assets is the sum of the costs incurred from the date on which the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible assets can be recognised, development expenses are recognised in profit and loss during the period in which they are realised.

After initial recognition, internally generated intangible assets are incurred at cost minus cumulative depreciation and amortization loss, on the same basis as separately acquired intangible assets.

Derecognition of intangible assets

An intangible asset is derecognised on disposal or when it is expected that no further benefit will be derived from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the net carrying amount of the asset, are recognised in profit and loss when the asset is derecognised.

Impairment of tangible and intangible assets

In order to determine whether a property, plant and plant or intangible asset measured at cost is impaired, the Group analyzes in accordance with IAS 36 to identify whether impairment indicators exist.

For intangible assets with an indefinite life, impairment tests are carried out annually. This is applicable even if there are no indications of depreciation. Impairment tests shall be carried out at the level of cash-generating units that generate cash inflows largely independent of those from other assets or groups of assets.

For tangible assets, plant and equipment, if there is an indication or when an annual impairment test is required, the Group estimates the recoverable value of the asset as the greater of fair value minus costs of sale and its value in use.

In the valuation of value of use, the estimated future cash flows are discounted to present value using a discount rate that reflects the current market valuations of the value over time of money and the risks specific to the asset or cash-generating units.

If the net carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset shall be considered impaired and an impairment loss shall be recognised in order to reduce the value of the asset to the level of recoverable value.

Impairment losses are recognized in the *Statement of Profit and Loss* under *Depreciation and amortization of fixed assets*.

If the reasons for the impairment are no longer applicable at a later period, an impairment reversal is recognised in the *Statement of Profit and Loss*. The carrying amount increased by reversing an impairment adjustment will not exceed the carrying amount (net of depreciation) that would have been determined if no impairment adjustment had been recognised in previous years.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Major maintenance and repairs

Capitalised costs of capital inspections and repairs are separate components of the corresponding assets or groups of assets. The capitalized costs of capital repairs are amortized using the depreciation method for the underlying asset until the next repair.

The costs of major repair activities include the cost of replacing assets or parts of assets, inspection costs and capital repair costs.

These costs are capitalised if an asset or part of an asset that has been depreciated separately is replaced and is likely to bring future economic benefits. If a portion of the replaced asset has not been considered a separate component and therefore has not been depreciated separately, the replacement value shall be used to estimate the net carrying amount of the replaced asset that is immediately scrapped.

Inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection.

All other costs of current repairs and routine maintenance are recognised directly in the expenses.

Inventories

The Group recognises as inventories those assets that are:

- held for sale during the normal course of business;
- in the process of production for such sale or;
- in the form of materials and other consumables to be used in the production process or for the provision of services.

Inventories are presented at the lower of cost and net realizable value. Net realisable value is estimated based on the sale price of the normal business, less the estimated costs of completion and sale.

The group uses the first-in, first-out (FIFO) method to determine the cost-out of management of the supplied materials. For finished products, the standard cost is used for entry and exit. At the end of each month, based on the management accounting, the actual cost of the products obtained is determined.

For inventories of raw materials and materials, as well as for those of finished products, adjustments are made on the basis of the approved provisioning policy. The constitution and resumption of adjustments for the depreciation of inventories is made on account of the profit and loss account.

Upfront expenses

Advance expenses are amounts paid in advance, usually for services that concern a period of up to one year or more. The part covering the period of up to one year is reflected in the Statement of Financial Position in Current Assets. The portion that exceeds one year is reflected in fixed assets.

Financial instruments

Initial recognition and measurement

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial debt or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual obligations of the instrument. The group determines the classification of its financial assets and liabilities upon initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value by comprehensive income, it must give rise to cash flows that are exclusively payments of principal and interest on the outstanding principal. This assessment is referred to as the SPPI test and is performed at the instrument level.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Financial instruments (continued)

The Group's business model for financial asset management refers to how it manages its financial assets to generate cash flows. At present, the financial assets held by the Group are represented by receivables, guarantees and bonds. The business model used is to generate cash flows.

For assets measured at fair value, gains and losses will be recorded in the statement of profit and loss, or in comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI).

A financial asset and a financial liability are offset and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to offset the amounts recognised and intends to either settle on a net basis or realise the asset and extinguish the liability simultaneously.

(ii) Financial assets

The Group's financial assets mainly include cash and cash equivalents, trade receivables and other receivables, equity investments.

A financial asset (or, as the case may be, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has undertaken to pay the cash flows received in full, without significant delay, to a third party under a 'pass-through' agreement; and either: (a) the Group has substantially transferred all risks and rewards to the asset; or (b) the Group has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

Regular purchases and sales of financial assets are recognised at the date of the transaction, the date on which the Group commits to buy or sell the asset. Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards related to ownership.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of change in value. Such an investment includes cash, cash balances at banks, and short-term bank deposits with a maturity of up to three months.

Cash and cash equivalents are subject to impairment calculations. However, the amounts are insignificant because the amounts are held at reputable banks such as BCR, EXIM, BT, and LIBRA.

Other financial assets at amortised costs

The Group classifies its financial assets at amortised cost only if both criteria are met: the asset is held in a business model whose objective is to collect contractual cash flows, and the contractual terms give rise to cash flows that are exclusively principal and interest payments. Interest income from financial assets is included in financial income using the effective interest rate method. Any gain or loss resulting from derecognition is recognized directly in profit or loss and is presented in other expenses.

Trade receivables and other receivables

Trade receivables measured in accordance with IFRS 9 are amounts owed by the Group's customers for products sold by the Group in the normal course of business. They are generally due for settlement within 30-120 days and are therefore all classified as current. Trade receivables are initially recognised at IFRS 15 consideration which is unconditional, unless they contain significant financing components, in which case they are recognised at fair value at the date of initial recognition. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore subsequently values them at amortised cost using the effective interest method.

Most of the Group's trade receivables do not contain a financing component.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Financial instruments (continued)

For receivables with a maturity of up to 90 days, the Group adopted the simplified approach in accordance with IFRS 9 and measured the provision for losses based on a matrix of provisions that is based on historical collection and forecast-adjusted default experience to estimate the provision at initial recognition and over the life of the receivables at an amount equal to the ECL ("Estimated Credit Losses"). The valuation is carried out every six months and any change in the initial allowance will be recorded as a gain or loss in the profit and loss account. Expected credit losses over the life of the receivables, as well as adjustments recorded for receivables older than 90 days analyzed individually and those for specific losses recorded in the current year, are classified as *other expenses*.

Trade receivables and other receivables, together with the associated impairment adjustment, if any, are cancelled when there is no realistic prospect of future recovery and all guarantees have been realised or transferred to the Group. If collection is expected in more than one year, they are classified as fixed assets.

Judgments and estimates

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The Group uses its reasoning to select a variety of methods (including the performance of the investee entity, the annual budget and plan, the external equity transactions of the investee entities, and the value of the enterprise using future cash flows) and to make assumptions that are based primarily on market conditions at the end of each reporting period.

(iii) Financial debts

The Group's financial liabilities comprise mainly commercial and other liabilities.

A financial debt is derecognised when the debt obligation is extinguished, cancelled or expires. When an existing financial debt is replaced by another from the same creditor under substantially different conditions, or the terms of an existing debt are substantially changed, such exchange or modification is treated as a derecognition of the original debt and the recognition of a new debt, and the difference between those book values is recognised in profit or loss.

Loans and interest-bearing loans

All loans are initially recognised at fair value of consideration received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that accurately discounts the estimated future cash payments over the expected life of the financial debt or, as the case may be, over a shorter period. The calculation takes into account any purchase discount and includes transaction costs and fees that are an integral part of the effective interest rate.

Shareholder financing

In accordance with IFRS 9, the "Financial Instruments" shareholder loans received by the Group were recognised at fair value.

After initial recognition, shareholder loans are subsequently valued at amortised cost using the effective interest method; Any difference between the fair value of the proceeds (net of transaction costs) and the redemption amount shall be recognised as an expense over the period of the loans.

Derivatives

Derivatives are initially recognised and subsequently revalued at fair value. The Group does not have any significant derivatives.

Government subsidies

According to IAS 20, government subsidies are recognized only when there is sufficient certainty that all the conditions attached to their award will be met and that the subsidies will be received. Subsidies that meet these criteria are presented as liabilities and are systematically recognised in the profit and loss account over the useful life of the assets to which they relate.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (statutory or implied) as a result of a past event, it is likely that the Group will be obliged to extinguish the obligation and a credible estimate of the value of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration necessary to settle the obligation present at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. If a provision is measured using estimated cash flows to settle a current obligation, its carrying amount is the present value of those cash flows.

Provisions for guarantees granted to customers are constituted according to the estimates made by the management and the sales, technical and quality departments regarding the level of repair expenses within the warranty. The level of repair expenses during the warranty period is also determined as a percentage of the turnover of the reporting year.

Restructuring provisions

The default restructuring obligation arises if a company:

- has an official detailed restructuring plan in which the following are highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, implicit expenses, the date on which the restructuring plan will be implemented
- generated a justified expectation for those affected that the restructuring will be carried out by starting the implementation of the respective restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

The restructuring provision includes only direct expenses related to the restructuring.

Provisions for employee benefits

Provisions for unused leave and other provisions under employment contracts are recorded during the financial year. At the time of their recognition as liabilities to employees, the amount of the provisions will be resumed through the corresponding income accounts.

The Group does not recognise provisions for operating losses.

Segment reporting

Considering that the shares of the parent company are traded on the Bucharest Stock Exchange and that it applies IFRS, information about the business segments, their products and services and the main customers are presented in the annual financial statements as well as in the interim reports prepared in accordance with IAS 34 – Interim Financial Reporting.

In accordance with *IFRS 8 - Business Segments*, a business segment is a component of an entity:

- who engages in business activities from which it can obtain income and from which it can incur expenses (including income related to transactions with other components of the same entity);
- whose business results are regularly reviewed by the entity's main operational decision-maker in order to make decisions on the allocation of resources by segments and to evaluate its performance, and
- for which distinct financial information is available.

In the first 9 months of 2025, the Group did not carry out licensed activities (electricity supply and production), with only the non-licensed segment remaining active. As a result, the segment-separated reporting criteria of IFRS 8 are no longer met and the financial reporting by segments is not applicable for the reporting period.

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4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Accounting judgments, estimates and assumptions

Dividends

Dividends are recorded as liabilities in the Group's financial statements during the period in which they are approved by the shareholders of the group companies and are duly reflected by the decrease in capital.

Modification of the method of presentation of the Statement of Cash Flows

As of December 31, 2024, the Group has adopted the indirect method for presenting the Statement of Cash Flows, replacing the direct method previously used. The amendment was made to align the presentation of financial statements with IFRS requirements and with more common accounting practices at international level.

This change had no impact on cash balances reported on 31 December 2024 and 30 September 2025 or on cash flows reported during that period. The change in the method of presentation is reflected in the consolidated financial statements and the corresponding explanatory notes.

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of fixed assets and real estate investments which are at revalued value. The historical cost is generally based on the fair value of the consideration made in exchange for the assets.

The preparation of financial statements in accordance with IFRS adopted by the European Union involves management using estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses.

The estimates and judgments associated therewith are based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the carrying amount of assets and liabilities for which there are no other sources of valuation available. Actual results may differ from the estimated values.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognized during the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and future periods.

The effect of the change in the current period is recognised as income or expenditure in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The company's management considers that any differences from these estimates will not have a significant influence on the financial statements in the near future, the principle of prudence being applied to each estimate.

Estimates and assumptions are used in particular for impairment adjustments of fixed assets, estimation of the useful life of a depreciable asset, for impairment adjustment of receivables, for provisions, for the recognition of deferred tax assets.

In accordance with IAS 36, intangible assets are analysed to identify whether they show impairment ratios at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of recoverable amount. If the reasons for the recognition of impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognised.

Property, plant and equipment is presented at revalued values in accordance with IAS 16 and real estate investments at fair values in accordance with IAS 40.

For inventories, adjustments are made based on management's estimates of net realizable value. The constitution and resumption of adjustments for the depreciation of inventories is made quarterly on the reporting dates on account of the profit and loss account.

Receivables with a maturity of more than 90 days are analyzed individually on each reporting date and are adjusted according to the information obtained, in correlation with the risk of non-collection.

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5. PROPERTY, PLANT AND EQUIPMENTS

Cost	Land and landscaping	Construction	Technologic al equipment and vehicles	Other tangible assets	Property, plant and equipment in progress	Advances for tangible assets	Total
As of December 31, 2024	169,179,973	121,054,133	11,338,464	2,422,536	1,301,685	-	305,296,791
Entries	-	539,791	51,312	45,756	59,250	-	696,109
- of which: revaluation	-	-	-	-	-	-	-
- of which: transfers	-	539,791	-	31,886	-	-	571,677
Outputs	(4,267,778)	-	(925,810)	(179,940)	(585,103)	-	(5,958,631)
- of which: revaluation	-	-	-	-	-	-	-
- of which: transfers	-	-	-	-	(571,677)	-	(571,677)
As of September 30, 2025	164,912,195	121,593,924	10,463,966	2,288,352	775,832	-	300,034,269
Cumulative depreciation							
As of December 31, 2024	-	-	(4,136,160)	(653,635)	-	-	(4,789,795)
Depreciation of the year	(44,601)	(5,105,956)	(1,579,725)	(244,984)	-	-	(6,975,266)
Cumulative depreciation of outputs	-	-	495,441	205,211)	-	-	700,652
As of September 30, 2025	(44.601)	(5,105,956)	(5,220,444)	(693,408)	-	-	(11,064,409)
Depreciation adjustments							
As of December 31, 2024	-	-	(2,123,795)	-	-	-	(2,123,795)
Impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
Reversals of impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
As of September 30, 2025	-	-	(2,123,795)	-	-	-	(2,123,795)
Net book value							
As of December 31, 2024	169,179,973	121,054,133	5,078,509	1,768,901	1,301,685	-	298,383,201
As of September 30, 2025	164,867,594	116,487,968	3,119,727	1,594,944	775,832	-	286,846,065

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5. PROPERTY, PLANT AND EQUIPMENTS (continued)

Cost	Land and landscaping	Construction	Technologic al equipment and vehicles	Other tangible assets	Property, plant and equipment in progress	Advances for tangible assets	Total
As of December 31, 2023	157,971,181	113,954,255	15,344,428	2,743,825	1,218,688	-	291,232,377
Entries	19,740,449	36,232,224	789,811	539,591	868,467	-	58,170,542
- of which: revaluation	19,740,449	36,232,224	-	-	-	-	55,972,673
- of which: transfers	-	-	341,626	443,844	-	-	785,470
Outputs	(8,531,657)	(29,132,346)	(4,795,775)	(860,880)	(785,470)	-	(44,106,128)
- of which: revaluation	(1,596,700)	(427,917)	-	-	-	-	(2,024,617)
- of which: transfer to classified assets right held for sale	-	-	(1,053,609)	-	-	-	(1,053,609)
- of which: transfers	-	-	-	-	(785,470)	-	(785,470)
As of December 31, 2024	169,179,973	121,054,133	11,338,464	2,422,536	1,301,685	-	305,296,791
Cumulative depreciation							
As of December 31, 2023	-	-	(1,291,887)	(245,722)	-	-	(1,537,608)
Depreciation of the year	(59,468)	(5,511,769)	(3,573,624)	(617,210)	-	-	(9,762,071)
Cumulative depreciation of outputs	59,468	5,511,769	729,351	209,297	-	-	6,509,885
- of which: as a result of the establishment of the net value	59,468	4,888,058	-	-	-	-	4,947,526
As of December 31, 2024	-	-	(4,136,160)	(653,635)	-	-	(4,789,795)
Depreciation adjustments							
As of December 31, 2023	(3,714,679)	-	-	-	-	-	(3,714,679)
Impairment adjustments recognised in profit or loss	-	-	(2,123,795)	-	-	-	(2,123,795)
Reversals of impairment adjustments recognised in profit or loss	3,714,679	-	-	-	-	-	3,714,679
As of December 31, 2023	-	-	(2,123,795)	-	-	-	(2,123,795)
Net book value							
As of December 31, 2023	154,256,502	113,954,256	14,052,541	2,498,103	1,218,688	-	285,980,090
As of December 31, 2024	169,179,973	121,054,133	5,078,509	1,768,901	1,301,685	-	298,383,201

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5. PROPERTY, PLANT AND EQUIPMENTS (continued)

As of September 30, 2025, tangible assets registered a decrease of 3,87% compared to December 31, 2024 mainly as a result of the depreciation in the reporting period, of the sale of the courtyard-construction land with an area of 1,913 sqm, located in Bucharest, sector 5, Petre Ispirescu street no. 23-37 and equipment sales.

Fair value of tangible assets

The Group's tangible assets are represented by land and construction, work equipment and furniture. Land, buildings and special constructions were valued as of December 31, 2024, with differences in revaluation recorded in equity. The revaluation was carried out by an authorized appraiser, namely Darian DRS SA, a corporate member of ANEVAR.

The equipment was evaluated on December 31, 2023 under the revenue approach, the DCF method. Taking into account that the valuation inputs used at 31 December 2023 did not vary significantly during 2024, the carrying amount of the equipment as at 31 December 2024 (fair value as at 31 December 2023 minus cumulative depreciation) was considered to represent an estimate of fair value at the reporting date.

The impairment adjustment for technology equipment and vehicles resulting from the impairment caused by the slowdown in production activity is RON 2,123,795 (December 31, 2024: RON 2,123,795).

Information on the fair value hierarchy as at 30 September 2025 and 31 December 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at September 30 2025
Land and landscaping	-	-	164,867,594	164,867,594
Construction	-	-	116,487,968	116,487,968
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at December 31 2024
Land and landscaping	-	-	169,179,973	169,179,973
Construction	-	-	121,054,133	121,054,133

There were no transfers between fair value levels in both 2024 and the first 9 months of 2025.

6. INVESTMENT PROPERTY

The group owns buildings used entirely for rent in the form of offices. In general, lease contracts provide for an initial period of at least one year. Subsequent extensions are negotiated with the tenants. The obligations of the parties regarding repairs, maintenance and improvements are stipulated in the concluded contracts.

These properties are recognised in accordance with IAS 40 as investment real estate. For the presentation of real estate investments in the financial statements, the Group has chosen the fair value model.

The valuation as of December 31, 2024 was carried out by an ANEVAR authorized appraiser who used the income approach (discounted cash flow method). Darian DRS is a company specialized in the valuation of these types of real estate investments and the valuation model used is in accordance with the International Valuation Standards.

As of September 30, 2025, real estate investments are as follows:

	<u>Q1-Q3 2025</u>	<u>2024</u>
Initial balance	24,903,878	23,569,292
Entries of which:		1,334,586
fair value measurement	-	1,334,586
Transfers	-	-
Outputs of which:		-
fair value measurement	-	-
Transfers	-	-
Final balance	24,903,878	24,903,878

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6. INVESTMENT PROPERTY (continued)

The inflows in 2024 are represented by the increase in value generated by the revaluation.

The group also owns other leased spaces within buildings used in common with other activities.

We specify that there are no restrictions imposed on the degree of realization of real estate investments or on the transfer of income and proceeds from the transfer.

Information on the fair value hierarchy as of September 30, 2025 and December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value at September 30 2025</u>
Investment property	-	-	24,903,878	24,903,878
				<u>Fair value at December 31 2024</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2024</u>
Investment property	-	-	24,903,878	24.903,878

7. INTANGIBLE ASSETS

Intangible assets include software, licenses and various software. They are amortized by the linear method.

The statement of financial position is presented at historical cost, minus depreciation and any value adjustments. Intangible assets decreased mainly due to depreciation.

For most intangible assets, useful lives have been estimated at 3 years.

The situation of intangible assets as of September 30, 2025 is presented as follows:

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Intangible assets under execution</u>	<u>Total</u>
Cost				
As of December 31, 2024	1,182,983	3,377,108	-	4,560,091
Entries	-	-	-	-
Outputs	(3,398)	(13,058)	-	(16,456)
Transfers	-	-	-	-
As of September 30, 2025	1,179,585	3,364,050	-	4,543,635
Cumulative depreciation				
As of December 31, 2024	(1,181,984)	(3,017,870)	-	(4,199,854)
Depreciation of the year	(199)	(147,069)	-	(147,268)
Cumulative depreciation of outputs	3,398	13,057	-	16,455
As of September 30, 2025	(1,178,785)	(3,151,882)	-	(4,330,667)
Net book value				
As of December 31, 2024	999	359,238	-	360,237
As of September 30, 2025	800	212,168	-	212,968

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8. RIGHTS OF USE ASSETS

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost			
As of December 31, 2024	-	111,982	111,982
Entries	-	-	-
Outputs	-	(111,982)	(111,982)
As of September 30, 2025	-	-	-
Cumulative depreciation			
As of December 31, 2024	-	(83,986)	(83,986)
Depreciation of the year	-	(9,332)	(9,332)
Cumulative depreciation of outputs	-	93,318	93,318
As of September 30, 2025	-	-	-
Net book value			
As of December 31, 2024	-	27,996	27,996
As of September 30, 2025	-	-	-

The following amounts were recognised in the profit and loss account:

	<u>9-month period ended September 30 2025</u>	<u>9-month period ended September 30 2024</u>
Depreciation expense related to rights of use of leased assets	9,332	6,999
Interest on leasing debts	347	273
Expenses related to low-value leasing contracts	-	-
Total amounts recognised in the profit and loss account	9,679	7,272

9. OTHER NON-CURRENT ASSETS

	<u>September 30 2025</u>	<u>December 31 2024</u>
Performance guarantees granted to customers	3,640,069	3,631,213
Long-term staggered trade receivables	232,117	1,062,244
Impairment adjustments for long-term staggered trade receivables*	(39,859)	(185,243)
Other long-term fixed assets	11,863	11,503
Total	3,844,190	4,519,717

*The long-term receivables in a net amount of RON 192,258 as of September 30, 2025 were discounted to the present value, and the effect of the time-value of the money was in the amount of RON 39,859. The current portion is recognised in trade receivables (Note 11).

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10. INVENTORIES

	<u>September 30</u> <u>2025</u>	<u>December 31</u> <u>2024</u>
Raw	6,502,715	6,564,941
Consumables	1,503,546	1,615,365
Finished products and goods	11,020,579	11,924,376
Products and services in progress	294,118	563,646
Other inventories	994,782	970,272
Minus adjustments for inventory depreciation	<u>(15,564,982)</u>	<u>(14,330,237)</u>
Total	<u>4,750,758</u>	<u>7,308,363</u>

Other inventories include inventory items, finished products or materials in the custody of third parties, goods and advances paid to suppliers of goods.

The movement in the inventory depreciation adjustments is as follows:

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	<u>(14,330,237)</u>	<u>(9,318,915)</u>
Depreciation adjustment (expense)	(1,343,583)	(5,011,322)
Depreciation adjustment reversal	<u>108,838</u>	<u>-</u>
Balance at the end of the period	<u>(15,564,982)</u>	<u>(14,330,237)</u>

Adjustments during the reporting period relate to impairment adjustments for slow-moving inventories based on management's best estimate.

The group has no pledged inventories on account of debts.

11. TRADE RECEIVABLES

	<u>September 30</u> <u>2025</u>	<u>December 31</u> <u>2024</u>
Trade receivables in Romania	14,346,116	21,288,480
Trade receivables from other countries	296,409	1,518,832
Minus adjustments for impairment of trade receivables	<u>(7,941,522)</u>	<u>(9,874,114)</u>
Total	<u>6,701,003</u>	<u>12,933,198</u>

The decrease in trade receivables as of September 30, 2025 compared to December 31, 2024 was driven by the reduction in sales volume and the recovery of overdue receivables.

The Group has established a matrix of provisions based on the experience of the Group's historical receivables losses, adjusted for prospective factors specific to borrowers and the economic environment, where applicable. This model applies to outstanding receivables that are not past maturity or that have a maturity of no more than 90 days.

At the same time, the Group individually assesses impairment losses for receivables with a maturity of more than 90 days if there are indications of significant increases in credit risk. More information is presented in Note 28.

The Group's management considers that no adjustments for impairment losses other than those presented in the financial statements are necessary.

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11. TRADE RECEIVABLES (continued)

The movement within the adjustments for the impairment of trade receivables is as follows:

	<u>Q1-Q3 2025</u>	<u>2024</u>
Balance at the beginning of the period	(9,874,114)	(13,136,105)
Depreciation adjustment (expense)	(1,040,960)	(1,812,898)
Depreciation adjustment reversal	2,973,552	5,074,889
Balance at the end of the period	(7,941,522)	(9,874,114)

12. OTHER CURRENT ASSETS

	<u>September 30 2025</u>	<u>December 31 2024</u>
Borrowers	143,556	2,548
The claim related to the expropriation of the land	1,416,422	1,486,948
Expenses paid in advance	667,029	254,224
Claim from the sale of land	2,911,223	-
Advances to suppliers	150,595	89,593
VAT receivable	-	697,862
Other current assets	403,679	789,446
Total	5,692,504	3,320,621

Expenses paid in advance in the amount of RON 667,029 represent mainly payments made in advance for local taxes (buildings and land), insurance premiums and subscriptions related to future periods.

Other *current assets* mainly include amounts to be recovered from the health insurance fund in the amount of RON 332,353.

13. CASH AND CASH EQUIVALENTS

	<u>September 30 2025</u>	<u>December 31 2024</u>
Cash in the cashier	30,906	11,907
Availabilities in banks	10,502,160	75,692,787
Amounts pending settlement	-	-
Total	10,533,066	75,704,694

Cash at banks contain short-term deposits (with an initial maturity of less than 3 months) as of September 30, 2025 in the amount of RON 8,591,075 (December 31, 2024: RON 74,373,912).

In 2024, the Group has set up a collateral deposit in the amount of RON 10,000,000, intended for the issuance of bank guarantees. In April 2025, its value was reduced by RON 9,782,292 and in July and September 2025, additional reductions were made in the total amount of RON 30,752.

As of September 30, 2025, the remaining balance of the collateral deposit is RON 186,956. This amount is presented in the Separate Statement of Financial Position, under "Deposits placed with banks", as it represents a deposit with a maturity of more than 3 months.

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14. FINANCIAL ASSETS AT AMORTISED COST

Time limits	Tools of debt	Loss expected credit	Rate of loss estimated (%)	Loan to-value ratio
Current (no past due)	88,538,168	(635,721)	-0.72%	47%

On August 1, 2025, the Parent Company subscribed a number of 17,000,000 bonds issued by PK Development Holding S.A., a Romanian legal entity, in a private bond issue totaling EUR 100,000,000.

The bonds have a nominal value of €1 each, a maturity of a maximum of 36 months from the date of allocation and are fully redeemable at the final maturity, with the possibility of early repayment according to the terms of the offer document.

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L.

The instruments are not intended for public offering and will not be admitted to trading on a regulated market. The funds attracted by the issuer are intended to finance the current and investment activities of the group to which it belongs.

15. SHARE CAPITAL

The subscribed and paid-up share capital of the parent company is in the amount of RON 67,603,870.4, composed of 676,038,704 shares with a nominal value of RON 0.10/share, fully paid-up.

The shareholder structure of Electromagnetica S.A. on September 30, 2025 and December 31, 2024 is as follows, according to the Register provided by the Central Depository:

Shareholder	September 30 2025		December 31 2024	
	No. of Shares	%	No. of Shares	%
INFINITY CAPITAL INVESTMENTS S.A.	442,465,466	65.4497	442,465,466	65.4497
Individuals	222,815,836	32.9590	212,498,105	31.4328
Legal entities	10,757,402	1.5913	21,075,133	3.1174
Total	676,038,704	100	676,038,704	100

At the OGMS, Electromagnetica on December 19, 2024, the implementation of a buyback program by the Company of its own shares was approved.

- the size of the program – the redemption of a maximum of 60,000,000 treasury shares with a nominal value of RON 0.10/share;
- the acquisition price - the minimum purchase price will be 0.1 RON/share, and the maximum price will be 0.4 RON/share;
- duration of the program – maximum period of 18 months from the date of registration in the Trade Register;
- the payment of the repurchased shares will be made from the distributable profit or from the available reserves of the parent company recorded in the last approved annual financial statement, except for legal reserves, according to the 2023 financial statements;
- Destination of the programme — reduction of the share capital by cancelling the repurchased shares.

The buyback program is to be carried out within the term provided by the decision of the General Shareholders' Meeting and the legislation in force.

As of September 30, 2025, the Group does not hold any redeemable shares or other portfolio securities.

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16. RESERVES

Legal reserve

	Q1-Q3 2025	2024
Balance at the beginning of the period	12,563,942	12,563,922
Increases	-	20
Decreases	(22,000)	-
Balance at End of Period*	12,541,942	12,563,942

According to Romanian law, companies must distribute an amount equal to at least 5% of the pre-tax profit, in legal reserves, until they reach 20% of the share capital. Once this level has been reached, the Group may make additional allocations only from the net profit. The legal reserve is deductible within the limit of a rate of 5% applied to the accounting profit, before the determination of the corporate income tax.

The revaluation reserves are in the amount of RON 186,221,663 as of September 30, 2025. The decrease is related to the transfer to the retained earnings, as a result of the amortization of the revalued fixed assets and their sale.

	Q1-Q3 2025	2024
Balance at the beginning of the period	194,148,177	147,390,995
Revaluation increases	-	55,198,510
Decreases	(7,926,514)	(8,441,328)
Balance at the end of the period	186,221,663	194,148,177

As of September 30, 2025, the Group recorded *other reserves and equity items* amounting to RON 40,785,941, of which its own sources of financing represent 99%.

	Q1-Q3 2025	2024
Balance at the beginning of the period	48,193,085	81,371,341
Increases	-	-
Decreases	(7,407,144)	(33,178,256)
Balance at the end of the period	40,785,941	48,193,085

At the Electromagnetica OGMS of April 28, 2025, the coverage of the accounting loss recorded on December 31, 2024 in the amount of RON 7,407,144 from reserves was approved.

17. RETAINED EARNINGS

As of September 30, 2025, the retained result amounted to RON 114,861,889, being influenced by the transfer of revaluation reserves related to amortized or disposed assets, the accounting loss recorded in the first 9 months of 2025 and the coverage of the accounting loss related to the year ended December 31, 2024 through the use of reserves.

18. PROVISIONS

	Balance 1 January 2025	Entries (Constitution)	Outputs (cancel)	Balance September 30 2025
Provisions for performance guarantees granted to customers	1,952,556	-	-	1,952,556
Provision for employee benefits	294,678	54,696	(140,032)	209,342
Provision on employee disputes	264,298	65,468	(78,231)	251,535
TOTAL	2,511,532	120,164	(218,263)	2,413,433

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18. PROVISIONS (continued)

The group has concluded contracts for the delivery of lighting fixtures and charging stations for electric vehicles with a warranty clause for long periods, respectively 2 - 4 years. The contracts do not provide for a percentage or amount for the performance guarantee, the provision for them being calculated on the basis of the analysis of the history of the costs incurred with the products within the warranty period.

The provision for employee benefits refers to the amount of unused leave.

The Group has made a provision for ongoing disputes with employees, estimating the amount of potential liabilities based on the most relevant information available at the date of reporting.

19. TRADE AND OTHER LIABILITIES

Current trade liabilities	September 30 2025	December 31 2024
Domestic trade liabilities	629,000	1,176,808
External trade liabilities	12,488	10,631
Estimated trade liabilities	1.768,396	4,078,630
Other current liabilities		
Advances received from customers	1,046,231	2,024,991
Salaries and social security	397,581	1,666,638
Advance income	1,037,843	1,011,532
Other liabilities	3,038,767	3,179,546
Total	7,930,306	13,148,776

Trade and other long-term liabilities amount to RON 1,882,982 (December 31, 2024: RON 1,717,399). These debts relate to guarantees received from tenants under long-term contracts.

The debts are recorded at nominal value and are highlighted in the analytical accounting for each natural or legal person. Foreign currency liabilities were measured on the basis of the exchange rate in force at the end of the year, and exchange rate differences were recognised as income or expenses for the period.

The Group has no significant outstanding commercial debts.

The group does not record outstanding payments to employees and to the state budget, the amounts presented represent debts related to September 2025 and paid by the due date of October 2025.

The group has no loans contracted as of September 30, 2025.

As of September 30, 2025, the Group has a non-cash guarantee agreement in the amount of RON 186,956 for the issuance of letters of guarantee. Their situation is presented in Note 29 of these financial statements.

Other debts consist of guarantees received from tenants, VAT payable, other taxes and taxes.

The guarantees received from tenants and those withheld from suppliers on September 30, 2025 are worth RON 2,513,196 and will be regularized according to the contractual clauses.

	Total	Less than a year	In a year
Guarantees received on 30.09.2025	2,513,196	630,214	1,882,982
Guarantees received on 31.12.2024	2,333,977	616,579	1,717,398

Leasing liabilities are presented within current and long-term liabilities. Their total value is 196,540 RON.

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20. GROUP AS LESSOR

The Group has concluded operating leases for its real estate investment portfolio consisting of certain office and production buildings. These lease agreements have terms ranging from 1 to 10 years.

All rental contracts include a clause to allow the rental fee to be reviewed on an annual basis, depending on prevailing market conditions. The lessee is also obliged to provide a residual value guarantee on the properties, so this covers the risks that the landlord has in case of any problems in collaboration with the tenants.

The future minimum rents to be collected under operational leasing contracts on September 30, 2025 and December 31, 2024 are as follows:

	September 30 2025	December 31 2024
- 1 year	14,609,756	11,556,044
- between 1 and 2 years old	11,198,120	8,227,345
- between 2 and 3 years old	7,233,559	4,198,915
- over 3 years	10,535,125	4,129,214

21. INCOME

	9-month period ended September 30 2025	9-month period ended September 30 2024
REVENUE FROM CUSTOMER CONTRACTS		
	-	26,830,867
Revenues from renewable electricity generation and electricity supply		
Revenue from sales of finished goods, goods, and more	3,518,333	27,471,778
Income from services provided	1,070,430	4,962,205
TOTAL REVENUE FROM CUSTOMER CONTRACTS	4,588,763	59,264,850
INCOME FROM RENTAL ACTIVITY*	18,067,554	16,338,780
TOTAL REVENUE	22,656,317	75,603,630

*Income from rental activity includes income from rents, maintenance fee and other services.

The moment of recognition of revenues from contracts with customers

	9-month period ended September 30, 2025	9-month period ended September 30, 2024
Goods and services transferred at a time	3,518,333	27,471,778
Goods and services transferred over time	19,137,984	48,131,852
Total revenue	22,656,317	75,603,630

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21. INCOME (continued)

The breakdown of revenues at the product level is:

	Period of 9 months ended September 30 2025	Period of 9 months ended September 30 2024
Electric vehicle charging stations	1,317,272	4,511,596
Electrical equipment	-	11,732,926
CFR Traffic Safety Features	1,809,853	3,602,968
Plastic Injections & Molds	1,071,987	6,602,298
LED lighting fixtures and services provided	123,020	3,893,031
Others	266,631	979,657
TOTAL PRODUCTION	4,588,763	31,322,476
	Period of 9 months ended September 30 2025	Period of 9 months ended September 30 2024
OTHER NET INCOME AND EXPENSES		
Income from green certificates	-	797,560
Income/(expenses) related to provisions	1,046,304	(1,856,780)
Income from subsidies	-	3,920,652
Net income/(expense) from the sale of tangible assets	272,317	4,894,204
Other net income / (expenses)	298,090	157,260
TOTAL NET INCOME / (EXPENSES)	1,616,711	7,912,896

The *Income/(Expense) line of provisions* represents net adjustments to assets (receivables and inventories), as well as provisions for customer guarantees, employee benefits and employee disputes.

22. EXPENSES

	9-month period ended September 30 2025	9-month period ended September 30, 2024
Material expenses		
- Expenses with raw materials and consumables	313,441	13,008,048
- Expenditure on goods	373,802	24,678,358
- Energy, water, gas expenses	3,907,615	5,271,548
Total material expenses	4,594,858	42,957,954
Employee expenses	8,261,190	21,254,870
Other expenses		
- Postal and telecommunications expenses	239,179	280,815
- Maintenance and repair expenses	550,194	359,100
- Rent expenses	119,860	127,435
- Advertising and protocol expenses	37,139	58,455
- Insurance expenses	284,864	465,667
- Transportation and travel expenses	43,072	498,987
- Expenses, other taxes and fees	2,031,914	1,287,976
- Expenses with consultants and collaborators	666,669	984,822
- Expenses with green certificates	-	1,503,716
- Other operating expenses	5,003,768	6,465,237
Total other expenses	8,976,659	12,032,210
Depreciation and amortization expenses	7,131,866	7,906,733
Total expenses	28,964,573	84,151,767

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22. EXPENSES (continued)

Under the "Other operating expenses" line, services performed by third parties, banking and similar services, expenses related to bank fees and commissions, etc. are highlighted.

23. EXPENSES and FINANCIAL INCOME

	9-month period ended September 30 2025	9-month period ended September 30 2024
Financial expenses		
Leasing interest expenses	347	273
Interest expenses	16,893	7,631
Expenses with exchange rate differences	113,298	99,584
Expected credit losses	635,721	-
Other financial expenses	14,023	4,906
Total financial expenses	780,282	112,394
Financial income		
Interest income	5,057,118	1,221,848
Income with exchange rate differences	217,906	77,570
Other financial income	8,157	513
Total financial income	5,283,181	1,299,931

24. CORPORATE TAX

Corporate income tax recognised in profit or loss:

	9-month period ended September 30 2025	9-month period ended September 30 2024
Current Corporate Income Tax		
Current Corporate Income Tax Expenses	303,506	111,201
Deferred corporate income tax		
Deferred tax income	(1,532,814)	(1,719,932)
Deferred tax expenses	365,010	244,941
Total Corporate Tax Expense / (Income)	(864,298)	(1,363,790)

Reconciliation of pre-tax profit with profit tax expense in profit and loss account:

Indicator	9-month period ended September 30 2025	9-month period ended September 30 2024
Pre-tax profit/(loss)	(1,361,971)	(2,366,756)
Tax applied at the local rate (16%)	(217,915)	(378,681)
Effect of non-deductible expenses	1,746,297	2,000,652
The effect of non-taxable income	(811,846)	(804,904)
Other elements	(1,580,834)	(2,180,857)
Total Corporate Tax Expense / (Income)	(864,298)	(1,363,790)

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24. CORPORATE TAX (continued)

The tax rate used for the above reconciliations is 16%.

As of September 30, 2025, the total current corporate income tax claim is RON 1,495,311 (December 31, 2024: RON 1,676,704).

The analysis of the deferred corporate income tax for the reporting period is presented below:

	Initial Balance January 1 2025	Recognised in profit or loss account (Come)/ Expense	Recognised in other elements of the overall result	Final balance September 30 2025
Tangible fixed assets	33,622,192	(1,335,255)	-	32,286,937
Fixed assets adjustment	(339,807)	-	-	(339,807)
Effect of the time-value of money (receivables)	(105,967)	38,491	-	(67,476)
Receivables value adjustments	(1,579,858)	309,215	-	(1,270,643)
Inventory Value Adjustments	(2,292,838)	(197,559)	-	(2,490,397)
Employee benefits	(89,436)	17,304	-	(72,132)
TOTAL	29,214,286	(1,167,804)	-	28,046,482

The deferred corporate income tax for tangible assets resulted from different accounting and tax depreciation periods and the surplus recorded as a result of the revaluation.

25. AVERAGE NUMBER OF EMPLOYEES

The average number of employees evolved as follows:

	9-month period ended September 30 2025	9-month period ended September 30 2024
Group	73	266
Electromagnetica S.A.	73	235
	9-month period ended September 30 2025	9-month period ended September 30 2024
Employee expenses, including contributions and taxes <i>of which, expenses with CA allowances</i>	8,261,190 570,222	21,254,870 460,460

The Group does not have a pension program for staff, contributing to the national pension program according to the legislation in force.

26. TRANSACTIONS WITH RELATED PARTIES

As of 30 September 2025 and 31 December 2024 respectively, the Group had no related parties outside the subsidiaries included in the consolidation. Balances and transactions with them have been eliminated for the purpose of preparing the consolidated financial statements.

The Group has no contractual obligations towards the former directors and administrators and has not granted advances or loans to the current directors and administrators. The Group has no future obligations of the nature of guarantees on behalf of the directors.

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27. EARNINGS PER SHARE

	9-month period ended September 30 2025	9-month period ended September 30 2024
Net profit attributable to shareholders of the Parent Company	(514,888)	(1,026,690)
Weighted average number of ordinary shares outstanding	676,038,704	676,038,704
Basic earnings per share (net earnings per share)	(0.0008)	(0.0015)

During the reporting period, there were no changes in the share capital structure of the parent company.

28. RISK MANAGEMENT

General Risk Management Framework

The Board of Directors of the parent company has overall responsibility for establishing and supervising the risk management framework at group level.

Risk management shall be conducted in accordance with the following fundamental principles:

- a. the principle of delegation of powers;
- b. the principle of decision-making autonomy;
- c. the principle of objectivity;
- d. the principle of investor protection;
- e. the principle of active role.

The Board of Directors of the parent company examines and approves the Group's strategic, operational and financial plans, as well as the corporate structure, ensuring that they are correlated with the risk profile assumed.

Risk management policies have the following objectives:

- identification and analysis of significant risks;
- setting appropriate limits and internal controls;
- continuous monitoring of risks and compliance with set limits;
- periodically adapting policies and procedures according to market developments and changes in the Company's activities.

The Group ensures, through internal standards and procedures, an orderly and constructive control environment, in which the responsibilities and duties of each employee are clearly defined and communicated.

The internal audit function monitors compliance with risk management policies and procedures and regularly assesses the adequacy of the internal control framework in relation to the identified exposures.

In the course of its activities, the Group is exposed to the following main categories of financial risk:

- capital risk;
- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

Capital Risk Management

Capital risk management aims to ensure the group's ability to operate under good conditions by optimizing the capital structure (equity and debt). The capital structure analysis looks at the cost of capital and the risk associated with each class. In order to maintain an optimal capital structure and an appropriate degree of indebtedness, the Group has proposed to shareholders in recent years a dividend policy aimed at ensuring its own sources of financing.

The Group monitors capital on the basis of indebtedness. This indicator is calculated as the ratio of net debt to total capital employed. Net liability is calculated as the sum of total loans (including leasing liability under IFRS 16) and total suppliers and other liabilities (as presented in the statement of financial position) minus cash and cash equivalents. Total committed capital is determined as the sum of net debt and equity (as presented in the financial position).

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28. RISK MANAGEMENT (continued)

Capital Risk Management (continued)

The indebtedness ratio as of September 30, 2025 and December 31, 2024 was as follows:

	September 30 2025	December 31 2024
Total long-term and short-term liabilities	40,469,743	46,850,905
Without: Cash and cash equivalents	(10,533,066)	(75,704,694)
Total	29,936,677	(28,853,789)
Equity	392,599,403	393,129,000
Indebtedness ratio	0.0763	(0.0734)

Market risk

Market risk includes: the risk of changes in interest rates, the exchange rate, the purchase price of materials and the sale of goods.

Currency risk management

The Group's exposure to foreign exchange risk results from:

- transactions (sales/purchases) in foreign currencies;
- Commitments;
- monetary assets and liabilities (in particular receivables, trade liabilities).

The most commonly used foreign currencies in transactions are EUR and USD.

Foreign currency assets are represented by customer receivables and available in foreign currency. Debts in foreign currency are represented by debts to suppliers.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

The currency in which they are denominated	EUR	USD	High currencies	Total
Functional currency	RON	RON	RON	RON
September 30, 2025	EUR	USD	High currencies	Total
Total monetary assets	89,279,594	64,656	85,653	89,429,903
Total monetary liabilities	12,488	-	-	12,488
December 31, 2024	EUR	USD	High currencies	Total
Total monetary assets	1,787,473	97,163	86,654	1,971,290
Total monetary liabilities	10,631	-	-	10,631

Exchange rate sensitivity analysis

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, on 30 September, would increase/(decrease) profit or loss and equity by the amounts presented below (without the impact on corporate tax).

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28. RISK MANAGEMENT (continued)

Currency Risk Management (continued)

Denomination currency	EUR	USD
Functional currency	RON	RON
Change in the exchange rate	+/- 10%	+/- 10%
September 30, 2025		
Profit and loss situation	8,926,711	6,466
Other equity	-	-
December 31, 2024		
Profit and loss situation	177,684	9,716
Other equity	-	-

This analysis shows the exposure to the risk of translation at the end of the reporting period. However, exposure during the year is continuously monitored and managed by the group.

Interest Risk Management

The risk of *interest rate changes* is kept under control due to the group's investment policy from its own sources of financing.

As of September 30, 2025 and during the first 9 months of 2025, the Group did not contract loans.

Credit risk management

Credit risk consists in the possibility that the contracting parties breach their contractual obligations leading to financial losses for the Group.

Exposure to credit risk results mainly from operational activities, in particular trade receivables, as well as other bank receivables and deposits.

Claims

Trade receivables come from a wide range of clients operating in various fields of activity and in different geographical areas. Receivables insurance policies on the foreign market have been contracted. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of the state of insolvency. The Group aimed to pay greater attention to the creditworthiness and financial discipline of the contractual partners. The Group wants to adopt the policy of trading only with trusted partners and to obtain sufficient collateral where appropriate to minimize the risk of financial losses resulting from non-compliance.

Exposure to credit risk is controlled by permanent monitoring of each borrower. The Group continuously assesses their credit risk taking into account financial performance, payment history and, where appropriate, requests non-payment risk insurance.

The credit risk profile of trade receivables is presented on the basis of their maturity in terms of the impairment adjustment matrix. This matrix is initially based on the Group's observed historical default rates, adjusted with forward-looking factors specific to borrowers and the economic environment, where applicable. Trade receivables are non-interest-bearing and are generally within 30-90 days. However, there are a number of contracts from previous years with state authorities that include supplier credit clauses with payment for a period of up to 5 years.

For these contracts, the Group has calculated adjustments to present value and does not estimate any other losses.

The methodology used by the Group to measure the expected losses for trade receivables could be described as follows:

- determining an appropriate observation period to track the historical loss rate. The Group selected 2 previous periods ended on 31 December 2024 and 31 December 2023 for data collection;
- collecting data on trade receivables and grouping them according to their due stage in each period analysed and by main activities;
- analysing the evolution of these balances over a 12-month period and determining the amounts still unpaid in each outstanding group to determine the proportion of balances in each maturity category that was not ultimately collected;

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28. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Receivables (continued)

- determination of the weighted average loss rate (%) according to the due statement for the 2 periods analyzed;
- This rate will be applied to determine the impairment loss of trade receivables on 30 September 2025.

Following the analysis of receivables according to the methodology presented above, the Group did not identify a risk of default for outstanding receivables with maturities exceeding less than 90 days.

In addition to the receivables analysis described above, the Group analyzed customers with receivables whose maturities exceeded 90 days on September 30, 2025 as well as territorial administrative units with receivables with maturities exceeded more than one year in balance on September 30, 2025 and, depending on the available information, calculated and recorded adjustments to the value of receivables as of September 30, 2025, correlated with the probability of their recovery.

The following table presents the risk profile of trade receivables based on the Group's impairment adjustment matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the adjustments for loss rates based on default risk differ between the Group's different customer segments.

Current trade receivables	September 30 2025		
	Hips	Depreciation expense	Estimated loss rate (%)
Time limits			
Current (no past due)	4,521,757	-	0%
1 – 30 days	761,932	-	0%
31 – 60 days	489,819	-	0%
61 – 90 days	10,514	-	0%
Total receivables analysed globally	5,784,022	-	0%
Receivables for licensed activities	-	-	0%
Receivables for unlicensed activities with state authorities (mayoralities)	1,736,354	(1,561,169)	90%
Other receivables 90-180 days	236,472	-	0%
Other receivables over 180 days	2,202,457	(1,697,133)	77%
Uncertain receivables	4,683,220	(4,683,220)	100%
Total receivables analysed individually	8,858,503	(7,941,522)	90%
Total	14,642,525	(7,941,522)	54%
			December 31 2024
Current trade receivables			
Time limits	Hips	Depreciation expense	Estimated loss rate (%)
Current (no past due)	5,871,226	-	-
1 – 30 days	790,547	(31,275)	4%
31 – 60 days	159,283	(31,275)	20%
61 – 90 days	258,758	(31,275)	12%
Total receivables analysed globally	7,079,814	(93,825)	1%
Receivables for licensed activities	2,255,450	(12,304)	1%
Receivables for unlicensed activities with state authorities (mayoralities)	3,844,485	(1,015,554)	26%
Other receivables 90-180 days	277,856	(93,825)	34%
Other receivables over 180 days	3,976,760	(3,285,659)	83%
Uncertain receivables	5,372,947	(5,372,947)	100%
Total receivables analysed individually	15,727,498	(9,780,289)	62%
Total	22,807,312	(9,874,114)	43%

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28. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Financial instruments and deposits

The credit risk resulting from transactions with banks is managed by the specialized department within the Group. The investment of excess liquidity is made only in sound banks in the domestic banking system.

It is estimated that there is no material exposure from the possible non-fulfilment of contractual obligations by counterparties in relation to financial instruments.

The Group prepares liquidity buffer forecasts and maintains an adequate level of credit facilities so that it can prudently manage liquidity and cash-flow risks. At the same time, investments were limited to their own sources of financing and to those that have a direct contribution to turnover. The liquidity and cash-flow risk management policy adapts to new, more demanding commercial practices. This risk is closely related to the risks presented above.

Below is the situation of receivables and debts depending on maturity:

	September 30 2025	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Commercial and other short- and long-term receivables	17,733,008	13,888,818	3,844,190	-	-
Trade and other short- and long-term liabilities	10,009,828	7,975,116	1,427,043	297,451	310,218
Net position	7,723,180	5,913,702	2,417,147	(297,451)	(310,218)
	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Commercial and other short- and long-term receivables	22,450,240	17,930,523	4,453,060	66,657	-
Trade and other short- and long-term liabilities	15,125,087	13,407,688	616,392	921,302	179,705
Net position	7,325,153	4,522,835	3,836,668	(854,645)	(179,705)

Debt instruments

On August 1, 2025, the Parent Company subscribed a number of 17,000,000 bonds issued by PK Development Holding S.A., a Romanian legal entity, in a private bond issue totaling EUR 100,000,000.

The bonds have a nominal value of 1 euro each, a maturity of a maximum of 36 months from the date of allocation, having the coupon frequency at 6 months and are fully redeemable at the final maturity, with the possibility of early repayment according to the terms of the offer document.

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L.

The instruments are not intended for public offering and will not be admitted to trading on a regulated market. The funds attracted by the issuer are intended to finance the current and investment activities of the group to which it belongs.

The Group assesses the credit risk related to debt instruments based on the issuer's financial position, payment history as well as the degree of collateral coverage ("Loan to Value"). Based on the analysis carried out on September 30, 2025, the Group did not identify a significant increase in credit risk since the date of subscription.

The main assumptions and facts underlying the estimate of the expected credit loss as of September 30, 2025 are the following:

- estimating a probability of default based on publicly available information on average non-performance rates;
- determining the loss in the event of non-reimbursement based on the estimate of the recoverable value of the real estate guarantees provided as collateral in favour of the Group;
- the value of money over time.

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28. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Categories of financial instruments

	September 30 2025	December 31 2024
Financial assets (amortised cost)		
Commercial and other short- and long-term receivables	17,733,008	22,450,240
Cash and cash equivalents	10,533,066	75,704,694
Total	28,266,074	98,154,934
	September 30 2025	December 31 2024
Financial liabilities (amortized cost)		
Trade and other short- and long-term liabilities	9,813,288	14,866,175
Short and long-term leasing debts	196,540	258,912
Total	10,009,828	15,125,087

Leasing debts

Balance as of December 31, 2024	258,912
Entries	-
Interest expenses	17,240
Interest payments	(17,240)
Lease payments	(62,372)
Balance as of September 30, 2025	196,540

29. POTENTIAL LIABILITIES AND LIABILITIES

Commitments

As of September 30, 2025, the Parent Company has a non-cash guarantee agreement in the amount of RON 186,956, for the issuance of letters of guarantee (December 31, 2024: RON 10,000,000). In order to guarantee this non-cash agreement, the parent company established a movable mortgage on the collateral deposit, in the amount of RON 186,956.

The commitments received from customers and tenants in the form of letters of guarantee on September 30, 2025, are worth 234,590 RON according to the contractual clauses.

Litigation

The disputes in which the Group is involved are of securities that are not likely to affect the financial stability of the Group. The Group manages disputes through collaborations with specialized external partners.

30. SUBSEQUENT EVENTS

- ***Non-fulfillment of payment obligations by the successful bidder of the auction for the sale of electric vehicle charging stations***

On August 27, 2025, the parent company organized an open competitive tender for the sale of two lots of charging stations for electric vehicles, owned by it. Following the procedure, the designated successful bidder was the company EV Point Energy S.R.L., which paid a participation guarantee in the amount of 130,730 RON.

According to the Adjudication Report no. 1193/10.09.2025, the successful bidder had the obligation to pay the difference of RON 103,720 by October 22, 2025 at the latest, the date on which the parties were to conclude the sale-purchase contract for the adjudicated goods.

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30. SUBSEQUENT EVENTS (continued)

By the mentioned deadline, the successful bidder did not make the full payment of the amount due and did not appear at the company's headquarters to sign the contract. Consequently, according to the provisions of the tender specifications and the award report, the deposited guarantee was retained by the parent company, given the non-payment of the price and the failure to complete the transaction within the established term.

The auction commission recorded these aspects through the Finding Report no. 1346/22.10.2025, drawn up at the headquarters of ELECTROMAGNETICA S.A.

- ***Conclusion of the Act on the Sale of Relay Production Line***

On October 8, 2025, the sale-purchase contract for the Relay Production Line was signed, awarded in the open competitive auction organized by the company on September 26, 2025.

The production line was sold at the price of 408,000 RON, plus VAT according to the legal provisions, the successful bidder being declared the winner following the auction procedure.

- ***Transactions management***

On 08.10.2025, the Parent Company received the notification regarding the transaction with ELMA shares carried out by Infinity Capital Investments S.A. This information is sent in accordance with the provisions of art. 3 para. (25) and art. 19 para. (1) of Regulation (EU) no. 596/2014 on market abuse, as well as Regulation (EU) no. 523/2016, taking into account the quality of persons with management responsibilities and persons in close connection with them.

Management also has no knowledge of events, economic changes or other factors of uncertainty that could materially affect the Group's revenues or liquidity, other than those mentioned.

The simplified interim consolidated financial statements were approved by management on **November 16, 2025**:

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

**ECONOMIC AND FINANCIAL INDICATORS IN ACCORDANCE WITH
WITH ANNEX 13° OF THE ASF REGULATION 5/2018**

Indicator name	Calculation formula	T1-T3 2025	T1-T3 2024
Current liquidity	Current Assets/Current Liabilities	3.03	7.33
Indebtedness	Long-term borrowed capital/equity x 100	0.04	-
	Long-term borrowed capital/Committed capital x 100	0.04	0.07
Turnover speed of customer flows (days)	Average Customer Balance/Turnover x 270	117.0	96.5
Turnover speed of fixed assets	(Turnover / 270 x 360)/Fixed assets	0.08	0.36

Note:

1. **Current liquidity** provides the guarantee of covering current liabilities from current assets.
2. **Indebtedness** expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems, with influences in the fulfillment of the commitments assumed.

Borrowed capital = Loans over one year and other interest-bearing loans

Committed capital = Borrowed capital + Equity

3. **Turnover speed of customer flows** expresses the effectiveness of the Company in collecting its receivables, respectively the number of days until the date on which the debtors pay their debts to the company.
4. **Asset turnover speed** expresses the effectiveness of fixed asset management by examining the turnover generated by a certain amount of fixed assets.

GEORGE – ALIN ȘTEFAN

General Manager

GÂRZU MARIA ALEXANDRA

Chief Accountant

STATEMENT

We hereby confirm that, from our point of view, the quarterly financial and accounting statement, which has been prepared in accordance with the applicable accounting standards, provides a correct and realistic picture of the assets, obligations, financial position, profit and loss account of Electromagnetica S.A. and its subsidiaries included in the process of consolidating the financial statements, as well as that the quarterly report of the Board of Directors correctly presents and complete information about Gruppo Electromagnetica S.A.

We also confirm that:

- a) the accounting policies used in the preparation of the consolidated quarterly financial statements as of September 30, 2025 are in accordance with the regulations in force;
- b) The Group operates continuously.

Daniela – Adi Cucu
Chairman of the Board of Directors

George – Alin Ștefan
General Manager

Maria Alexandra Gârzu
Chief Accountant